UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2004

OR

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

Commission file no. 1-6686

THE INTERPUBLIC GROUP OF COMPANIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**13-1024020**
(State of Incorporation)	*(I.R.S. Employer Identification No.)*

1114 Avenue of the Americas, New York, New York 10036

(Address of Principal Executive Offices) (Zip Code)

(212) 704-1200

(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.10 par value	New York Stock Exchange
Series A Mandatory Convertible Preferred Stock, no par value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

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 the filing requirements for at least the past 90 days. Yes o No ☑

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

As of June 30, 2005, the aggregate market value of the shares of the registrant's common stock held by non-affiliates was $5,201,493,786. The number of shares of the registrant's common stock outstanding as of August 31, 2005 was 427,268,023.

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STATEMENT REGARDING FORWARD-LOOKING DISCLOSURE

This report contains forward-looking statements. We may also make forward-looking statements orally from time to time. Statements in this report that are not historical facts, including statements about management's beliefs and expectations, particularly regarding recent business and economic trends, our internal control over financial reporting, impairment charges, the Securities and Exchange Commission ("SEC") investigation, credit ratings, regulatory and legal developments, acquisitions and dispositions, 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 report under Item 1, Business — Risk Factors. Forward-looking statements speak only as of the date they are made, and we undertake 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 arising from material weaknesses in our internal control over financial reporting, including material weaknesses in our control environment;
- potential adverse effects to our financial condition, results of operations or prospects as a result of our restatement of prior period financial statements;
- risks associated with our inability to satisfy covenants under our syndicated credit facilities;
- our ability to satisfy certain reporting covenants under our indentures;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- potential adverse effects if we are required to recognize additional impairment charges or other adverse accounting-related developments;
- potential adverse developments in connection with the ongoing SEC investigation;
- potential downgrades in the credit ratings of our securities;
- risks associated with the effects of global, national and regional economic and political conditions, including with respect to fluctuations in interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing services companies around the world.

Investors should carefully consider these risk factors and the additional risk factors outlined in more detail in Item 1, Business — Risk Factors, in this report.

AVAILABLE INFORMATION

Information regarding our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports, will be made available, free of charge, at our website at http://www.interpublic.com, as soon as reasonably practicable after we electronically file such reports with, or furnish them to, the SEC. Any document that we file with the SEC may also be read and copied at the SEC's Public Reference Room located at Room 1580, 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings are also available to the public from the SEC's website at http://www.sec.gov, and at the offices of the New York Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, please call (212) 656-5060.

Our Corporate Governance Guidelines, Code of Conduct and each of the charters for the Audit Committee, Compensation Committee and the Corporate Governance Committee are available free of charge on our website at http://www.interpublic.com, or by writing to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, New York 10036, Attention: Secretary.

EXPLANATORY NOTE

The filing of this report for 2004 was delayed because of the extensive additional work necessary to compensate for material weaknesses in our internal control over financial reporting and to complete a restatement of our previously issued Consolidated Financial Statements. The material weaknesses in our internal control over financial reporting are described in Item 8, Management's Assessment on Internal Control Over Financial Reporting, and Item 9A, Controls and Procedures. All our Consolidated Financial Statements and other financial information included in this report for dates and periods through the third quarter of 2004 have been restated. These Consolidated Financial Statements and financial information have been restated to reflect adjustments to our previously reported financial information for the years ended December 31, 2003, 2002, 2001, and 2000. Our 2004 and 2003 quarterly financial information also has been restated to reflect adjustments to our previously reported financial information for the quarters ended March 31, June 30, and September 30 of those years. The restatement also affects periods prior to 2000, which is reflected as an adjustment to opening retained earnings as of January 1, 2000.

We have not amended any of our previously filed reports. The Consolidated Financial Statements and other financial information in our previously filed reports for the dates and periods referred to above should no longer be relied upon.

The broad areas of restatement adjustments primarily relate to errors in the accounting for acquisitions, revenue, leases, and the results of internal investigations into employee misconduct, as well as the impact of other miscellaneous adjustments.

The following sections of this report contain restatement-related disclosures:

- Item 6, Selected Financial Data, contains restated financial results;
- Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, contains restated financial results, the reconciliation of restated amounts to previously released financial information, and an in depth discussion of each category of adjustment recorded;
- Item 8, Financial Statements and Supplementary Data, Note 2, Restatement of Previously Issued Financial Statements, presents restated financial results, the reconciliation of restated amounts to previously released financial information, and an in-depth discussion of each category of adjustment recorded;
- Item 8, Financial Statements and Supplementary Data, Note 20, Results by Quarter, presents restated financial results and the reconciliation of restated amounts to previously released financial information;
- Item 8, Management's Assessment on Internal Control Over Financial Reporting; and
- Item 9A, Controls and Procedures.

PART I

Item 1. *Business*

The Interpublic Group of Companies, Inc. was incorporated in Delaware in September 1930 under the name of McCann-Erickson Incorporated as the successor to the advertising agency businesses founded in 1902 by A.W. Erickson and in 1911 by Harrison K. McCann. The Company has operated under the Interpublic name since January 1961.

Our Client Offerings

The Interpublic Group of Companies, Inc. and subsidiaries (the "Company", "we", "us" or "our") is one of the world's largest advertising and marketing services companies, comprised of hundreds of communication agencies around the world that deliver custom marketing solutions on behalf of our clients. Our agencies cover the spectrum of marketing disciplines and specialties, from traditional services such as consumer advertising and direct marketing, to services such as experiential marketing and branded entertainment. With offices in approximately 130 countries and approximately 43,700 employees, our agencies work with our clients to create global and local marketing campaigns that cross borders and media. These marketing programs seek to build brands, influence consumer behavior and sell products.

To meet the challenge of an increasingly complex consumer culture, we create customized marketing solutions for each of our clients. Engagements between clients and agencies fall into five basic categories:

Single discipline model — This model allows clients to have an ongoing relationship with one best-in-class marketing specialist. In this traditional client-agency model, one agency provides service in a single discipline.

Project collaboration model — Many of our clients have ongoing relationships with only one of our agencies, which specializes in one marketing discipline. However, when the client has a need that requires additional expertise, the agency can turn to an affiliated company for an expansion of capabilities.

Integrated agency-of-record model — Within our agency groups, there are approximately twenty full-service marketing agencies. These agencies offer multidisciplinary solutions for their clients, including advertising, direct marketing, interactive services, public relations, promotions and other specialties, under one roof.

Lead company model — For clients needing world-class expertise across global markets in many marketing disciplines, we offer this solution in which one lead agency manages the work of multiple partner agencies on an on-going basis.

Virtual network model — To capitalize on the fullest range of the marketing spectrum that we have to offer, clients can formalize a relationship at the holding company level. A channel-neutral team becomes the client's brand steward and coordinates the work of multiple agencies from within our agency groups.

While our agencies work on behalf of our clients using one of these models, we provide resources and support to ensure that our agencies can best meet our clients' needs. Based in New York City, the holding company sets company-wide financial objectives, directs collaborative inter-agency programs, establishes fiscal management and operational controls, guides personnel policy, conducts investor relations and initiates, manages and approves mergers and acquisitions. In addition, it provides limited centralized functional services that offer our companies some operational efficiencies, including accounting and finance, marketing information retrieval and analysis, legal services, real estate expertise, recruitment aid, employee benefits and executive compensation management.

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Our Disciplines and Agencies

We have hundreds of specialized agencies. The following is a sample of some of our brands.

Our **global networks** offer our largest clients a full range of marketing and communications services. Combined, their footprint spans approximately 130 countries:

- McCann Erickson Worldwide
- Foote Cone & Belding Worldwide
- Lowe Worldwide

We have many **full-service marketing agencies** whose distinctive resources provide clients with multi-disciplinary communication services:

- Campbell-Ewald
- Carmichael Lynch
- Deutsch
- Hill Holliday
- The Martin Agency
- Springer & Jacoby

We also have many **domestic advertising agencies** that provide North American clients with traditional services in print and broadcast media:

- Austin Kelley
- Avrett Free & Ginsberg
- Campbell Mithun
- Dailey & Associates
- Gillespie
- Gotham
- Jay Advertising
- Mullen
- Tierney Communications
- TM Advertising

Our **direct marketing** agencies deliver one-to-one marketing that communicates directly with consumers in relevant and innovative ways:

- Draft Worldwide
- MRM Partners Worldwide
- The Hacker Group

Our **interactive agencies** seek to provide best-in-class digital marketing solutions for many of our largest clients:

- R/ GA
- FCBi
- Zentropy

We have a worldwide leader in **experiential marketing,** Jack Morton Worldwide, as part of our agency group. Jack Morton creates interactive experiences whose goal is to improve performance, increase sales and build brand recognition. The agency produces meetings and events, environmental design, exhibits, digital media and learning programs.

Our **media offering** takes advantage of changes in today's fragmented media landscape, with capabilities in planning, research, negotiating, product placement and programming:

- Initiative
- MAGNA Global
- Universal McCann

To help activate consumer demand, our **promotion agencies** offer clients a range of options, including sweepstakes, incentive programs, sampling opportunities and trade programming:

- Marketing Drive
- Momentum
- The Properties Group
- Zipatoni

Our **public relations** agencies offer such worldwide services as consumer PR, corporate communications, crisis management, web relations and investor relations:

- DeVries Public Relations
- Golin Harris
- MWW Group
- Weber Shandwick

We also have **special marketing services agencies** that we believe are best-in-class for their niche markets:

- Marketing Accountability Practice (marketing accountability/ ROI)
- frank about women
- KidCom (youth marketing)
- NAS (recruitment)
- Newspaper Services of America (newspaper services)
- OSI (outdoor advertising)
- Wahlstrom Group (yellowpages)
- Women2Women Communications

Our **sports and entertainment marketing** firms manage top athletes and sporting events and represent some of the world's most-recognized celebrities:

- Bragman Nyman Cafarelli
- Octagon
- PMK/ HBH
- Rogers & Cowan

Our affiliated **multicultural agency partners,** in which we own a minority interest, target specific demographic segments:

- Accent Marketing (Hispanic)
- Casanova Pendrill (Hispanic)
- GlobalHue (diverse segments)
- IW Group (Asian-Pacific-American)
- SiboneyUSA (Hispanic)
- Ten Communications (Asian-American)

We have organized our agencies into five global operating divisions and a group of leading stand-alone agencies. Four of these divisions, McCann WorldGroup("McCann"), The FCB Group ("FCB"), The Lowe Group ("Lowe") and Draft Worldwide ("Draft"), provide a distinct comprehensive array of global communications and marketing services. The fifth global operating division, The Constituent Management Group ("CMG"), including Weber Shandwick, FutureBrand, DeVries Public Relations, Golin Harris, Jack Morton and Octagon Worldwide ("Octagon"), provides clients with diversified services, including public relations, meeting and event production, sports and entertainment marketing, corporate and brand identity and strategic marketing consulting.

Our leading stand-alone agencies provide clients with a full range of advertising and marketing services. These agencies partner with our global operating groups as needed, and include Deutsch, Campbell-Ewald, Hill Holliday and The Martin Agency. We believe this organizational structure allows us to provide comprehensive solutions for clients, enables stronger financial and operational growth opportunities and allows us to improve operating efficiencies within our organization. We practice a decentralized management style, providing agency management with a great deal of operational autonomy, while holding them broadly responsible for their agencies' financial and operational performance.

Our Financial Reporting Segments

For financial reporting purposes, we have three reporting segments. The largest segment, Integrated Agency Networks ("IAN"), is comprised of McCann, FCB, Lowe, Draft and our leading stand-alone agencies. CMG comprises our second reporting segment. Our third reporting segment was comprised of our Motorsports operations, which were sold during 2004. IAN also includes our media agencies, Initiative Media and Magna Global which are part of our leading stand-alone agencies, and Universal McCann which is part of McCann. Our media offering creates integrated communications solutions, with services that cover the full spectrum of communication needs, including channel strategy, planning and buying, consulting, production, and post-campaign analysis. See Note 18 to the Consolidated Financial Statements for further discussion.

Principal Markets

Our agencies are located in approximately 130 countries and in every significant market. We provide services for clients whose businesses are broadly international in scope, as well as for clients whose businesses are limited to a single country or a small number of countries. Based on revenue for the year ended December 31, 2004, our five principal markets are the US, Europe (excluding the United Kingdom ("UK"), the UK, Asia Pacific and Latin America, which represented 54.9%, 19.2%, 10.3%, 7.5% and 3.8% of our total revenue, respectively. For information concerning revenues and long-lived assets on a geographical basis for each of the last three years, see Note 18 to the Consolidated Financial Statements.

Sources of Revenue

We generate revenue from fees and commissions. Our primary sources of revenue are the planning and execution of advertising programs in various media and the planning and execution of other marketing

and communications programs. The fee and commission amounts vary depending on the level of client spending or the time we incur performing the specific services required by a client plus the reimbursement of other costs.

Historically, revenues for creation, planning and placement of advertising were derived predominantly from commissions. These services are now being provided on a negotiated fee basis and to a lesser extent on a commission basis. Fees are usually calculated to reflect hourly rates plus proportional overhead and a mark-up. Many clients are now including an incentive compensation component in their total compensation package. This provides added revenue based on achieving mutually agreed upon metrics within specified time periods. Commissions are earned based on services provided, and are usually based as a percentage or fee over the total cost and expense to complete the assignment. They can also be derived when clients pay us the gross rate billed by media and we pay for media at a lower net rate. The difference is the commission that is earned by us, which is either retained in total or shared with the client depending on the nature of the services agreement.

We pay the media charges with respect to contracts for advertising time or space that we place on behalf of our clients. To reduce our risk from a client's non-payment, we generally pay media charges only after we have received funds from our clients. Generally, we act as the client's agent rather than the primary obligor. In some instances we agree with the media provider that we will only be liable to pay the media after the client has paid us for the media charges.

We also generate revenue in negotiated fees from our public relations, sales promotion, event marketing, sports and entertainment marketing and corporate and brand identity services.

Our revenue is dependent upon the advertising, marketing and corporate communications requirements of our clients and tends to be higher in the second half of the calendar year as a result of the holiday season and lower in the first half as a result of the post-holiday slow-down of client activity. Our agencies generally have written contracts with their clients which dictate proportional performance, monthly basis or completed contract revenue recognition. Fee revenue recognized on a completed contract basis also contributes to the higher seasonal revenues experienced in the fourth quarter due to the majority of our contracts ending at December 31. As is customary in the industry, these contracts provide for termination by either party on relatively short notice, usually 90 days. See Note 1 to the Consolidated Financial Statements for further discussion of our revenue recognition accounting policies.

Clients

In the aggregate, our top ten clients that made the largest revenue contribution accounted for approximately 23.5% and 22.7% of revenue in 2004 and 2003, respectively. Based on revenue for the year ended December 31, 2004, our largest clients were General Motors Corporation, Johnson & Johnson, L'Oreal, Microsoft and Unilever. While the loss of the entire business of any one of our largest clients might have a material adverse effect upon our business, we believe that it is very unlikely that the entire business of any of these clients would be lost at the same time. This is because we represent several different brands or divisions of each of these clients in a number of geographic markets, in each case through more than one of our agency systems. Representation of a client rarely means that we handle advertising for all brands or product lines of the client in all geographical locations. Any client may transfer its business from one of our agencies to a competing agency, and a client may reduce its marketing budget at any time.

Personnel

As of December 31, 2004, we employed approximately 43,700 persons, of whom 18,400 were employed in the US. Because of the personal service character of the advertising and marketing communications business, the quality of personnel is of crucial importance to our continuing success. There is keen competition for qualified employees.

Risk Factors

We are subject to a variety of possible risks that could adversely impact our revenues, results of operations or financial condition. Some of these risks relate to the industry in which we operate, while others are more specific to us. The following factors set out potential risks we have identified that could adversely affect us. See also Statement Regarding Forward-Looking Disclosure.

- ***We have restated our previously issued financial statements.***

As a result of the restatement presented in this annual report, we have recorded liabilities for vendor discounts and other obligations that will necessitate cash settlement which may negatively impact our cash flow in future years. We may also become subject to additional scrutiny in our ongoing SEC investigation or new regulatory actions or civil litigation that could require us to pay fines or other penalties or damages. In addition, we may become subject to further ratings downgrades and negative publicity and may lose or fail to attract and retain key clients, employees and management personnel as a result of these matters.

- ***We have numerous material weaknesses in our internal control over financial reporting.***

As required by Section 404 of the Sarbanes-Oxley Act of 2002, management has conducted an assessment of our internal control over financial reporting. In performing our assessment we identified numerous material weaknesses in our internal control over financial reporting and management has assessed that our internal control over financial reporting was not effective as of December 31, 2004. For a detailed description of these material weaknesses, see Item 8, Management's Assessment on Internal Control Over Financial Reporting. It is possible had we been able to complete our assessment that additional material weaknesses may have been identified. Each of our material weaknesses results in more than a remote likelihood that a material misstatement will not be prevented or detected. As a result, we must perform extensive additional work to obtain assurance regarding the reliability of our financial statements. Even with this additional work, given the extensive material weakness identified, there is a risk of additional errors not being prevented or detected which could result in additional restatements.

- ***We have extensive work remaining to remedy the material weaknesses in our internal control over financial reporting.***

Because of our decentralized structure and our many disparate accounting systems of varying quality and sophistication, we have extensive work remaining to remedy our material weaknesses in internal control over financial reporting. We are in the process of developing and implementing a full work plan for remedying all of the identified material weaknesses and we expect that this work will extend into the 2006 fiscal year and possibly beyond. There can be no assurance as to when the remediation plan will be fully completed and when it will be implemented. Until our remedial efforts are completed, we will continue to incur the expenses and management burdens associated with the manual procedures and additional resources required to prepare our consolidated financial statements. There will also continue to be an increased risk that we will be unable to timely file future periodic reports with the SEC, that a default under the indentures governing our default securities could occur and that our future financial statements could contain errors that will be undetected.

- ***Until our auditor can provide us with an opinion on management's assessment and on the effectiveness of our internal control over financial reporting, we will continue to suffer certain adverse consequences under the federal securities laws.***

The report of PricewaterhouseCoopers LLP ("PwC"), our independent registered public accounting firm, on our internal control over financial reporting disclaims an opinion on management's assessment of our internal control over financial reporting. See Item 8, Report of Independent Registered Public Accounting Firm.

As a result of this disclaimer received from PwC, the SEC staff considers our SEC filings not to be current for purposes of certain of the SEC's rules. We are unable to use "short-form" registration (registration that allows us to incorporate by reference our Form 10-K, Form 10-Q and other SEC reports into our registration statements) or, for most purposes, shelf registration, until twelve complete months

have passed after we file an annual report or amended annual report containing an audit report on internal control over financial reporting that does not disclaim an opinion.

In addition, any holder of restricted securities within the meaning of Rule 144 of the Securities Act of 1933, as amended (the "Securities Act"), who is our "affiliate" for purposes of the US securities laws will be unable to sell such securities in reliance on Rule 144, unless such holder obtains no-action relief from the SEC.

Likewise, until we file an annual report or amended annual report containing an audit report on internal control over financial reporting that does not disclaim an opinion on our assessment or on the effectiveness of our internal control over financial reporting, we are ineligible to use Form S-8. We use Form S-8 to register grants of equity compensation to our employees, including grants in the form of options and restricted stock. Although Form S-1 is still available for such purposes, the unavailability of Form S-8 reduces our flexibility in granting options and restricted stock to some employees.

• ***We face substantial ongoing costs associated with complying with the requirements of Section 404 of the Sarbanes-Oxley Act.***

We have extensive work remaining to remedy the material weaknesses in our internal control over financial reporting. We expect that this work will extend into the 2006 fiscal year and possibly beyond. The cost of this work will be significant in 2005 and 2006. These matters will continue to require a large amount of time of our financial management and external resources so long as the remediation work continues.

• ***Ongoing SEC investigations regarding our accounting restatements could adversely affect us.***

In January 2003, the SEC issued a formal order of investigation related to our restatements of earnings for periods dating back to 1997. On April 20, 2005, we received a subpoena from the SEC under authority of the order of investigation requiring production of additional documents relating to the potential restatement we announced in March 2005. The SEC is investigating the restatement detailed in Note 2 to the Consolidated Financial Statements. While we are cooperating fully with the investigation, adverse developments in connection with the investigation, including any expansion of the scope of the investigation, could negatively impact us and could divert the efforts and attention of our management team from our ordinary business operations. In connection with any SEC investigation, it is possible that we will be required to pay fines, consent to injunctions on future conduct or suffer other penalties, any of which could have a material adverse effect on us.

• ***We operate in a highly competitive industry.***

The marketing communications business is highly competitive. Our agencies and media services must compete with other agencies, and with other providers of creative or media services, in order to maintain existing client relationships and to win new clients. The client's perception of the quality of an agency's creative work, our reputation and the agency's reputation are important factors in determining our competitive position. An agency's ability to serve clients, particularly large international clients, on a broad geographic basis is also an important competitive consideration. On the other hand, because an agency's principal asset is its people, freedom of entry into the business is almost unlimited and a small agency is, on occasion, able to take all or some portion of a client's account from a much larger competitor.

Some clients require agencies to compete for business periodically. We have lost client accounts in the past as a result of such periodic competitions. To the extent that our clients require us to participate in open competitions to maintain accounts, it increases the risk of losing those accounts.

Our large size may limit our potential for securing new business, because many clients prefer not to be represented by an agency that represents a competitor. Also, clients frequently wish to have different products represented by different agencies. Our ability to attract new clients and to retain existing clients may, in some cases, be limited by clients' policies or perceptions about conflicts of interest. These policies can, in some cases, prevent one agency, or even different agencies under our ownership, from performing similar services for competing products or companies.

In addition, if our recent financial reporting difficulties were to persist, it could divert the efforts and attention of our management from our ordinary business operations or have an adverse impact on clients' perception of us and adversely affect our overall ability to compete for new and existing business.

• ***We may lose or fail to attract and retain key employees and management personnel.***

Employees, including creative, research, media, account and practice group specialists, and their skills and relationships with clients, are among our most important assets. An important aspect of our competitiveness is our ability to attract and retain key employees and management personnel.

Compensation for these key employees and management personnel is an essential factor in attracting and retaining them, and there can be no assurance that we will offer a level of compensation sufficient to do so. Equity-based compensation, including in the forms of options and restricted stock, plays an important role in our compensation of new and existing talent. Until we have received an unqualified opinion on management's assessment on the effectiveness of our internal controls over financial reporting from our independent registered public accounting firm, our ability to use equity-based compensation to compensate or attract employees and management personnel could be limited. In particular, the ability to exercise outstanding options will be limited, as will negotiated grants of options or restricted stock. Our current financial reporting difficulties could adversely affect our ability to recruit and retain key personnel.

• ***As a marketing services company, our revenues are highly susceptible to declines as a result of unfavorable economic conditions.***

Economic downturns often more severely affect the marketing services industry than many other industries. In the past, clients have responded, and may respond in the future, to weak economic performance in any region where we operate by reducing their marketing budgets, which are generally discretionary in nature and easier to reduce in the short-term than other expenses related to operations.

• ***Our liquidity profile has recently been adversely affected.***

In recent periods we have experienced operating losses which have adversely affected our cash flows from operations. In addition, our 364-day credit facility will expire on September 30, 2005. We have recorded liabilities and incurred substantial professional fees in connection with the restatement. It is also possible that we will be required to pay fines or other penalties or damages in connection with the ongoing SEC investigation or future regulatory actions or civil litigation. These items have impacted and will impact our liquidity in future years negatively and could require us to seek new or additional sources of liquidity to fund our working capital needs, for example, through capital markets transactions. There can be no guarantee that we would be able to access any such new sources of new liquidity on commercially reasonable terms or at all. If we are unable to do so, our working capital position would be adversely affected.

• ***Downgrades of our credit ratings could adversely affect us.***

Our current long-term debt credit ratings as of September 26, 2005 are Baa3 with negative outlook, BB- with negative outlook and B+ with negative outlook, as reported by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively. Although a ratings downgrade by any of the ratings agencies will not trigger an acceleration of any of our indebtedness, a downgrade may adversely affect our ability to access capital and would likely result in more stringent covenants and higher interest rates under the terms of any new indebtedness.

• ***International business risks could adversely affect our operations.***

International revenues represent a significant portion of our revenues, approximately 45% in 2004. Our international operations are exposed to risks which affect foreign operations of all kinds, including, for example, local legislation, monetary devaluation, exchange control restrictions and unstable political conditions. These risks may limit our ability to grow our business and effectively manage our operations in those countries. In addition, because a high level of our revenues and expenses is denominated in

currencies other than the US dollar, primarily the Euro and Pound Sterling, fluctuations in exchange rates between the US dollar and such currencies may materially affect our financial results.

- ***In 2004 and prior years, we recognized substantial impairment charges and increased our deferred tax valuation allowances, and we may be required to record additional charges in the future related to these matters.***

We evaluate all of our long-lived assets (including goodwill, other intangible assets and fixed assets), investments and deferred tax assets for possible impairment or realizability at least annually and whenever there is an indication of impairment or lack of realizability. If certain criteria are met, we are required to record an impairment charge or valuation allowance. In the past, we have recorded substantial amounts of goodwill, investment and other impairment charges, and have been required to establish substantial valuation allowances with respect to deferred tax assets and loss carry-forwards.

As of December 31, 2004, we have substantial amounts of intangibles, investments and deferred tax assets on our consolidated Balance Sheet. Future events, including our financial performance and the strategic decisions we make, could cause us to conclude that further impairment indicators exist and that the asset values associated with intangibles, investments and deferred tax assets may have become impaired. Any resulting impairment loss would have an adverse impact on our reported earnings in the period in which the charge is recognized.

Any future impairment charge (excluding valuation allowance charges) could also adversely affect our financial condition and result in a violation of the financial covenants of our Three-Year Revolving Credit Facility, which requires us to maintain minimum levels of consolidated EBITDA (as defined in that facility) and established ratios of debt for borrowed money to consolidated EBITDA and interest coverage ratios. A violation of any of these financial covenants could trigger a default under this facility and adversely affect our liquidity.

- ***We are subject to certain restrictions and must meet certain minimum financial covenants under our Revolving Credit Facility.***

Our Three-Year Revolving Credit Facility contains covenants that limit our flexibility in a variety of ways and that require us to meet specified financial ratios. These covenants have recently been amended. As amended, the Three-Year Revolving Credit Facility does not permit us (i) to make cash acquisitions in excess of $50.0 million until October 2006, or thereafter in excess of $50.0 million until expiration of the agreement in May 2007, subject to increases equal to the net cash proceeds received in the applicable period from any disposition of assets; (ii) to make capital expenditures in excess of $210.0 million annually; (iii) to repurchase or to declare or pay dividends on our capital stock (except for any convertible preferred stock, convertible trust preferred instrument or similar security, which includes our outstanding 5.40% Series A Mandatory Convertible Preferred), except that we may repurchase our capital stock in connection with the exercise of options by our employees or with proceeds contemporaneously received from an issue of new shares of our capital stock; and (iv) to incur new debt at our subsidiaries, other than unsecured debt incurred in the ordinary course of business, which may not exceed $10.0 million in the aggregate with respect to our US subsidiaries.

Under the Three-Year Revolving Credit Facility, we are also subject to financial covenants with respect to our interest coverage ratio, debt to EBITDA ratio and minimum EBITDA. We have amended the financial covenants as they apply to periods beginning with the third quarter of 2005. There can be no assurance that we will be able to comply with these covenants for the third quarter 2005.

- ***We may not be able to meet our performance targets and milestones.***

From time to time, we communicate to the market certain targets and milestones for our financial and operating performance including, but not limited to, the areas of revenue growth, operating expense reduction and operating margin growth. These targets and milestones are intended to provide metrics against which to evaluate our performance, but they should not be understood as predictions or guidance

about our expected performance. Our ability to meet any target or milestone is subject to inherent risks and uncertainties, and we caution investors against placing undue reliance on them. See Statement Regarding Forward-Looking Disclosure.

- ***We are subject to regulations that could restrict our activities or negatively impact our revenues.***

Our industry is subject to government regulation, both domestic and foreign. There has been an increasing tendency in the US on the part of advertisers to resort to the courts and industry and self-regulatory bodies to challenge comparative advertising on the grounds that the advertising is false and deceptive. Through the years, there has been a continuing expansion of specific rules, prohibitions, media restrictions, labeling disclosures and warning requirements with respect to the advertising for certain products. Representatives within government bodies, both domestic and foreign, continue to initiate proposals to ban the advertising of specific products and to impose taxes on or deny deductions for advertising which, if successful, may have an adverse effect on advertising expenditures and consequently our revenues.

Item 2. *Properties*

Substantially all of our office space is leased from third parties with expiration dates ranging from one to twenty-five years. Certain leases are subject to rent reviews or contain escalation clauses, and certain of our leases require the payment of various operating expenses, which may also be subject to escalation. Physical properties include leasehold improvements, furniture, fixtures and equipment located in our offices. We believe that facilities leased or owned by us are adequate for the purposes for which they are currently used and are well maintained. See Note 19 to the Consolidated Financial Statements for a discussion of our lease commitments.

Item 3. *Legal Proceedings*

We are or have been involved in legal and administrative proceedings of various types. While any litigation contains an element of uncertainty, we have no reason to believe that the outcome of such proceedings or claims will have a material adverse effect on our financial condition except as described below.

Federal Securities Class Actions

During the fourth quarter 2004, the settlement of thirteen class actions under the federal securities laws became final. The class actions were filed against the Company and certain of our present and former directors and officers on behalf of a purported class of purchasers of our stock shortly after our August 13, 2002 announcement regarding the restatement of our 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 15, 2002. On December 2, 2003, we reached an agreement in principle to settle the consolidated class action shareholder suits in federal district court in New York. Under the terms of the settlement, we agreed to pay $115.0 million, comprised of $20.0 million in cash and $95.0 million in shares of our common stock at a value of $14.50 per share. On November 4, 2004, the court entered an order granting final approval of the settlement. The term of appeal for the settlement expired on December 6, 2004. During the fourth quarter of 2004, the $20.0 million cash portion of the settlement was paid into escrow and $0.8 million of the settlement shares were issued to the plaintiffs' counsel as payment of their fee. We recognized the cost of the settlement in 2003. For a discussion of the litigation charge recorded principally in connection with the settlement, see Note 19 to the Consolidated Financial Statements.

Derivative Actions

In the fourth quarter of 2004, the settlement of a shareholder derivative suit became final. The 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 our auditors. This suit alleged a breach of fiduciary duties to our 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. On January 26, 2004, we reached an agreement in principle to settle these derivative actions, agreeing to institute certain corporate governance procedures prescribed by the court. On June 11, 2004, the court entered an order granting preliminary approval to the proposed settlement. These governance procedures have been adopted as part of our Corporate Governance Guidelines (which can be found on our website). The court held a final approval and fairness hearing on October 22, 2004, and on November 4, 2004, the court entered an order granting final approval of the settlement.

SEC Investigation

In January 2003, the SEC issued a formal order of investigation related to our restatements of earnings for periods dating back to 1997. On April 20, 2005, we received a subpoena from the SEC under authority of the order of investigation requiring production of additional documents relating to the potential restatement we announced in March 2005. The SEC is investigating the restatement detailed in Note 2 to the Consolidated Financial Statements. We are cooperating fully with the investigation.

Item 4. ***Submission of Matters to a Vote of Security Holders***

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity and Related Stockholder Matters***

Price Range of Common Stock

Our common stock is listed and traded on the New York Stock Exchange ("NYSE") under the symbol "IPG." The following table provides the high and low closing sales prices per share for the periods shown below as reported on the NYSE. At August 31, 2005, there were 16,275 registered holders of our common stock.

Period	NYSE Sale Price High	NYSE Sale Price Low
2005:		
Second Quarter	$ 13.28	$ 12.11
First Quarter	$ 13.68	$ 11.50
2004:		
Fourth Quarter	$ 13.50	$ 10.95
Third Quarter	$ 13.62	$ 10.51
Second Quarter	$ 16.43	$ 13.73
First Quarter	$ 17.19	$ 14.86
2003:		
Fourth Quarter	$ 16.41	$ 13.55
Third Quarter	$ 15.44	$ 12.94
Second Quarter	$ 14.55	$ 9.30
First Quarter	$ 15.38	$ 8.01

Dividend Policy

No dividend was paid on our common stock during 2003, 2004, or the first three quarters of 2005. Our future dividend policy will be determined on a quarter-by-quarter basis and will depend on earnings, financial condition, capital requirements and other factors. For a discussion of the restrictions under our amended revolving credit facility, which limits our ability to declare or pay dividends, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.

Transfer Agent and Registrar for Common Stock

The transfer agent and registrar for our common stock is:

Mellon Investor Services, Inc.
44 Wall Street, 6th Floor
New York, NY 10005
Tel: (877) 363-6398

Sales of Unregistered Securities

In the fourth quarter of 2004, we issued common stock without registration under the Securities Act in payment of deferred compensation for acquisitions we made in earlier periods. The specific transactions were as follows:

- On November 22, 2004, we issued 29,015 shares of our common stock to a shareholder of a company in connection with the purchase of 49% of the common stock of such company in the fourth quarter of 1999. The shares of our common stock had a market value of $351,114 as of the

date of issuance and were issued without registration in reliance on Section 4(2) under the Securities Act, based on the status of the shareholder as an accredited investor.

- On October 26, 2004, we issued 296,928 shares of our common stock to four former shareholders of a company as a final deferred payment for 100% of the shares of the company, which we acquired in the third quarter of 2000. The shares of our common stock were valued at $3,327,389 as of the date of issuance and were issued without registration in reliance on Regulation S under the Securities Act.
- On October 19, 2004, we issued 115,838 shares of our common stock, and on November 18, 2004 we issued 242,713 shares of our common stock, to four former shareholders of a company for shares we acquired in the first quarter of 1997 and in the second quarter of 2004. The shares of our common stock were valued at $1,742,671 and $2,698,491, as of their respective dates of issuance, and were issued without registration in reliance on Regulation S under the Securities Act.

Repurchase of Equity Securities

The following table provides information regarding our purchases of equity securities during the fourth quarter of 2004:

	Total Number of Shares Purchased	Average Price Paid per Share(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1-31	10,285	$ 11.34	—	—
November 1-30	2,461	$ 12.22	—	—
December 1-31	9,657	$ 12.97	—	—
Total(1)	22,403	$ 12.14	—	—

(1) Consists of restricted shares of our common stock withheld under the terms of grants under employee stock compensation plans to offset tax withholding obligations that occurred upon vesting and release of restricted shares (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 our common stock withheld each month.

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Item 6. ***Selected Financial Data***

The following financial data at December 31, 2004 and 2003 and for the years ended December 31, 2004, 2003 and 2002 has been derived from the audited financial statements of the Company which appear elsewhere in this document. The audited financial statements at December 31, 2003 and for the years ended December 31, 2003 and 2002 have been restated and the financial data presented below reflects the restatement. The following financial data at December 31, 2002, 2001 and 2000 and for the years ended December 31, 2001 and 2000 has been derived from unaudited financial statements and includes the effects of the restatement items discussed in Item 8, Financial Statements and Supplementary Data, and Note 2, Restatement of Previously Issued Financial Statements. The Selected Financial Data should be read in conjunction with:

- Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations
- Item 8, Financial Statements and Supplementary Data, Note 2, Restatement of Previously Issued Financial Statements
- Item 8, Financial Statements and Supplementary Data, Note 20, Results by Quarter

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND SELECTED FINANCIAL DATA

	For the Years Ended December 31,				
	2004	2003 (Restated)	2002 (Restated)	2001 (Restated)	2000 (Restated)
	(Amounts in Millions, Except Per Share Amounts)				
REVENUE	$ 6,387.0	$ 6,161.7	$ 6,059.1	$ 6,598.5	$ 6,872.2
OPERATING EXPENSES:					
Salaries and related expenses	3,733.5	3,500.6	3,396.7	3,634.5	3,830.8
Office and general expenses	2,249.8	2,225.7	2,248.7	2,398.5(1)	2,173.0(1)
Restructuring charges	62.2	172.9	7.9	629.5	158.3
Long-lived asset impairment and other charges	322.2	294.0	130.0	300.7	—
Motorsports contract termination costs	113.6	—	—	—	—
Total operating expenses	6,481.3	6,193.2	5,783.3	6,963.2	6,162.1
OPERATING INCOME (LOSS)	(94.3)	(31.5)	275.8	(364.7)	710.1
EXPENSE AND OTHER INCOME:					
Interest expense	(172.0)	(207.0)	(158.7)	(169.0)	(127.3)
Debt prepayment penalty	(9.8)	(24.8)	—	—	—
Interest income	50.7	39.3	30.6	41.7	57.4
Investment impairments	(63.4)	(71.5)	(40.3)	(212.4)	(3.9)
Litigation charges	32.5	(127.6)	—	—	—
Other income (expense)	(10.7)	50.3	8.3	14.5	45.3
Total expense and other income	(172.7)	(341.3)	(160.1)	(325.2)	(28.5)
Income (loss) from continuing operations before provision for income taxes	(267.0)	(372.8)	115.7	(689.9)	681.6
Provision for (benefit of) income taxes	262.2	242.7	106.4	(115.4)	305.9
Income (loss) from continuing operations of consolidated companies	(529.2)	(615.5)	9.3	(574.5)	375.7
Income applicable to minority interests (net of tax)	(21.5)	(27.0)	(30.0)	(27.3)	(38.5)
Equity in net income (loss) of unconsolidated affiliates (net of tax)	5.8	2.4	5.9	3.2	(13.3)
Income (loss) from continuing operations	(544.9)	(640.1)	(14.8)	(598.6)	323.9
Dividends on preferred stock	19.8	—	—	—	—
Net income (loss) from continuing operations	(564.7)	(640.1)	(14.8)	(598.6)	323.9
Income from discontinued operations (net of tax)	6.5	101.0	31.5	15.5	6.4
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ (558.2)	$ (539.1)	$ 16.7	$ (583.1)	$ 330.3
Earnings (loss) per share of common stock:					
Basic:					
Continuing operations	$ (1.36)	$ (1.66)	$ (0.04)	$ (1.62)	$ 0.90
Discontinued operations	0.02	0.26	0.08	0.04	0.02
Total	$ (1.34)	$ (1.40)	$ 0.04	$ (1.58)	$ 0.92
Diluted:					
Continuing operations	$ (1.36)	$ (1.66)	$ (0.04)	$ (1.62)	$ 0.87
Discontinued operations	0.02	0.26	0.08	0.04	0.02
Total	$ (1.34)	$ (1.40)	$ 0.04	$ (1.58)	$ 0.89
Weighted-average shares:					
Basic	415.3	385.5	376.1	369.0	359.6
Diluted	415.3	385.5	376.1	369.0	370.5
OTHER DATA					
Cash dividends per share of common stock	$ —	$ —	$ 0.38	$ 0.38	$ 0.37
Cash dividends per share of preferred stock	$ 2.69	$ —	$ —	$ —	$ —
Capital expenditures	$ (194.0)	$ (159.6)	$ (171.4)	$ (257.5)	$ (246.9)
Actual number of employees	43,700	43,400	45,800	50,500	58,400

(1) Includes amortization expense of $161.0 and $132.3 in 2001 and 2000, respectively.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Millions, Except Per Share Amounts)

	As of December 31,				
	2004	2003 (Restated)	2002 (Restated)	2001 (Restated)	2000 (Restated)
ASSETS:					
Cash and cash equivalents	$ 1,550.4	$ 1,871.9	$ 953.2	$ 938.1	$ 848.8
Short-term marketable securities	420.0	195.1	30.7	21.2	26.6
Accounts receivable, net of allowances	4,907.5	4,650.3	4,610.1	4,653.1	5,599.6
Expenditures billable to clients	345.2	303.3	387.7	358.4	473.2
Deferred income taxes	261.0	279.7	103.0	136.0	—
Prepaid expenses and other current assets	152.6	232.4	389.6	300.1	235.0
Total current assets	7,636.7	7,532.7	6,474.3	6,406.9	7,183.2
Land, buildings and equipment, net	722.9	697.9	851.1	871.0	845.6
Deferred income taxes	274.2	378.3	534.3	514.0	410.1
Investments	168.7	246.8	326.5	334.6	463.0
Goodwill	3,141.6	3,267.9	3,320.9	2,933.9	2,996.0
Other intangible assets, net of amortization	37.6	43.0	82.4	102.2	87.8
Other assets	290.6	279.3	315.5	277.7	264.6
Total non-current assets	4,635.6	4,913.2	5,430.7	5,033.4	5,067.1
TOTAL ASSETS	$ 12,272.3	$ 12,445.9	$ 11,905.0	$ 11,440.3	$ 12,250.3
LIABILITIES:					
Accounts payable	$ 6,128.7	$ 5,614.7	$ 5,370.8	$ 4,711.2	$ 5,901.5
Accrued liabilities	1,108.6	1,256.7	1,273.9	1,536.5	1,342.1
Short-term debt	325.9	316.9	841.9	428.5	538.0
Total current liabilities	7,563.2	7,188.3	7,486.6	6,676.2	7,781.6
Long-term debt	1,936.0	2,198.7	1,822.2	2,484.6	1,533.8
Deferred compensation and employee benefits	590.7	548.6	534.9	438.6	525.5
Other non-current liabilities	408.9	326.7	270.7	177.3	163.6
Minority interests in consolidated subsidiaries	55.2	64.8	68.0	84.0	93.1
Total non-current liabilities	2,990.8	3,138.8	2,695.8	3,184.5	2,316.0
TOTAL LIABILITIES	10,554.0	10,327.1	10,182.4	9,860.7	10,097.6
TOTAL STOCKHOLDERS' EQUITY	1,718.3	2,118.8	1,722.6	1,579.6	2,152.7
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,272.3	$ 12,445.9	$ 11,905.0	$ 11,440.3	$ 12,250.3

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Amounts in Millions, Except Per Share Amounts)

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand The Interpublic Group of Companies, Inc. and its subsidiaries (the "Company", "we", "us" or "our"). MD&A is provided as a supplement to and should be read in conjunction with our financial statements and the accompanying notes. The results included in this MD&A have been restated. Our MD&A includes the following sections:

OVERVIEW provides a description of our business, the drivers of our business, and how we analyze our business. It then provides an analysis of our 2004 performance and a description of the significant events impacting 2004 and thereafter.

RESULTS OF OPERATIONS provides an analysis of the consolidated and segment results of operations for 2004 compared to 2003 and 2003 compared to 2002.

LIQUIDITY AND CAPITAL RESOURCES provides an overview of our cash flows, financing, contractual obligations and derivatives and hedging activities.

INTERNAL CONTROL OVER FINANCIAL REPORTING provides a description of the status of our compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and related rules. For more detail, see Item 8, Financial Statements and Supplementary Data, Note 2, Restatement of Previously Issued Financial Statements and Item 9A, Controls and Procedures.

RESTATEMENT provides a description and reconciliation of the restatement. For additional information, see Item 8, Financial Statements and Supplementary Data, Note 2, Restatement of Previously Issued Financial Statements.

CRITICAL ACCOUNTING POLICIES provides a discussion of our accounting policies that require critical judgment, assumptions and estimates.

OTHER MATTERS provides a discussion of our significant non-operational items which impact our financial statements, such as the SEC investigation and material contingencies.

RECENT ACCOUNTING STANDARDS by reference to Note 1 to the Consolidated Financial Statements, provides a description of accounting standards which we have not yet been required to implement and may be applicable to our operations, as well as those significant accounting standards which were adopted during 2004.

OVERVIEW

Our Business

We are one of the world's largest advertising and marketing services companies, comprised of hundreds of communication agencies around the world that deliver custom marketing solutions on behalf of our clients. Our agencies cover the spectrum of marketing disciplines and specialties, from traditional services such as consumer advertising and direct marketing, to services such as experiential marketing and branded entertainment. With offices in approximately 130 countries and approximately 43,700 employees, our agencies work with our clients to create global and local marketing campaigns that cross borders and media. These marketing programs seek to build brands, influence consumer behavior and sell products.

We have organized our agencies into five global operating divisions and a group of leading stand-alone agencies. Four of these divisions, McCann WorldGroup ("McCann"), The FCB Group ("FCB"), The Lowe Group ("Lowe") and Draft Worldwide ("Draft"), provide a distinct, comprehensive array of global communications and marketing services. The fifth global operating division, The Constituent Management

Group ("CMG"), including Weber Shandwick, FutureBrand, DeVries, Golin Harris, Jack Morton and Octagon Worldwide ("Octagon"), provides clients with diversified services, including public relations, meeting and event production, sports and entertainment marketing, corporate and brand identity and strategic marketing consulting.

Our leading stand-alone agencies provide clients with a full range of advertising and marketing services. These agencies partner with our global operating groups as needed, and include Deutsch, Campbell-Ewald, Hill Holliday and The Martin Agency. We believe this organizational structure allows us to provide comprehensive solutions for clients, enables stronger financial and operational growth opportunities and allows us to improve operating efficiencies within our organization. We practice a decentralized management style, providing agency management with a great deal of operational autonomy, while holding them broadly responsible for their agencies' financial and operational performance.

For financial reporting purposes, we have three reportable segments. The largest segment, Integrated Agency Networks ("IAN"), is comprised of McCann, FCB, Lowe, Draft and our leading stand-alone agencies. CMG comprises our second reportable segment. Our third reportable segment was comprised of our Motorsports operations, which were sold during 2004. IAN also includes our media agencies, Initiative Media and Magna Global which are part of our leading stand-alone agencies, and Universal McCann which is part of McCann. Our media offering creates integrated communications solutions, with services that cover the full spectrum of communication needs, including channel strategy, planning and buying, consulting, production, and post-campaign analysis. See Note 18 to the Consolidated Financial Statements for further discussion.

Business Drivers

We generate revenue from fees and commissions. Our primary sources of revenue are the planning and execution of advertising programs in various media and the planning and execution of other marketing and communications programs. The fee and commission amounts vary depending on the level of client spending or the time we incur performing the specific services required by a client plus the gross-up of other costs.

Historically, revenues for creation, planning and placement of advertising were derived predominantly from commissions. These services are now being provided on a negotiated fee basis and to a lesser extent on a commission basis. Fees are usually calculated to reflect hourly rates plus proportional overhead and a mark-up. Many clients are now including an incentive compensation component in their total compensation package. This provides added revenue based on achieving mutually agreed upon metrics within specified time periods. Commissions are earned based on services provided, and are usually based as a percentage or fee over the total cost and expense to complete the assignment. They can also be derived when clients pay us the gross rate billed by media and we pay for media at a lower net rate. The difference is the commission that is earned by us, which is either retained in total or shared with the client depending on the nature of the services agreement.

We pay the media charges with respect to contracts for advertising time or space that we place on behalf of our clients. To reduce our risk from a client's non-payment, we generally pay media charges only after we have received funds from our clients. Generally, we act as the client's agent rather than the primary obligor. In some instances we agree with the media provider that we will only be liable to pay the media after the client has paid us for the media charges.

We also generate revenue in negotiated fees from our public relations, sales promotion, event marketing, and sports and entertainment marketing and corporate and brand identity services.

Our revenue is dependent upon the advertising, marketing and corporate communications requirements of our clients and tends to be higher in the second half of the calendar year as a result of the holiday season and lower in the first half as a result of the post-holiday slow-down of client activity. Our agencies generally have written contracts with their clients which dictate proportional performance, monthly basis or completed contract revenue recognition. Fee revenue recognized on a completed contract basis also contributes to the higher seasonal revenues experienced in the fourth quarter due to the majority of our contracts ending at December 31. As is customary in the industry, these contracts provide for termination by either party on relatively short notice, usually 90 days. See Note 1 to the Consolidated Financial Statements for further discussion on the revenue recognition accounting policies.

Our revenue is driven by our ability to maintain and grow existing business as well as generate new business. Our business is directly affected by economic conditions in the industries and regions we serve and by the marketing and advertising requirements and practices of our clients and potential clients. When economic conditions decline, companies generally decrease advertising and marketing budgets, and it becomes more difficult to achieve profitability. Our business is highly competitive, which tends to mitigate our pricing power and that of our competition.

We believe that expanding the range of services we provide to our key clients is critical to our continued growth. We are focused on strengthening our collaboration across agencies, which we believe will increase our ability to better service existing clients and win new clients.

2004 Performance

The primary focus of our business analysis is on operating performance — specifically, changes in revenues and operating expenses.

We analyze the increase or decrease in revenue by reviewing the components of the change, including: the impact of foreign currency rate changes, the impact of acquisitions and divestitures, and the balance, which we refer to as organic revenue change. As economic conditions and demand for our services can vary between geographic regions, we also analyze revenues by domestic and international sources.

Our operating expenses are in two primary categories: salaries and related expenses, and office and general expenses. As with revenue, we review the following components: impact of foreign currency rate changes, impact of acquisitions and divestitures, and the organic component of the change. Salaries and related expenses tend to fluctuate with changes in revenues and are measured as a percentage of revenues. Office and general expenses, which have both a fixed and variable component, tend not to vary as much with revenue.

As a part of our restatement process we issued accounting guidance to our agencies to strengthen adherence to Staff Accounting Bulletin 104, *Revenue Recognition.* Our policies are further explained in our revenue recognition policy discussion in both management's discussion and analysis and the footnotes. This accounting guidance governs the timing of when revenue is recognized. Accordingly, if work is being performed in a given quarter but there is insufficient evidence on an arrangement, the related revenue would be deferred to a future quarter when the evidence is obtained. However, our costs of services, on the other hand, are primarily expensed as incurred, except that incremental direct costs may be deferred under a significant long term contract until complete. With revenue being deferred until completion of the contract and costs primarily expensed as incurred, this will have a negative impact on our operating margin until the revenue can be recognized and in the period of revenue recognition. While this will not affect cash flow, it will affect organic revenue growth and margins and this effect is likely to be greater in comparing quarters than in comparing full years.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)
(Amounts in Millions, Except Per Share Amounts)

In addition, the Company also issued guidelines to our agencies units to strengthen adherence to EITF 99-19, *Reporting Revenue Gross as a Principal Versus Net as an Agent.* This accounting guidance governs when revenues should be recorded net of external media or production cost and when it should be recorded gross. The guidance is very contract specific and can vary period to period and agency by agency. While this accounting will not affect cash flow and profitability, it could affect changes in revenue growth.

Our financial performance over the past several years has lagged behind that of our industry peers, due to lower revenue growth, as well as impairment and restructuring charges. We are working to improve our margins by restoring consistent revenue growth and controlling expenses. Our success in doing so in 2004 was significantly limited by the cost of business priorities that we consider urgent, such as improving our internal control over financial reporting, consolidating financial back office activities by creating a shared service center, upgrading our information technology systems infrastructure, professional fees, and exiting the Motorsports business. With the exception of salary-related expenses which have increased due to our additional headcount, we believe that most other costs associated with these priorities are transitional in nature, but do not expect a decrease in total office and general expense over the short term due to the significant professional fees required as a result of our internal control weaknesses. The cost of remedying our internal control weaknesses will be significant in 2005 and 2006.

We have indicated that accelerating organic revenue growth and improving operating margin are key corporate metrics. The following are the performance priorities and basis of analysis of our financial and operating performance:

- *We seek to accelerate organic revenue growth* by strengthening collaboration among our agencies and increasing the number of marketing services used by each client. We have established a supplemental incentive plan, expanded internal tools and resources, and heightened internal communications aimed at encouraging collaboration. We analyze our performance by calculating the percentage increase in revenue related to organic growth between comparable periods.

- *We seek to improve operating margin* by increasing revenue and by controlling salaries and related expenses, as well as office and general expenses. We analyze our performance by comparing revenue to prior periods and measuring salaries and related expenses, as well as office and general expenses, as a percentage of revenue. We define operating margin as operating income divided by reported revenue.

	For the Years Ended December 31,	
	2004	2003
Organic revenue growth percentage (vs. prior year)	1.2%	(3.0)%
Operating margin percentage	(1.5)%	(0.5)%
Salaries and related expenses as a percentage of revenue	58.5%	56.8%
Office and general expenses as a percentage revenue	35.2%	36.1%

Organic revenue growth improved in 2004, but we have not yet reached our goal of matching peer group organic growth. Domestic organic revenue growth was 2.5%, while international revenue decreased by 0.4% on an organic basis.

Operating margin during 2004 was impacted by cost increases and a number of charges. During 2004, we recorded asset impairments of $322.2, restructuring charges of $62.2 and contract termination charges related to the Motorsports business of $113.6, which together comprised a $31.1 increase in such charges as compared to 2003. Operating margin in 2003 was impacted by approximately $294.0 of asset

impairment charges and $172.9 of restructuring charges. Additionally, in 2004, we recorded cost increases for salaries and related expenses of $232.9 and professional fees of $87.6.

Significant 2004 Activity and Subsequent Events

Income Statement

- Long-lived asset impairment charges of $322.2 were recorded, including $311.9 of goodwill impairments primarily at CMG, Lowe and Draft as a result of our annual impairment review. These were due to a decline in revenue, coupled with a drop in industry valuation metrics. Refer to Note 8 of the Consolidated Financial Statements for additional information.
- Motorsports contract termination charges of $113.6 were recorded related to agreements with the British Racing Drivers Club and the Formula One Administration Limited, which released us from certain guarantees and lease obligations. We have exited this business and do not anticipate any additional material charges. Refer to Note 4 of the Consolidated Financial Statements for additional information.
- Restructuring charges of $62.2 were recorded related to severance and termination costs and lease termination and other exit costs under the 2003 and 2001 restructuring programs, net of $32.0 of reserve reversals due to changes in our original estimates. These charges were primarily the result of vacating properties and employment terminations executed during 2004. Reserve reversals recorded during 2004 were the result of changes in management's estimates impacted by events and circumstances which arose during the period. Refer to Note 5 of the Consolidated Financial Statements for additional information.
- Investment impairment charges of $63.4 were recorded primarily related to an investment in an unconsolidated German advertising agency as a result of a decrease in projected operating results. Refer to Note 9 of the Consolidated Financial Statements for additional information.
- Shareholder litigation settlement resulted in a reduction of expenses of $32.5, related to proceeds received of $20.0 from insurance policies (which a receivable had not previously accounted for) and the reversal of $12.5 in settlement reserves due to the decrease in share price between the tentative settlement date and the final settlement date as the share settlement was a fixed number. Refer to Note 19 of the Consolidated Financial Statements for additional information.
- Prepayment penalty charges of $9.8 were recorded on the early retirement of $250.0 of the 7.875% Senior Unsecured Notes due in 2005. Refer to Note 11 of the Consolidated Financial Statements for additional information.
- A total charge of $236.0 was recorded to increase our valuation allowance for deferred income tax assets primarily relating to foreign net operating loss carry forwards. Refer to Note 10 of the Consolidated Financial Statements for additional information.
- Total salaries and related expenses and professional fees increased by approximately $232.9 and $87.6. These related primarily to increased headcount, the audit of our restated financial statements and the requirements of the Sarbanes-Oxley Act and are discussed in Consolidated Results of Operations — 2004 Compared to 2003.

Financing Activities

- We replaced our previous 364-day and five-year revolving credit facilities totaling $875.0, with 364-Day and Three-Year Revolving Credit Facilities, maturing May 2007, totaling $700.0.

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- We completed the issuance and sale of $250.0 aggregate principal amount of 5.40% Senior Unsecured Notes maturing 2009 and $350.0 aggregate principal amount of 6.25% Senior Unsecured Notes maturing 2014.
- Proceeds from the two debt issuances were used to pay down $250.0 of the 7.875% Senior Unsecured Notes due 2005 and redeem approximately $346.8 of the 1.87% Convertible Subordinated Notes in December 2004.
- All of the 1.80% Convertible Subordinate Notes were redeemed for approximately $246.0 in January 2004 using net proceeds from offerings of $246.0 of convertible preferred stock and common stock in late 2003.

Subsequent to 2004

- We entered into waivers and amendments to our 364-Day and Three-year Revolving Credit Facilities, to waive any breach or default related to not complying in a timely manner with our reporting requirements. In addition, financial covenants with respect to our interest coverage ratio, debt to EBITDA ratio and minimum EBITDA for certain fiscal quarters were amended.
- In March 2005, we completed a consent solicitation to amend the indentures governing five series of our outstanding public debt to provide that our failure to timely file our SEC reports would not constitute a default under the indentures until September 30, 2005.
- In July 2005, we completed the issuance and sale of $250.0 Floating Rate Notes maturing 2008. We used the proceeds to redeem the 7.875% Senior Unsecured Notes maturing October 2005 with an aggregate principal amount of $250.0.
- Our Three-Year Revolving Credit Facility was amended and restated as of September 27, 2005. The effectiveness of the amended Three-Year Revolving Credit Facility is subject to certain conditions. The amendment revises certain of the negative and financial covenants under our existing Three-Year Revolving Credit Facility. The 364-day Revolving Credit Facility will expire on September 30, 2005.

Management Changes

- In February 2004, Stephen Gatfield was hired as our Executive Vice President, Global Operations and Innovation.
- In May 2004, Nick Cyprus was hired as our Senior Vice President, Controller and Chief Accounting Officer.
- In June 2004, Robert Thompson was named our Executive Vice President and Chief Financial Officer. He resigned in July 2005.
- In July 2004, Michael Roth was hired as our Executive Chairman.
- In November 2004, Tony Wright was hired as Chief Executive Officer of Lowe Worldwide and Ed Powers was named Chief Operating Officer of Lowe Worldwide.

Subsequent to 2004

- In January 2005, Michael Roth was named our Chairman and Chief Executive Officer. Concurrently, David Bell, our Chairman and Chief Executive Officer since 2003 was named Co-Chairman.

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- In May 2005, Steve Centrillo was hired as our Executive Vice President and Chief Growth Officer.
- In May 2005, Mark Rosenthal was hired as our Chairman and Chief Executive Officer of Media Operations.
- In June 2005, Steve Blamer, who had been hired as Chief Executive Officer of Foote, Cone and Belding Worldwide in December 2004, assumed his responsibility following the expiration of a prior non-compete agreement.
- In July 2005, Frank Mergenthaler was hired as our Executive Vice President and Chief Financial Officer.

RESULTS OF OPERATIONS

Consolidated Results of Operations — 2004 Compared to 2003

REVENUE

The components of the 2004 change were as follows:

	Total		Domestic			International		
	$	% Change	$	% Change	% of Total	$	% Change	% of Total
2003 (Restated)	$ 6,161.7		$ 3,459.3		56.1%	$ 2,702.4		43.9%
Foreign currency changes	237.7	3.9%	—	—		237.7	8.8%	
Net acquisitions/divestitures	(88.0)	(1.4)%	(35.4)	(1.0)%		(52.6)	(1.9)%	
Organic	75.6	1.2%	85.3	2.5%		(9.7)	(0.4)%	
Total change	225.3	3.7%	49.9	1.4%		175.4	6.5%	
2004	$ 6,387.0		$ 3,509.2		54.9%	$ 2,877.8		45.1%

For the year ended December 31, 2004, consolidated revenues increased $225.3, or 3.7%, as compared to 2003, which was attributable to foreign currency exchange rate changes of $237.7 and organic revenue growth of $75.6, partially offset by the effect of net acquisitions and divestitures of $88.0.

The increase due to foreign currency changes was attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar. The net effect of acquisitions and divestitures resulted largely from the sale of the Motorsports business during 2004.

During 2004, organic revenue change of 75.6, or 1.2%, was driven by an increase at IAN, partially offset by decrease at CMG. The increase at IAN was a result of client wins, additional business from existing clients, and overall growth in domestic markets. The decrease at CMG was as a result of weakness in demand for branding and sports marketing services, partially offset by growth in the public relations business.

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OPERATING EXPENSES

	For the Years Ended December 31,					
	2004		2003			
	$	% of Revenue	$ (Restated)	% of Revenue	$ Change	% Change
Salaries and related expenses	$ 3,733.5	58.5%	$ 3,500.6	56.8%	$ 232.9	6.7%
Office and general expenses	2,249.8	35.2%	2,225.7	36.1%	24.1	1.1%
Restructuring charges	62.2		172.9		(110.7)	(64.0)%
Long-lived asset impairment and other charges	322.2		294.0		28.2	9.6%
Motorsports contract termination costs	113.6		—		113.6	—
Total operating expenses	$ 6,481.3		$ 6,193.2		$ 288.1	4.7%

Salaries and Related Expenses

The components of the 2004 change were as follows:

	Total		
	$	% Change	% of Revenue
2003 (Restated)	$ 3,500.6		56.8%
Foreign currency changes	129.4	3.7%	
Net acquisitions/divestitures	(40.5)	(1.2)%	
Organic	144.0	4.1%	
Total change	232.9	6.7%	
2004	$ 3,733.5		58.5%

Salaries and related expenses are the largest component of operating expenses and consist primarily of salaries and related benefits, and performance incentives. During 2004, salaries and related expenses increased to 58.5% of revenues, compared to 56.8% in 2003. In 2004, salaries and related expenses increased $144.0, excluding the increase related to foreign currency exchange rate changes of $129.4 and a decrease related to net acquisitions and divestitures of $40.5.

Salaries and related expenses were impacted by changes in foreign currency rates, attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar. The increase due to foreign currency rate changes was partially offset by the impact of net acquisitions and divestitures activity, which resulted largely from the sale of the Motorsports business during 2004.

The increase in salaries and related expenses, excluding the impact of foreign currency and net acquisitions and divestitures, was primarily the result of increases in employee headcount at certain locations and increased utilization of temporary and freelance staffing and higher performance incentive expense at a number of agencies that experienced an increase in operating results. Furthermore, during the year, we hired additional personnel within our operating units and in the corporate group to support our back office processes, including accounting and shared services initiatives, as well as our ongoing efforts in achieving Sarbanes-Oxley compliance. We reduced staff at certain operations after client accounts were

lost. Cost savings associated with headcount reductions were partially offset by increased severance costs associate with the headcount reductions.

Office and General Expenses

The components of the 2004 change were as follows:

	Total		
	$	% Change	% of Revenue
2003 (Restated)	$ 2,225.7		36.1%
Foreign currency changes	102.9	4.6%	
Net acquisitions/divestitures	(63.9)	(2.9)%	
Organic	(14.9)	(0.7)%	
Total change	24.1	1.1%	
2004	$ 2,249.8		35.2%

Office and general expenses primarily consists of rent, office and equipment, depreciation, professional fees, other overhead expenses and certain out-of-pocket expenses related to our revenue. During 2004, office and general expenses decreased to 35.2% of revenues, compared to 36.1% in 2003. In 2004, office and general expenses decreased $14.9, excluding the increase related to foreign currency exchange rate changes of $102.9 and a decrease related to net acquisitions and divestitures of $63.9.

Office and general expenses were impacted by changes in foreign currency rates, attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar. The increase due to foreign currency rate changes was offset by the impact of net acquisitions and divestitures activity, which resulted largely from the sale of the Motorsports business in 2004.

The decrease in office and general expenses, excluding the impact of foreign currency and net acquisition and divestitures activity, was primarily the result of lower occupancy and overhead costs, and a decrease related to charges recorded by CMG in 2003 to secure certain sports television rights. These decreases, however, were partially offset by increases driven by a rise in professional fees as part of our ongoing efforts in achieving Sarbanes-Oxley compliance, and the development of information technology systems and processes related to our shared services initiatives.

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Restructuring Charges

During 2004 and 2003, we recorded net expense related to lease termination and other exit costs and severance and termination costs for the 2003 and 2001 restructuring programs of $62.2 and $172.9, respectively, which included the impact of adjustments resulting from changes in management's estimates as described below. A summary of the net (income) and expense by segment is as follows:

	Lease Termination and Other Exit Costs			Severance and Termination Costs			
	2003 Program	2001 Program	Total	2003 Program	2001 Program	Total	Total
2004 Net (Income) Expense							
IAN	$ 40.3	$ (7.3)	$ 33.0	$ 14.1	$ (4.3)	$ 9.8	$ 42.8
CMG	8.1	4.0	12.1	5.1	(0.7)	4.4	16.5
Corporate	3.7	(1.0)	2.7	0.3	(0.1)	0.2	2.9
Total	$ 52.1	$ (4.3)	$ 47.8	$ 19.5	$ (5.1)	$ 14.4	$ 62.2
2003 Net (Income) Expense (Restated)							
IAN	$ 23.1	$ 8.8	$ 31.9	$ 106.6	$ (0.1)	$ 106.5	$ 138.4
CMG	12.7	6.1	18.8	15.7	—	15.7	34.5
Motorsports	—	—	—	0.4	—	0.4	0.4
Corporate	(2.2)	(1.3)	(3.5)	3.1	—	3.1	(0.4)
Total	$ 33.6	$ 13.6	$ 47.2	$ 125.8	$ (0.1)	$ 125.7	$ 172.9

Lease termination and other exit costs

2003 Program

Net expense related to lease termination and other exit costs recorded for 2004 were $52.1, comprised of charges of $67.8, partially offset by adjustments to management estimates of $15.7. For 2003, net expense was $33.6, comprised of charges of $41.6 offset by similar adjustments of $8.0. These charges related to vacating 43 and 55 offices in 2004 and 2003, respectively, located primarily in the US and Europe. Charges were recorded at net present value and were net of estimated sublease rental income. The discount related to lease terminations is being amortized over the expected remaining term of the related lease.

In addition to amounts recorded as restructuring charges, we recorded charges of $11.1 and $16.5 during 2004 and 2003, respectively, related to the accelerated amortization of leasehold improvements on properties included in the 2003 program. These charges were included in office and general expenses on the Consolidated Statements of Operations.

2001 Program

Net (income) and expense related to lease termination and other exit costs of ($4.3) and $13.6, recorded for 2004 and 2003, respectively, resulted exclusively from the impact of adjustments to management estimates. The 2001 program resulted in approximately 180 offices being vacated worldwide.

Adjustments to Estimates

Lease termination and other exit costs for the 2003 and 2001 restructuring programs included the net impact of adjustments for changes in management estimates to decrease the restructuring reserves by $20.0 in 2004 and increase the reserve by $5.6 in 2003. Adjustments to management estimates of net lease obligations included both increases and decreases to the restructuring reserve balance as a result of several factors. The significant factors were our negotiation of terms upon the exit of leased properties, changes in sublease rental income and utilization of previously vacated properties by certain of our agencies due to improved economic conditions in certain markets, all of which occurred during the period recorded.

Severance and termination costs

2003 Program

Net expense related to severance and termination costs of $19.5 recorded for 2004 were comprised of charges of $26.4, partially offset by adjustments to management estimates of $6.9. For 2003, net expenses of $125.8 was comprised of charges of $133.7 offset by adjustments of $7.9. These charges related to a worldwide workforce reduction of approximately 400 employees in 2004 and 2,900 in 2003. The restructuring program affected employee groups across all levels and functions, including executive, regional and account management and administrative, creative and media production personnel. The majority of the severance charges related to the US and Europe, with the remainder in Asia and Latin America.

2001 Program

Net income related to severance and termination costs of $5.1 and $0.1 recorded for 2004 and 2003, respectively, resulted exclusively from the impact of adjustments to management estimates. The 2001 program related to a worldwide reduction of approximately 7,000 employees.

Adjustments to Estimates

Severance and termination costs associated with the 2003 and 2001 restructuring programs included the net impact of adjustments for changes in management estimates to decrease the restructuring reserves by $12.0 in 2004 and $8.0 in 2003. Adjustments to management estimates of severance and termination obligations included both increases and decreases to the restructuring reserve balance as a result of several factors. The significant factors were the decrease in the number of terminated employees, change in amounts paid to terminated employees and change in estimates of taxes and restricted stock payments related to terminated employees, all of which occurred in the period recorded.

For additional information, see Note 5 to the Consolidated Financial Statements.

Long-Lived Asset Impairment and Other Charges

Long-lived assets include land, buildings, equipment, goodwill and other intangible assets. Buildings, equipment and other intangible assets with finite lives are depreciated or amortized on a straight-line basis over their respective estimated useful lives. At least annually, we review all long-lived assets for impairment. When necessary, we record an impairment charge for the amount that the carrying value exceeds the fair value. See Note 1 to the Consolidated Financial Statements for fair value determination and impairment testing methodologies.

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The following table summarizes long-lived asset impairment and other charges:

	For the Years Ended December 31,							
	2004				2003 (Restated)			
	IAN	CMG	Motor-sports	Total	IAN	CMG	Motor-sports	Total
Goodwill impairment	$ 220.2	$ 91.7	$ —	$ 311.9	$ 0.4	$ 218.0	$ —	$ 218.4
Fixed asset impairment	2.0	0.4	3.0	5.4	2.3	—	63.8	66.1
Other	4.9	—	—	4.9	9.1	0.4	—	9.5
Total	$ 227.1	$ 92.1	$ 3.0	$ 322.2	$ 11.8	$ 218.4	$ 63.8	$ 294.0

The long-lived asset impairment charges recorded in 2004 and 2003 are due to the following:

2004 Impairments

IAN — During the third quarter of 2004, we recorded goodwill impairment charges of approximately $220.2 at The Partnership reporting unit, which was comprised of, Lowe Worldwide, Draft Worldwide, Mullen, Dailey & Associates and BGW. Our long-term projections showed previously unanticipated declines in discounted future operating cash flows due to recent client losses, reduced client spending, and declining industry valuation metrics. These discounted future operating cash flow projections caused the estimated fair value of The Partnership to be less than the book value. The Partnership was disbanded in the fourth quarter as of 2004. The Partnership was subsequently disbanded in the fourth quarter of 2004 and the remaining goodwill was allocated based on the relative fair value of the agencies at the time of disbandment. We considered the possibility of impairment at Lowe and Draft, the two largest agencies previously within The Partnership. However, at this point we have determined that there is no discernible trigger event for an additional impairment. We will continue to monitor the results and, should operating performance worsen, particularly at Lowe we may conclude that a trigger event has occurred and impairment may then be required.

CMG — As a result of the annual impairment review, a goodwill impairment charge of $91.7 was recorded at our CMG reporting unit, which is comprised of Weber Shandwick, Golin Harris, DeVries Public Relations, Octagon Worldwide and FutureBrand. The fair value of CMG was adversely affected by declining industry market valuation metrics, specifically, a decrease in the EBITDA multiples used in the underlying valuation calculations. The impact of the lower EBITDA multiples caused the calculated fair value of CMG goodwill to be less than the related book value.

2003 Impairments

CMG — We recorded an impairment charge of $218.0 to reduce the carrying value of goodwill at Octagon. The Octagon impairment charge reflects the reduction of the unit's fair value due principally to poor financial performance in 2003 and lower than expected future financial performance. Specifically, there was significant pricing pressure in both overseas and domestic TV rights distribution, declining fees from athlete representation, and lower than anticipated proceeds from committed future events, including ticket revenue and sponsorship.

Motorsports — We recorded fixed asset impairment charges of $63.8, consisting of $38.0 in connection with the sale of a business comprised of the four owned auto racing circuits and $9.6 related to the sales of other Motorsports entities and a fixed asset impairment of $16.2 for outlays that Motorsports was contractually required to spend to improve the racing facilities.

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For additional information, see Note 8 to the Consolidated Financial Statements.

Motorsports Contract Termination Costs

As discussed in Note 4 to the Consolidated Financial Statements, during the year ended December 31, 2004, we recorded a pretax charge of $113.6 related to a series of agreements with the British Racing Drivers Club and Formula One Administration Limited which release us from certain guarantees and lease obligations in the United Kingdom. We have exited this business and do not anticipate any additional material charges.

EXPENSE AND OTHER INCOME

	For the Years Ended December 31,			
	2004	2003 (Restated)	$ Change	% Change
Interest expense	$ (172.0)	$ (207.0)	$ 35.0	(16.9)%
Debt prepayment penalty	(9.8)	(24.8)	15.0	(60.5)%
Interest income	50.7	39.3	11.4	29.0%
Investment impairments	(63.4)	(71.5)	8.1	(11.3)%
Litigation charges	32.5	(127.6)	160.1	(125.5)%
Other income (expense)	(10.7)	50.3	(61.0)	(121.3)%
Total	$ (172.7)	$ (341.3)	$ 168.6	(49.4)%

Interest Expense

The decrease in interest expense was primarily due to the redemption of our $250.0 1.80% Convertible Subordinate Notes in January 2004 and the early redemption of our borrowings under the Prudential Agreements during the third quarter of 2003.

Debt Prepayment Penalty

During the fourth quarter of 2004, a prepayment penalty of $9.8 was recorded related to the early retirement of $250.0 of the 7.875% Senior Unsecured Notes due in 2005. During the third quarter of 2003, we repaid our borrowings under the Prudential Agreements, repaying $142.5 principal amount and incurring a prepayment penalty of $24.8.

Interest Income

The increase in interest income in 2004 was primarily due to an increase in our average balance of short-term investments held during the year, as well as an increase in interest rates when compared to 2003.

Investment Impairments

During 2004, we recorded investment impairment charges of $63.4. The principal component of the charge was $50.9 related to the impairment of an unconsolidated investment in a German advertising agency, Springer & Jacoby, as a result of a decrease in projected operating results. Additionally, we recorded impairment charges of $4.7 related to unconsolidated affiliates primarily in Israel, Brazil, Japan and India, and $7.8 related to several other available-for-sale investments.

During 2003, we recorded $71.5 of investment impairment charges related to 20 investments. The charge related principally to investments in Fortune Promo 7 of $9.5 in the Middle East, Koch Tavares of $7.7 in Latin America, Daiko of $10.0 in Japan, Roche Macaulay Partners of $7.9 in Canada, Springer & Jacoby of $6.5 in Germany and Global Hue of $6.9 in the US. The majority of the impairment charges resulted from deteriorating economic conditions in the countries in which the agencies operate, due to the loss of one or several key clients.

Litigation Charges

During 2004, with the settlement approved we received $20.0 from insurance proceeds which we recorded as a reduction in litigation charges because we had not previously established a receivable. We also recorded a reduction of 12.5 relating to a decrease in the share price between the tentative settlement date and the final settlement date.

During 2003, we recorded litigation charges of $127.6 for various legal matters, of which $115.0 related to a then-tentative settlement of the class action shareholder suits discussed in Note 19 to the Consolidated Financial Statements. Under the terms of the settlement, we were required to pay $20.0 in cash and issue 6.6 shares of our common stock. The ultimate amount of the litigation charge related to the settlement was to be dependent upon our stock price at the time of the final settlement (as the number of shares was fixed in the agreement), which took place in December 2004.

Other Income (Expense)

In 2004, the $10.7 other expense included $18.2 of net losses on the sale of 19 agencies. The losses related primarily to the sale of Transworld Marketing, a US-based promotions agency, which resulted in a loss of $8.6, and a $6.2 loss for the final liquidation of the Motorsports investment. See Note 4 to the Consolidated Financial Statements for further discussion of the Motorsports disposition. These net losses were offset by gains of sale of Modem Media shares and other available-for-sale securities and miscellaneous investment income of $0.8 and $6.7, respectively.

In 2003, other income of $50.3 included approximately 11.0 shares of Modem Media sold for net proceeds of approximately $57.0, resulting in a pre-tax gain of $30.3. We also sold all of the approximately 11.7 shares of Taylor Nelson Sofres plc ("TNS") we had acquired through the sale of NFO WorldGroup Inc. ("NFO"), for approximately $42.0 of net proceeds. A pre-tax gain of $13.3 was recorded.

OTHER ITEMS

Income Taxes

	For the Years Ended December 31,	
	2004	2003 (Restated)
Provision for income taxes	$ 262.2	$ 242.7
Effective tax rate	98.2%	65.1%

Our effective tax rate was negatively impacted in both 2004 and 2003 by the establishment of valuation allowances, as described below, restructuring charges, and non-deductible long-lived asset impairment charges. In 2004, our effective tax rate was also impacted by pretax charges and related tax benefits resulting from the Motorsports contract termination costs. The difference between the effective tax

rate and the statutory federal rate of 35% is also due to state and local taxes and the effect of non-US operations.

Valuation Allowance

Under Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*, we are required, on a quarterly basis, to evaluate the realizability of our deferred tax assets. SFAS No. 109 requires that 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 valuation allowance must be considered. We believe that cumulative losses in the most recent three-year period represent sufficient negative evidence under the provisions of SFAS No. 109 and, as a result, we determined that certain of our deferred tax assets required the establishment of a valuation allowance. The deferred tax assets for which an allowance was established relate primarily to foreign net operating and US capital loss carryforwards.

During 2004, the valuation allowance of $236.0 was established in continuing operations on existing deferred tax assets and current year losses with no benefit. The total valuation allowance as of December 31, 2004 was $488.6. Our income tax expense recorded in the future will be reduced to the extent of offsetting decreases in our valuation allowance. The establishment or reversal of valuation allowances could have a significant negative or positive impact on future earnings.

During 2003, the valuation allowance of $111.4 was established in continuing operations on existing deferred tax assets and losses in 2003 with no benefit. In addition, $3.7 of valuation allowances were established for certain US capital and other loss carryforwards. The total valuation allowance as of December 31, 2003 was $252.6.

For additional information, see Note 10 to the Consolidated Financial Statements.

Minority Interest and Unconsolidated Affiliates

	For the Years Ended December 31,	
	2004	2003 (Restated)
Income applicable to minority interests, net of tax	$ (21.5)	$ (27.0)
Equity in net income of unconsolidated affiliates, net of tax	$ 5.8	$ 2.4

The decrease in income applicable to minority interests was primarily due to lower earnings of majority-owned international businesses, primarily in Europe, and the sale of majority-owned businesses in Latin America.

The increase in equity in net income of unconsolidated affiliates was primarily due to the impact of prior year losses at Modem Media, which was sold in 2003, and the impact of higher 2003 losses at an unconsolidated investment in Brazil and a US-based sports and entertainment event business.

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NET INCOME (LOSS)

	For the Years Ended December 31,			
	2004	2003 (Restated)	$ Change	% Change
Loss from continuing operations	$ (544.9)	$ (640.1)	$ 95.2	14.9%
Less: preferred stock dividends	19.8	—	19.8	—
Net loss from continuing operations	(564.7)	(640.1)	75.4	11.8%
Income from discontinued operations, net of taxes of $3.5 and $8.3, respectively	6.5	101.0	(94.5)	(93.6)%
Net loss applicable to common stockholders	$ (558.2)	$ (539.1)	$ (19.1)	3.5%

Loss from Continuing Operations

In 2004, our loss from continuing operations decreased by $95.2 or 14.9% as a result of an increase in revenue of $225.3 and a decrease in expense and other income primarily driven by higher litigation costs in 2003, as a result of the shareholder suit settlement. These changes were partially offset by an increase in operating expenses of $288.1, which includes Motorsports contract termination costs of $113.6.

Income from Discontinued Operations

Recorded within income from discontinued operations is the impact of our sale of NFO, our research unit, to TNS in 2003. NFO is classified in discontinued operations and the results of operations and cash flows of NFO have been removed from our results of continuing operations and cash flows for all periods. During 2003, we completed the sale of NFO for $415.6 in cash ($376.7, net of cash sold and expenses) and approximately 11.7 shares of TNS stock. We sold the TNS stock in December 2003 for net proceeds of approximately $42.0. As a result of the sale of NFO, we recognized a pre-tax gain of $99.1 ($89.1, net of tax) in the third quarter of 2003 after certain post closing adjustments. The TNS shares sold resulted in a pre-tax gain of $13.3. In July 2004, we received an additional $10.0 ($6.5, net of tax) from TNS as a final payment. For additional information, see Note 4 to the Consolidated Financial Statements.

Segment Results of Operations — 2004 Compared to 2003

As discussed in Note 18 to the Consolidated Financial Statements, we have three reporting segments: our operating divisions, IAN, CMG and Motorsports. We also report results for the corporate group. The profitability measure employed by our chief operating decision makers for allocating resources to operating divisions and assessing operating division performance is operating profit. For this purpose, amounts reported as segment operating profit exclude the impact of restructuring and impairment charges, as we do not consider these charges when assessing operating division performance or when allocating resources. Segment profit excludes interest income and expense, debt repayment penalties, investment impairments, litigation charges and other non-operating income. The Motorsports business was sold during 2004. Other than long-lived asset impairment and contract termination costs, the operating results of Motorsports are

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not material to consolidated results, and therefore are not discussed in detail below. The following table summarizes revenue and operating income by segment:

	For the Years Ended December 31, 2004	2003 (Restated)	$ Change	% Change
Revenue:				
IAN	$ 5,399.2	$ 5,140.5	$ 258.7	5%
CMG	935.8	942.4	(6.6)	(0.7)%
Motorsports	52.0	78.8	(26.8)	(34.0)%
Consolidated revenue	$ 6,387.0	$ 6,161.7	$ 225.3	3.7%
Segment operating income (loss):				
IAN	$ 577.2	$ 551.9	$ 25.2	4.6%
CMG	83.7	55.7	28.0	50.3%
Motorsports	(127.6)	(43.6)	(84.1)	193.3%
Corporate and other	(243.2)	(128.6)	(114.4)	88.9%

	For the Years Ended December 31, 2004					2003 (Restated)				
Reconciliation to segment operating income:	IAN	CMG	Motorsports	Corporate	Total	IAN	CMG	Motorsports	Corporate	Total
Consolidated operating income (loss)	$ 307.3	$ (24.9)	$ (130.6)	$ (246.1)	$ (94.3)	$ 401.7	$ (197.2)	$ (107.8)	$ (128.2)	$ (31.5)
Adjustments:										
Restructuring charges	(42.8)	(16.5)	—	(2.9)	(62.2)	(138.4)	(34.5)	(0.4)	0.4	(172.9)
Long lived asset impairment and other charges:	(227.1)	(92.1)	(3.0)	—	(322.2)	(11.8)	(218.4)	(63.8)	—	(294.0)
Segment operating income	$ 577.2	$ 83.7	$ (127.6)	$ (243.2)		$ 551.9	$ 55.7	$ (43.6)	$ (128.6)	

INTEGRATED AGENCY NETWORKS ("IAN")

REVENUE

The components of the 2004 change were as follows:

	Total		Domestic			International		
	$	% Change	$	% Change	% of Total	$	% Change	% of Total
2003 (Restated)	$ 5,140.5		$ 2,864.4		55.7%	$ 2,276.1		44.3%
Foreign currency changes	194.1	3.8%	—	—		194.1	8.5%	
Net acquisitions/divestitures	(40.0)	(0.8)%	(27.5)	(1.0)%		(12.5)	(0.5)%	
Organic	104.6	2.0%	96.4	3.4%		8.2	0.4%	
Total change	258.7	5.0%	68.9	2.4%		189.8	8.3%	
2004	$ 5,399.2		$ 2,933.3		54.3%	$ 2,465.9		45.7%

For the year ended December 31, 2004, IAN experienced net increases in revenue as compared to 2003 by $258.7, or 5.0%, which was comprised of organic revenue growth of $104.6 and an increase in foreign currency exchange rate changes of $194.1, partially offset by a decrease attributable to net acquisitions and divestitures of $40.0. The increase due to foreign currency was primarily attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar. This increase was partially offset by the net effect of divestitures and acquisitions, primarily related to the sale of some small businesses at McCann, Lowe, and Draft, and increased equity ownership in two small businesses at Lowe.

The organic revenue increase was primarily driven by increases at McCann, Draft, FCB, and Deutsch, partially offset by decreases at Lowe. McCann experienced an organic revenue increase as a result of new client wins and increased business from existing clients, primarily in our US and European agencies. Draft experienced an organic revenue increase mainly in the US due to client wins and increased business by existing clients, partially offset by poor economic conditions in Europe and the closing of its field marketing business in 2003. FCB experienced an organic revenue increase due to increased spending by existing clients and client wins, partially offset by a decrease in revenues as a result of clients lost during the year, mainly in the US and Germany. Deutsch experienced organic revenue growth stemming from new client wins and increased business from existing clients. Lowe experienced an organic revenue decline, primarily the result of client losses and reduced business from major multinational clients.

SEGMENT OPERATING INCOME

	For the Years Ended December 31,			
	2004	2003 (Restated)	$ Change	% Change
Segment operating income	$ 577.2	$ 551.9	$ 25.3	4.6%
Operating margin	10.7%	10.7%		

For the year ended December 31, 2004, IAN operating income increased by $25.3, or 4.6%, which was a result of an increase in revenue of $258.7, offset by an increase in salaries and related expenses of $202.8 and increased office and general expenses of $30.6.

Segment operating income growth, excluding the impact of foreign currency and net effects of acquisitions and divestitures, was primarily driven by increases at McCann, and to a lesser extent, Deutsch and FCB, partially offset by a decrease at Lowe. McCann experienced an organic revenue increase with essentially flat operating expenses. Operating expenses at McCann reflect higher compensation costs to support new client business and an increase in contractual compensation payments made to individuals for the achievement of specific operational targets as part of certain prior year acquisition agreements. These increases were offset by lower depreciation expense incurred as a result of limited capital purchases, as well as a decrease in bad debt expense due to improved collection of accounts receivable. Deutsch and FCB experienced increases as a result of organic revenue increases, partially offset by an increase in operating expense related to increased employee incentives and additional salaries and freelance costs to support the increase in business activity. The decrease in operating income at Lowe was the result of a significant organic revenue decrease partially offset by moderate decreases in operating expenses. The decrease in operating expenses at Lowe was the result of lower headcount and reduced office space requirements.

CONSTITUENT MANAGEMENT GROUP ("CMG")

REVENUE

The components of the 2004 change were as follows:

	Total		Domestic			International		
	$	% Change	$	% Change	% of Total	$	% Change	% of Total
2003 (Restated)	$ 942.4		$ 593.2		62.9%	$ 349.2		37.1%
Foreign currency changes	34.4	3.7%	—	—		34.4	9.9%	
Net acquisitions/divestitures	(11.0)	(1.2)%	(7.9)	(1.3)%		(3.1)	(0.9)%	
Organic	(30.0)	(3.2)%	(9.3)	(1.6)%		(20.7)	(5.9)%	
Total change	(6.6)	(0.7)%	(17.2)	(2.9)%		10.6	3.0%	
2004	$ 935.8		$ 576.0		61.6%	$ 359.8		38.4%

For the year ended December 31, 2004, CMG experienced decreased revenues as compared to 2003 by $6.6, or 0.7%, which was comprised of an organic revenue decrease of $30.0 and the impact of acquisitions and divestitures of $11.0, partially offset by an increase in foreign currency exchange rate changes of $34.4. The increase due to foreign currency exchange rate was primarily attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar. Net effects of acquisitions and divestitures primarily related to the disposition of three small businesses in 2004 and two small businesses in 2003.

The organic revenue decline was primarily driven by a decrease in the branding and sports marketing businesses, offset slightly by growth in our public relations business.

SEGMENT OPERATING INCOME

	For the Years Ended December 31, 2004	For the Years Ended December 31, 2003 (Restated)	$ Change	% Change
Segment operating income	$ 83.7	$ 55.7	$ 28.0	50.3%
Operating margin	8.9%	5.9%		

For the year ended December 31, 2004, CMG operating income increased by $28.0, or 50.3%, which was the result of a $46.6 decrease in office and general expenses, offset by a $6.6 decrease in revenue and $12.0 increase in salary and related expenses.

Segment operating income growth, excluding the impact of foreign currency and net effects of acquisition and divestitures, was primarily driven by an increase at sports marketing business, partially offset by an increase in CMG corporate office expense. While there was organic revenue decrease sports marketing business operating expenses decreased at a higher rate than organic revenue decrease due to a decrease related to charges recorded by CMG in 2003 to secure certain sports television rights. Increased corporate office expenses was driven by higher expenses recorded for performance incentive awards as a result of improved revenue performance and additional accruals for post employment and other benefits for management personnel.

CORPORATE AND OTHER

Amounts in corporate and other include corporate office expenses and shared service center expenses, as well as certain other centrally managed expenses which are not allocated to operating divisions. The following significant expenses are included in corporate and other:

	For the Years Ended December 31,			
	2004	2003 (Restated)	$ Change	% Change
Salaries and related expenses	$ 151.2	$ 129.0	$ 22.2	17.2%
Professional fees	143.4	49.8	93.6	188.0%
Rent and depreciation	38.0	30.5	7.5	24.6%
Corporate Insurance	29.7	26.5	3.2	12.1%
Bank fees	2.8	1.6	1.2	75.0%
Other	11.4	9.3	2.1	22.6%
Expenses allocated to operating divisions	(133.3)	(118.1)	(15.2)	(12.9)%
Total corporate and other	$ 243.2	$ 128.6	$ 114.6	89.1%

Salaries, benefits and related expenses include salaries, pension, the cost of medical, dental and other insurance coverage and other compensation-related expenses for corporate office employees. Professional fees include costs related to the preparation for Sarbanes-Oxley Act compliance, the financial statement audit, legal counsel, information technology and other consulting fees. Rent and depreciation includes rental expense and depreciation of leasehold improvements for properties occupied by corporate office employees. Bank fees relates to our debt and credit facilities. The amounts of expenses allocated to operating segments are calculated monthly based on a formula that uses the weighted average net revenues of the operating unit. The majority of the corporate costs including most of the costs associated with internal control remediation and compliance are not allocated back to operating segments.

The increase in corporate and other expense of $114.6 or 89.1% is primarily related to the increase in professional fees and salaries and related expenses. The increase in professional fees primarily resulted from costs associated with complying with the requirements of the Sarbanes-Oxley Act. We also incurred increased expenses for the development of systems and processes related to our shared services initiatives. The increase in payroll related expenses is due mainly to an increase in the use of temporary employees in order to enhance monitoring controls at the corporate office as well as to support our significant ongoing efforts to achieve Sarbanes-Oxley compliance. Increased headcount and expanded office space at the corporate office also contributed to this increase. Also, certain contractual bonuses for management increased as compared to prior year.

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Consolidated Results of Operations — 2003 Compared to 2002

REVENUE

The components of the 2003 change were as follows:

	Total		Domestic			International		
	$	% Change	$	% Change	% of Total	$	% Change	% of Total
2002 (Restated)	$ 6,059.1		$ 3,478.1		57.4%	$ 2,581.0		42.6%
Foreign currency changes	293.7	4.8%	—	—		293.7	11.4%	
Net acquisitions/divestitures	(11.8)	(0.2)%	8.8	0.3%		(20.6)	(0.8%)	
Organic	(179.3)	(3.0)%	(27.6)	(0.8)%		(151.7)	(5.9%)	
Total change	102.6	1.7%	(18.8)	(0.5)%		121.4	4.7%	
2003 (Restated)	$ 6,161.7		$ 3,459.3		56.1%	$ 2,702.4		43.9%

For the year ended December 31, 2003, consolidated revenues increased $102.6, or 1.7%, as compared to 2002, which was attributable to foreign currency exchange rate changes of $293.7, partially offset by the effect of net acquisitions and dispositions of $11.8 and organic revenue decrease of $179.3.

The increase due to foreign currency changes was primarily attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar. The net effect of acquisitions and divestitures resulted largely from the sale of a part of the Motorsports business during 2003.

During 2003, organic revenue decline of $179.3, or 3.0%, was driven by decreases at IAN and CMG. The decrease at IAN was a result of client losses as well as decreased business from existing multi-national clients. The decrease at CMG was a result of revenue declines in our public relations business, driven by general economic factors in the US, partially offset by increases in our events and sports marketing businesses.

OPERATING EXPENSES

	For the Years Ended December 31,					
	2003 (Restated)		2002 (Restated)			
	$	% of Revenue	$	% of Revenue	$ Change	% Change
Salaries and related expenses	$ 3,500.6	56.8%	$ 3,396.7	56.1%	$ 103.9	3.1%
Office and general expenses	2,225.7	36.1%	2,248.7	37.1%	(23.0)	(1.0)%
Restructuring charges	172.9	2.8%	7.9	0.1%	165.0	2088.6%
Long-lived asset impairment and other charges	294.0	4.8%	130.0	2.1%	164.0	126.2%
Total operating expenses	$ 6,193.2		$ 5,783.3		$ 409.9	7.1%

Salaries and Related Expenses

The components of the 2003 change were as follows:

	Total		% of Revenue
	$	% Change	
2002 (Restated)	$ 3,396.7		56.1%
Foreign currency changes	156.7	4.6%	
Net acquisitions/divestitures	(2.3)	(0.1)%	
Organic	(50.5)	(1.5)%	
Total change	103.9	3.1%	
2003 (Restated)	$ 3,500.6		56.8%

Salaries and related expenses are the largest components of operating expenses and consist primarily of salaries and related benefits and performance incentives. During 2003, salaries and related expenses increased to 56.8% of revenues, compared to 56.1% in 2002. In 2003, salaries and related expenses decreased $50.5, excluding the increase related to foreign currency exchange rate changes of $156.7 and a decrease related to net acquisitions and divestitures of $2.3.

Salaries and related expenses were impacted by changes in foreign currency rates, attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar.

The decrease in salaries and related expenses, excluding the impact of foreign currency and net acquisitions and divestitures, was primarily the result of reduced payroll costs across our company due to a decrease in headcount and restructuring actions. This was partially offset by increased performance incentive awards, employee benefits and related tax expenses relating to some agencies.

Office and General Expenses

The components of the 2003 change were as follows:

	Total		% of Revenue
	$	% Change	
2002 (Restated)	$ 2,248.7		37.1%
Foreign currency changes	121.1	5.4%	
Net acquisitions/divestitures	(13.4)	(0.6)%	
Organic	(130.7)	(5.8)%	
Total change	(23.0)	(1.0)%	
2003 (Restated)	$ 2,225.7		36.1%

Office and general expenses primarily consists of rent, office and equipment, depreciation, professional fees, other overhead expenses and certain out-of-pocket expenses related to our revenue. During 2003, office and general expenses decreased to 36.1% of revenues compared to 37.1% in 2002. In 2003, office and general expenses decreased $130.7, excluding the increase related to foreign currency exchange rate changes of $121.1 and a decrease related to net acquisitions and divestitures of $13.4.

Office and general expenses was impacted by changes in foreign currency rates, attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar.

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The decrease in office and general expenses, excluding the impact of foreign currency and net acquisition and divestitures activity, was due mainly to the result of our efforts to control office and general expenses. Additionally, lower occupancy and overhead costs were recorded in 2003 due to our restructuring program. These decreases were partially offset by charges recorded by CMG in 2003 to secure certain sports television rights. We also experienced a significant increase in professional fees for work performed relating to securities litigation, the SEC investigation, higher audit costs and costs associated with preparing for compliance with the Sarbanes-Oxley Act, as well as the development of systems for our shared services initiatives.

Restructuring Charges

During 2003 and 2002, we recorded net expense related to lease termination and other exit costs and severance and termination costs for the 2003 and 2001 restructuring programs of $172.9 and $7.9, respectively, which included the impact of adjustments resulting from changes in management's estimates as described below. A summary of the net (income) and expense by segment is as follows:

	Lease Termination and Other Exit Costs			Severance and Termination Costs			
	2003 Program	2001 Program	Total	2003 Program	2001 Program	Total	Total
2003 Net (Income) Expense (Restated)							
IAN	$ 23.1	$ 8.8	$ 31.9	$ 106.6	$ (0.1)	$ 106.5	$ 138.4
CMG	12.7	6.1	18.8	15.7	—	15.7	34.5
Motorsports	—	—	—	0.4	—	0.4	0.4
Corporate	(2.2)	(1.3)	(3.5)	3.1	—	3.1	(0.4)
Total	$ 33.6	$ 13.6	$ 47.2	$ 125.8	$ (0.1)	$ 125.7	$ 172.9
2002 Net Expense (Restated)							
IAN	$ —	$ 5.2	$ 5.2	$ —	$ 7.9	$ 7.9	$ 13.1
CMG	—	5.7	5.7	—	(1.2)	(1.2)	4.5
Corporate	—	(4.3)	(4.3)	—	(5.4)	(5.4)	(9.7)
Total	$ —	$ 6.6	$ 6.6	$ —	$ 1.3	$ 1.3	$ 7.9

Lease termination and other exit costs

2003 Program

Net expense related to lease termination and other exit costs recorded for 2003 was $33.6, comprised of charges of $41.6, partially offset by adjustments to management estimates of $8.0. These charges related to vacating 55 offices in 2003, located primarily in the US and Europe. Charges were recorded at net present value and were net of estimated sublease rental income. The discount related to lease terminations is being amortized over the expected remaining term of the related lease.

In addition to amounts recorded as restructuring charges, we recorded charges of $16.5 during 2003 related to the accelerated amortization of leasehold improvements on properties included in the 2003 program. These charges were included in office and general expenses within the Consolidated Statements of Operations.

2001 Program

Net expense related to lease termination and other exit costs of $13.6 and $6.6, recorded for 2003 and 2002 respectively, resulted exclusively from the impact of adjustments to management estimates. The 2001 program resulted in approximately 180 offices being vacated worldwide.

Adjustments to Estimates

Lease termination and other exit costs for the 2003 and 2001 restructuring programs included the net impact of adjustments for changes in management estimates to increase the restructuring reserves by $5.6 and $6.6 in 2003 and 2002, respectively. Adjustments to management estimates of net lease obligations included both increases and decreases to the restructuring reserve balance as a result of several factors. The significant factors were our negotiation of terms upon the exit of leased properties, changes in sublease rental income and utilization of previously vacated properties by certain of our agencies due to improved economic conditions in certain markets, all of which occurred during the period recorded.

Severance and termination costs

2003 Program

Net expense related to severance and termination costs of $125.8 recorded for 2003 was comprised of charges of $133.7, partially offset by adjustments to management estimates of $7.9. These charges related to a worldwide workforce reduction of approximately 2,900 employees in 2003. The restructuring program affected employee groups across all levels and functions, including executive, regional and account management, and administrative, creative and media production personnel. The majority of the severance charges related to the U.S. and Europe, with the remainder in Asia and Latin America.

2001 Program

Net (income) and expense related to severance and termination costs of ($0.1) and $1.3, recorded for 2003 and 2002, respectively, resulted exclusively from the impact of adjustments to management estimates. The 2001 program related to a worldwide reduction of approximately 7,000 employees.

Adjustments to Estimates

Severance and termination costs associated with the 2003 and 2001 restructuring programs included the net impact of adjustments for changes in management estimates to decrease the restructuring reserve by $8.0 in 2003 and increase the restructuring reserve by $1.3 in 2002. Adjustments to management estimates of severance and termination obligations included both increases and decreases to the restructuring reserve balance as a result of several factors. The significant factors were the decrease in the number of terminated employees, change in amounts paid to terminated employees and change in estimates of taxes and restricted stock payments related to terminated employees, all of which occurred during the period recorded.

For additional information, see Note 5 to the Consolidated Financial Statements.

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Long-Lived Asset Impairment and Other Charges

The following table summarizes the long-lived asset impairment and other charges for 2003 and 2002:

	For the Years Ended December 31,						
	2003				2002		
	IAN	CMG	Motorsports (Restated)	Total	IAN	Motorsports (Restated)	Total
Goodwill impairment	$ 0.4	$ 218.0	$ —	$ 218.4	$ 2.9	$ 82.1	$ 85.0
Fixed asset impairment	2.3	—	63.8	66.1	—	33.0	33.0
Other	9.1	0.4	—	9.5	—	12.0	12.0
Total	$ 11.8	$ 218.4	$ 63.8	$ 294.0	$ 2.9	$ 127.1	$ 130.0

2003 Impairments

CMG — We recorded an impairment charge of $218.0 to reduce the carrying value of goodwill at Octagon. The Octagon impairment charge reflects the reduction of the unit's fair value due principally to poor financial performance in 2003 and lower than expected future financial performance. Specifically, there was significant pricing pressure in both overseas and domestic TV rights distribution, declining fees from athlete representation, and lower than anticipated proceeds from committed future events, including ticket revenue and sponsorship.

Motorsports — We recorded fixed asset impairment charges of $63.8, consisting of $38.0 in connection with the sale of a business comprised of the four owned auto racing circuits, $9.6 related to the sale of other Motorsports entities, and a fixed asset impairment of $16.2 for outlays that Motorsports was contractually required to spend to improve the racing facilities.

2002 Impairments

Motorsports — Beginning in the second quarter of 2002 and continuing in subsequent quarters, certain Motorsports businesses experienced significant operational difficulties. Some of the impairment indicators included significantly lower than anticipated attendance at the marquee British Grand Prix race in July 2002 and a change in management at Motorsports in the third quarter of 2002. We performed an impairment test and concluded that certain asset groupings of Motorsports had a book value that exceeded their fair market value. As a result, we recognized an impairment loss of $127.1, which is composed of $82.1 of goodwill impairment, $33.0 of fixed asset impairment and $12.0 of other impairment.

For additional information, see Note 8 to the Consolidated Financial Statements.

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EXPENSE AND OTHER INCOME

	For the Years Ended December 31,			
	2003 (Restated)	2002 (Restated)	$ Change	% Change
Interest expense	$ (207.0)	$ (158.7)	$ (48.3)	30.4%
Debt prepayment penalty	(24.8)	—	(24.8)	—
Interest income	39.3	30.6	8.7	28.4%
Investment impairments	(71.5)	(40.3)	(31.2)	77.4%
Litigation charges	(127.6)	—	(127.6)	—
Other income	50.3	8.3	42.0	506.0%
Total	$ (341.3)	$ (160.1)	$ (181.2)	113.2%

Interest Expense

In 2003, interest expense increased by $48.3 to $207, primarily due to the issuance in March 2003 of $800.0 of 4.50% Convertible Senior Notes maturing 2023. These proceeds were invested in April 2003, at which time the proceeds were used for the settlement of the tender offer for the Zero-Coupon Convertible Senior Notes.

Debt Prepayment Penalty

During the third quarter of 2003, we repaid our borrowings under the Prudential Agreements, repaying $142.5 principal amount and incurring a prepayment penalty of $24.8.

Interest Income

In 2003, interest income increased by $8.7 to $39.3 primarily due to higher cash balances resulting from the issuance of the 4.50% Convertible Senior Notes in March 2003, the proceeds from the sale of NFO in July 2003, and the proceeds from the equity offerings in December 2003.

Investment Impairments

During 2003, we recorded $71.5 of investment impairment charges related to 20 investments. The charge related principally to investments in Fortune Promo 7 of $9.5 in the Middle East, Koch Tavares of $7.7 in Latin America, Daiko of $10.0 in Japan, Roche Macaulay Partners of $7.9 in Canada, Springer & Jacoby of $6.5 in Germany and GlobalHue of $6.9 in the US. The majority of the impairment charges resulted from deteriorating economic conditions in the countries in which the agencies operate, due to the loss of one or several key clients.

During 2002, we recorded $40.3 of investment impairment charges primarily related to Octagon investments. The largest component of the write-off was a $28.4 charge, related to an investment in a German soccer team/franchise, based on current and projected operating results.

Litigation Charges

During 2003, we recorded litigation charges of $127.6 for various legal matters, of which $115.0 related to a tentative settlement of the class action shareholder suits discussed in Note 19 to the Consolidated Financial Statements. Under the terms of the settlement, we were required to pay $20.0 in

cash and issue 6.6 shares of our common stock. The ultimate amount of the litigation charge related to the settlement was to be dependent upon our stock price at the time of the final settlement, which took place in December 2004.

Other Income

In 2003, other income of $50.3 included approximately 11.0 shares of Modem Media sold for net proceeds of approximately $57.0 in December, resulting in a pre-tax gain of $30.3. Also in December, we sold all of the approximately 11.7 shares of TNS we had acquired through the sale of NFO, for approximately $42.0 of net proceeds. A pre-tax gain of $13.3 was recorded.

OTHER ITEMS

Income Taxes

	For the Years Ended December 31,	
	2003 (Restated)	2002 (Restated)
Provision for income taxes	$ 242.7	$ 106.4
Effective tax rate	65.1%	91.9%

Our effective income tax rate was negatively impacted for 2003 and 2002 by the establishment of valuation allowances, as described below, restructuring charges, and non-deductible long-lived asset impairment charges. The difference between the effective tax rate and the statutory federal rate of 35% is also due to state and local taxes and the effect of non-US operations.

Valuation Allowance

During 2003, a valuation allowance of $111.4 was established in continuing operations on existing deferred tax assets and losses with no benefits. The total valuation allowance as of December 31, 2003 was $252.6.

Minority Interest and Unconsolidated Affiliates

	For the Years Ended December 31,	
	2003 (Restated)	2002 (Restated)
Income applicable to minority interests	$ (27.0)	$ (30.0)
Equity in net income of unconsolidated affiliates, net of tax	$ 2.4	$ 5.9

The income applicable to minority interests was virtually unchanged. The decrease in equity in net income of unconsolidated affiliates, was primarily due to a decrease in earnings in unconsolidated affiliates in Europe and Brazil.

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NET INCOME (LOSS)

	For the Years Ended December 31,			
	2003 (Restated)	2002 (Restated)	$ Change	% Change
Loss from continuing operations	$ (640.1)	$ (14.8)	$ (625.3)	4225.0%
Income from discontinued operations net of taxes of $8.3 and $22.4, respectively	101.0	31.5	69.5	220.6%
Net income (loss) applicable to common stockholders	$ (539.1)	$ 16.7	$ (555.8)	(3328.1)%

Loss from Continuing Operations

We recorded a loss from continuing operations in 2003 of $640.1 as compared to a loss from continuing operations in 2002 of $14.8, a change of $625.3. This significant increase in our net loss was due to higher operating expenses of $409.9, and higher expense and other income of $181.2. Significant increases in our operating expenses were due to restructuring charges and long-lived asset impairment and other charges, which increased $165.0 and $164.0, respectively, from the prior year. Litigation charges of $127.6 contributed to the increase in expense and other income.

Income from Discontinued Operations

As discussed in Consolidated Results of Operations — 2004 Compared to 2003 and in Note 4 to the Consolidated Financial Statements, we have recorded the impact of our sale of NFO in income from discontinued operations. We completed the sale of NFO in 2003. NFO is classified as discontinued operations and the results of operations and cash flows of NFO have been removed from our results of continuing operations and cash flows for all periods.

Segment Results of Operations — 2003 Compared to 2002

As discussed in Note 18 to the Consolidated Financial Statements, we have three reporting segments: our operating divisions, IAN, CMG and Motorsports. We also report results for the corporate group. Other than long-lived asset impairment and contract termination costs, the operating results of Motorsports are not material to consolidated results, and therefore are not discussed in detail below. The following table summarizes revenue and operating income by segment:

	For the Years Ended December 31,			
	2003 (Restated)	2002 (Restated)	$ Change	% Change
Revenue:				
IAN	$ 5,140.5	$ 4,994.7	$ 145.8	2.9%
CMG	942.4	970.8	(28.4)	(2.9)%
Motorsports	78.8	93.6	(14.8)	(15.8)%
Consolidated revenue	$ 6,161.7	$ 6,059.1	$ 102.6	1.7%

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	For the Years Ended December 31, 2003 (Restated)	For the Years Ended December 31, 2002 (Restated)	$ Change	% Change
Segment operating income (loss):				
IAN	$ 551.9	$ 550.7	$ 1.2	(0.2)%
CMG	55.7	47.5	8.2	17.3%
Motorsports	(43.5)	(82.2)	38.7	(47.1)%
Corporate and other	(128.7)	(102.3)	(26.4)	25.8%

	For the Years Ended December 31, 2003 (Restated) IAN	CMG	Motorsports	Corporate	Total	2002 (Restated) IAN	CMG	Motorsports	Corporate	Total
Reconciliation to segment operating income:										
Consolidated operating income (loss)	$ 401.7	$ (197.2)	$ (107.7)	$ (128.3)	$ (31.5)	$ 534.7	$ 43.0	$ (209.3)	$ (92.6)	$ 275.8
Adjustments:										
Restructuring charges	(138.4)	(34.5)	(0.4)	0.4	(172.9)	(13.1)	(4.5)	—	9.7	(7.9)
Long lived asset impairment and other charges:	(11.8)	(218.4)	(63.8)	—	(294.0)	(2.9)	—	(127.1)	—	(130.0)
Segment operating income (loss)	$ 551.9	$ 55.7	$ (43.5)	$ (128.7)		$ 550.7	$ 47.5	$ (82.2)	$ (102.3)	

INTEGRATED AGENCY NETWORKS ("IAN")

REVENUE

The components of the 2003 change were as follows:

	Total $	Total % Change	Domestic $	Domestic % Change	Domestic % of Total	International $	International % Change	International % of Total
2002 (Restated)	$ 4,994.7		$ 2,857.1		57.2%	$ 2,137.6		42.8%
Foreign currency changes	244.6	4.9%	—	0.0%		244.6	11.4%	
Net acquisitions/divestitures	9.9	0.2%	9.6	0.3%		0.3	0.0%	
Organic	(108.7)	(2.2)%	(2.3)	(0.1)%		(106.4)	(5.0)%	
Total change	145.8	2.9%	7.3	0.3%		138.5	6.5%	
2003 (Restated)	$ 5,140.5		$ 2,864.4		55.7%	$ 2,276.1		44.3%

For the year ended December 31, 2003, IAN experienced a net increase in revenue as compared to 2002 by $145.8, or 2.9%, which was due to the effect of an increase in foreign currency exchange rate changes of $244.6 and net acquisitions and divestitures of $9.9, offset by an organic revenue decrease of $108.7. The increase due to foreign currency rate changes was primarily attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar. The slight increase resulting from net acquisitions and divestitures primarily related to a small acquisition at McCann.

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The organic revenue decrease was primarily driven by the results of Lowe. Lowe reported an organic revenue decrease as compared to 2002, due to the loss of local clients in certain international markets, as well as a decline in business from existing multinational clients in certain European markets.

SEGMENT OPERATING INCOME

	For the Years Ended December 31, 2003 (Restated)	For the Years Ended December 31, 2002 (Restated)	$ Change	% Change
Segment operating income	$ 551.9	$ 550.7	$ 1.2	0.2%
Operating margin	10.7%	11.1%		

For the year ended December 31, 2003, IAN operating income increased by $1.2, or 0.2%, which was due to an increase in revenue of $145.8, offset by increased salaries and related expenses of $142.7 and an increase of $1.8 in office and general expense.

Segment operating income increase, excluding the impact of foreign currency and net effects of acquisitions and divestitures, was primarily driven by increases at McCann and Initiative Media and decreases at FCB and Campbell-Ewald. At FCB, the organic revenue increase was offset by significantly higher operating expenses. Increased operating expenses at FCB primarily resulted from a rise in performance incentive awards, and higher rent expense associated with excess space. At Campbell-Ewald, operating expenses rose more than the organic revenue increase. Campbell-Ewald experienced higher expenses in salaries and related benefits for increased headcount to support organic revenue growth. McCann experienced relatively flat revenues with a decline in operating expenses. Operating expenses declined primarily due to lower compensation from a reduced headcount and lower bad debts. Initiative Media experienced an organic revenue increase, while operating expenses remained relatively flat.

CONSTITUENT MANAGEMENT GROUP ("CMG")

REVENUE

The components of the 2003 change were as follows:

	Total		Domestic			International		
	$%	Change	$	% Change	% of Total	$	% Change	% of Total
2002 (Restated)	$ 970.8		$ 620.1		63.9%	$ 350.7		36.1%
Foreign currency changes	38.6	4.0%	—	—		38.6	11.0%	
Net acquisitions/ divestitures	(1.8)	(0.2)%	(0.2)	0.0%		(1.6)	(0.5)%	
Organic	(65.2)	(6.7)%	(26.7)	(4.3)%		(38.5)	(11.0)%	
Total change	(28.4)	(2.9)%	(26.9)	(4.3)%		(1.5)	(0.4)%	
2003 (Restated)	$ 942.4		$ 593.2		62.9%	$ 349.2		37.1%

For the year ended December 31, 2003, CMG experienced a net decrease in revenues as compared to 2002 of $28.4, or 2.9%, which was comprised of an organic revenue decrease of $65.2 and the impact of acquisitions and divestitures of $1.8, offset by an increase due to foreign currency exchange rate changes of $38.6. The effect of currency exchange rate was primarily attributable to the strengthening of the Euro and Pound Sterling in relation to the US Dollar.

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Organic revenue decline resulted from reduced demand for our services within our public relations business in the US and international markets as well as decreased demand for other project related business, offset partially by modest gains in our events and sports marketing business.

Segment Operating Income

	For the Years Ended December 31,			
	2003 (Restated)	2002 (Restated)	$ Change	% Change
Segment operating income	$ 55.7	$ 47.5	$ 8.2	17.2%
Operating margin	5.9%	4.9%		

For the year ended December 31, 2003, CMG operating income increased by $8.2, or 17.2%, which was the result of a $31.0 decrease in salary and related expenses and a $5.6 decrease in office and general expenses, offset by a $28.4 decrease in revenue.

Segment operating income growth, excluding the impact of foreign currency and net effects of the acquisitions and divestitures, was primarily driven by increases in the branding and public relations businesses, offset by decreased operating income in sports marketing. Both brand and public relations businesses experienced organic revenue declines as well as significantly decreased operating expenses. The decreased operating expenses in branding were primarily driven by a decrease in bad debt expense as a result of improved collection activity, decreased payroll related expenses due to lower headcount as a result of restructuring actions taken in the public relations and branding business, as well as a decrease in expenses recorded for performance incentive awards. Operating income declined at Octagon despite organic revenue growth as a result of significant increases in operating expenses. Operating expenses in sports marketing rose as a result of certain sports television rights.

CORPORATE AND OTHER

Amounts in corporate and other include corporate office expenses and shared service center expenses, as well as certain other centrally managed expenses which are not allocated to each operating division. The following significant expenses are included in corporate and other:

	For the Years Ended December 31,			
	2003 (Restated)	2002 (Restated)	$ Change	% Change
Salaries, benefits and related expenses	$ 129.0	$ 131.1	$ (2.1)	1.6%
Professional fees	49.8	28.5	21.3	74.7%
Rent and depreciation	30.5	26.5	4.0	15.1%
Corporate insurance	26.5	12.5	14.0	112.0%
Bank fees	1.6	3.7	(2.1)	(56.8)%
Other	9.3	17.7	(8.4)	(47.5)%
Expenses allocated to segments	(118.1)	(117.7)	(0.4)	0.3%
Total corporate and other	$ 128.6	$ 102.3	$ 26.3	25.7%

Salaries and related expenses include salaries, insurance, pension and bonus expense for Corporate Office employees. Professional fees include costs related to the preparation for Sarbanes-Oxley Act compliance, financial statement audit, legal, information technology and other consulting fees. Rent and depreciation includes rental expense and depreciation of leasehold improvements for properties occupied by corporate office employees. Bank fees relate to debt and credit facilities managed by the Corporate Office. The amount of expense allocated to operating segments is calculated monthly based on a formula that uses the weighted average revenues of the operating unit. The majority of the corporate costs including most of the costs associated with internal control remediation and compliance are not allocated back to operating segment.

The increase in corporate and other expense of $26.4 or 25.8% is primarily related to an increase in professional fees increased as a result of higher legal fees incurred from securities litigation and SEC investigation, higher audit costs and costs associated with preparing for compliance with the Sarbanes-Oxley Act. In addition, salaries, benefits, and related expenses increased as a result of accruals for performance incentive awards.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW OVERVIEW

Operating cash flow

Our cash provided by operating activities was $455.5, compared to $499.7 in 2003 and $878.9 in 2002. The decrease in cash provided by operating activities in 2004 was primarily attributable to the decrease in year-over-year changes in receivables and liabilities. The decrease in cash provided by operating activities in 2003 was primarily attributable to the lower earnings levels in 2003 resulting from continued softness in client demand for advertising and marketing services and our restructuring program.

We conduct media buying on behalf of clients, which affects our working capital and operating cash flow. In most of our businesses, we collect funds from our clients which we use, on their behalf, to pay production costs and media costs. The amounts involved substantially exceed our revenues, and the current assets and current liabilities on our balance sheet reflect these pass-through arrangements. Our assets include both cash received and accounts receivable from customers for these pass-through arrangements, while our liabilities include amounts owed on behalf of customers to media and production suppliers. Generally, we pay production and media charges only after we have received funds from our clients, and our risk from client nonpayment has historically not been significant.

Funding requirements

Our most significant funding requirements include: non-cancelable operating lease obligations, capital expenditures, payments in respect of past acquisitions, interest payments, preferred stock dividends and taxes. We have not paid dividends on our common stock since 2002.

We have no scheduled maturities of long-term debt until 2008, as a result of transactions undertaken in 2005. Our outstanding debt and preferred stock are described below under Long-Term Debt and Convertible Preferred Stock. In January 2004, we redeemed $250.0 of debt. In November 2004, we refinanced $250.0 of debt through November 2009 and $350.0 of debt through November 2014, and in July 2005 we refinanced $250.0 of debt due to mature in 2005 through July 2008. These transactions are described below under Redemption and Repurchase of Long-Term Debt.

Our capital expenditures are primarily to upgrade computer and telecommunications systems and to modernize offices. Our principal bank credit facility as amended limits the amounts we can spend on

capital expenditures in any calendar year to $210.0. Our capital expenditures were $194.0 in 2004, $159.6 in 2003 and $171.4 in 2002.

We acquired a large number of agencies through 2001, but in recent years the number and value of acquisitions have been significantly less. Cash paid for new acquisitions was approximately $14.6 in 2004, $4.0 in 2003 and $48.2 in 2002. However, under the terms of certain of our past acquisitions, we have long-term obligations to pay additional consideration or to purchase additional equity interests in certain consolidated or unconsolidated subsidiaries if specified conditions are met. Some of the consideration under these arrangements is in shares of our common stock, but most is in cash. We made cash payments for past acquisitions of $161.7 in 2004, $221.2 in 2003 and $240.0 in 2002. Our projected obligations for 2005 and beyond are set forth below under Contractual Obligations.

Certain media companies in various international locations require advertising agencies to post a letter of credit to support commitments to purchase media placements. Primarily, we obtain these letters of credit from our principal bank syndicate under the credit facilities described under Credit Arrangements below. The outstanding amount of letters of credit was $165.4 and $160.1 as of December 31, 2004 and 2003, respectively. These letters of credit have not been drawn upon in recent years.

Sources of funds

At December 31, 2004 our total of cash and cash equivalents plus short-term marketable securities was $1,970.4. The total was $2,067.0 at December 31, 2003, which included proceeds from securities sold in December 2003 that we used in January 2004 to retire $250.0 of outstanding debt.

We have financed ourselves through access to the capital markets by issuing debt securities, convertible preferred stock and common stock. Our outstanding debt securities and convertible preferred stock are described under Long-Term Debt, Convertible Senior Notes and Convertible Preferred Stock below. As a result of the disclaimer of opinion by PwC on Management's Assessment on Internal Control over Financial Reporting, the SEC considers our SEC filings not to be current for purposes of certain of the SEC's rules. As a result, we are unable to use "short-form" registration (registration that allows us to incorporate by reference our Form 10-K, Form 10-Q and other SEC reports into our registration statements) or, for most purposes, shelf registration, until twelve complete months have passed after we file an annual report containing an audit report on internal control over financial reporting that does not disclaim an opinion.

In July 2005, we issued $250.0 of Floating Rate Notes due 2008 in a private placement to refinance maturing debt, as described below.

We have committed and uncommitted credit lines and the terms of our revolving credit facilities are described below. We have not drawn on our committed facilities during 2004 or 2003, although we use them to issue letters of credit, as described above. Our outstanding borrowings under uncommitted credit facilities were $67.8 and $69.8 as of December 31, 2004 and 2003, respectively. We use uncommitted credit lines for working capital needs at some of our operations outside the United States. If we lose access to these credit lines, we may be required to provide funding directly to some overseas operations. We maintain our committed credit facilities primarily as stand-by short-term liquidity.

Liquidity outlook

We expect our operating cash flow and cash on hand to be sufficient to meet our anticipated operating requirements for the next twelve months. We have no significant scheduled amounts of long-term debt due until 2008. We continue to have a level of cash and cash equivalents that we consider to be conservative. We consider this approach to be important as we address the consequences of the restatement, including increased cash requirements resulting, among other things, from higher professional fees and from the liabilities we have recognized in the restatement. Accordingly we may seek to raise additional financing, if market conditions applicable to our Company permit us to do so on favorable terms, in order to enhance our financial flexibility. There can be no assurance that such financing will be completed on terms that are favorable to us, if at all.

Substantially all of our operating cash flow is generated by subsidiaries. Our liquid assets are held primarily at the holding company level, but also at our larger subsidiaries. The legal or contractual restrictions on our ability to transfer funds within the group, whether in the form of dividends, loans or advances, do not significantly reduce our financial flexibility.

FINANCING

Long-Term Debt

A summary of our long-term debt is as follows:

	December 31,	
	2004	2003
1.80% Convertible Subordinated Notes due 2004 (less unamortized discount of $5.9)	$ —	$ 244.1
1.87% Convertible Subordinated Notes due 2006 (less unamortized discount of $23.5)	—	337.5
7.875% Senior Unsecured Notes due 2005	255.0	522.1
7.25% Senior Unsecured Notes due 2011	500.0	500.0
5.40% Senior Unsecured Notes due 2009 (less unamortized discount of $0.3)	249.7	—
6.25% Senior Unsecured Notes due 2014 (less unamortized discount of $1.0)	347.3	—
4.50% Convertible Senior Notes due 2023	800.0	800.0
Other notes payable and capitalized leases — at interest rates from 4.5% to 22.23%	42.1	42.1
Total long-term debt	2,194.1	2,445.8
Less: current portion	258.1	247.1
Long-term debt, excluding current portion	$ 1,936.0	$ 2,198.7

Exposure to interest rate movements is reduced by interest rate swap agreements. As a result of these agreements, the effective interest rate for the 6.25% Senior Unsecured Notes differs from its stated rate.

Annual repayments of long-term debt as of December 31, 2004 are scheduled as follows:

2005	$	258.1
2006		3.9
2007		2.1
2008		1.6
2009		250.5
Thereafter		1,677.9
Total long-term debt	$	2,194.1

Redemption and Repurchase of Long-Term Debt

In January 2004, we redeemed the 1.80% Convertible Subordinated Notes with an aggregate principal amount of $250.0 at maturity at an aggregate price of approximately $246.0, which included the principal amount of the Notes plus original issue discount and accrued interest to the redemption date. To redeem these Convertible Subordinated Notes, we used approximately $246.0 of the net proceeds from the 2003 Common and Mandatory Convertible Preferred Stock offerings as discussed below.

In November 2004, we tendered for $250.0 of the $500.0 outstanding face value 7.875% Senior Unsecured Notes at an aggregate price of approximately $263.1, which included the principal amount of the Notes plus accrued interest to the tender date. A prepayment premium of $9.8 was recorded on the early retirement of $250.0 of these Notes. In December 2004, we redeemed our outstanding 1.87% Convertible Subordinated Notes with an aggregate principal amount of approximately $361.0 at maturity at an aggregate price of approximately $346.8, which included the principal amount of the Notes plus accrued interest to the redemption date. To tender for the 7.875% Senior Unsecured Notes and redeem the 1.87% Convertible Subordinated Notes, we used approximately $250.0 and $350.0, respectively, of the net proceeds from the sale and issuance in November 2004 of the 5.40% Senior Unsecured Notes due November 2009 and 6.25% Senior Unsecured Notes due November 2014.

In August 2005, we redeemed the remainder of the outstanding 7.875% Senior Unsecured Notes with an aggregate principal amount of approximately $250.0 at maturity at an aggregate price of approximately $258.6, which included the principal amount of the Notes plus accrued interest to the redemption date. To redeem these Notes we used the proceeds from the sale and issuance in July 2005 of $250.0 Floating Rate Notes due in July 2008.

Consent Solicitation

In March 2005, we completed a consent solicitation to amend the indentures governing five series of our outstanding public debt to provide, among other things, that our failure to file with the trustee our SEC reports, including our 2004 Annual Report on Form 10-K and Quarterly Reports for the first and second quarter of 2005 on Form 10-Q, would not constitute a default under the indentures until September 30, 2005.

The indenture governing our 4.50% Convertible Senior Notes was also amended to provide for: (1) an extension from March 15, 2005 to September 15, 2009 of the date on or after which we may redeem the 4.50% Notes and (2) an additional "make-whole" adjustment to the conversion rate in the event of a change of control meeting specified conditions.

Convertible Senior Notes

The 4.50% Convertible Senior Notes ("4.50% Notes") are convertible to common stock at a conversion price of $12.42 per share, subject to adjustment in specified circumstances. They are convertible at any time if the average price of our common stock for 20 trading days immediately

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preceding the conversion date is greater than or equal to a specified percentage, beginning at 120% in 2003 and declining 0.5% each year until it reaches 110% at maturity, of the conversion price. They are also convertible, regardless of the price of our common stock, if: (i) we call the 4.50% Notes for redemption; (ii) we make specified distributions to shareholders; (iii) we become a party to a consolidation, merger or binding share exchange pursuant to which our common stock would be converted into cash or property (other than securities) or (iv) the credit ratings assigned to the 4.50% Notes by any two of Moody's Investors Service, Standard & Poor's and Fitch Ratings are lower than Ba2, BB and BB, respectively, or the 4.50% Notes are no longer rated by at least two of these ratings services. Because of our current credit ratings, the 4.50% Notes are currently convertible into approximately 64.4 shares of our common stock.

We, at the investors' option, may be required to redeem the 4.50% Notes for cash on March 15, 2008 and may also be required to redeem the 4.50% Notes at the investors' option on March 15, 2013 and March 15, 2018, for cash or common stock or a combination of both, at our election. Additionally, investors may require us to redeem the 4.50% Notes in the event of certain change of control events that occur prior to March 15, 2008, for cash or common stock or a combination of both, at our election. If at any time on or after March 13, 2003 we pay cash dividends on our common stock, we will pay contingent interest in an amount equal to 100% of the per share cash dividend paid on the common stock multiplied by the number of shares of common stock issuable upon conversion of the 4.50% Notes. At our option, we may redeem the 4.50% Notes on or after September 15, 2009 for cash. The redemption price in each of these instances will be 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any. The 4.50% Notes also provide for an additional "make-whole" adjustment to the conversion rate in the event of a change of control meeting specified conditions.

Credit Arrangements

We have committed and uncommitted lines of credit with various banks that permit borrowings at variable interest rates. At December 31, 2004 and 2003, there were no borrowings under our committed facilities, however, there were borrowings under the uncommitted facilities made by several of our international subsidiaries totaling $67.8 and $69.8, respectively. We have guaranteed the repayment of some of these borrowings by our subsidiaries. The weighted-average interest rate on outstanding balances under the uncommitted short-term facilities at December 31, 2004 and 2003 was approximately 5% in each year. A summary of our credit facilities is as follows:

	December 31,					
	2004			2003		
	Total Facility	Amount Outstanding	Total Available	Total Facility	Amount Outstanding	Total Available
Committed						
364-Day Revolving Credit Facility	$ 250.0	$ —	$ 250.0	$ 500.0	$ —	$ 339.9**
Three-Year Revolving Credit Facility	450.0	—	284.6*	—	—	—
Five-Year Revolving Credit Facility	—	—	—	375.0	—	375.0
Other Facilities	0.8	—	0.8	0.8	—	0.8
	$ 700.8	$ —	$ 535.4	$ 875.8	$ —	$ 715.7
Uncommitted						
International	$ 738.1	$ 67.8	$ 670.3	$ 744.8	$ 69.8	$ 675.0

* Amount available is reduced by $165.4 of letters of credit issued under the Three-Year Revolving Credit Facility at December 31, 2004.

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** Amount available is reduced by $160.1 of letters of credit issued under the 364-Day Revolving Credit Facility at December 31, 2003.

Our primary bank credit agreements are two credit facilities, a 364-day revolving credit facility ("364-Day Revolving Credit Facility") and a three-year revolving credit facility ("Three-Year Revolving Credit Facility" and, together with the 364-Day Revolving Credit Facility, the "Revolving Credit Facilities"). The 364-Day Revolving Credit Facility provides for borrowings of up to $250.0 and expires on September 30, 2005. The Three-Year Revolving Credit Facility expires on May 9, 2007 and provides for borrowings of up to $450.0, of which $200.0 is available for the issuance of letters of credit.

Our Three-Year Revolving Credit Facility was amended and restated as of September 27, 2005. The effectiveness of the amended Three-Year Revolving Credit Facility is subject to certain conditions as described below.

The terms of the amended Three-Year Revolving Credit Facility do not permit us: (i) to make cash acquisitions in excess of $50.0 until October 2006, or thereafter in excess of $50.0 until expiration of the agreement in May 2007, subject to increases equal to the net cash proceeds received in the applicable period from any disposition of assets; (ii) to make capital expenditures in excess of $210.0 annually; (iii) to repurchase or to declare or to pay dividends on our capital stock (except for any convertible preferred stock, convertible trust preferred instrument or similar security, which includes our outstanding 5.40% Series A Mandatory Convertible Preferred), except that we may repurchase our capital stock in connection with the exercise of options by our employees or with proceeds contemporaneously received from an issue of new shares of our capital stock; and (iv) to incur new debt at our subsidiaries, other than unsecured debt incurred in the ordinary course of business, which may not exceed $10.0 in the aggregate with respect to our US subsidiaries.

The amended Three-Year Revolving Credit Facility also sets forth revised financial covenants. These require that, as of the fiscal quarter ended September 30, 2005 and each fiscal quarter thereafter, we maintain (i) an interest coverage ratio of not less than that set forth opposite the corresponding quarter in the table below:

Fiscal Quarter Ending	Ratio
September 30, 2005	2.15 to 1
December 31, 2005	1.75 to 1
March 31, 2006	1.85 to 1
June 30, 2006	1.45 to 1
September 30, 2006	1.75 to 1
December 31, 2006	2.15 to 1
March 31, 2007	2.50 to 1

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(ii) a debt to EBITDA ratio of not greater than that set forth opposite the corresponding quarter in the table below:

Fiscal Quarter Ending	Ratio
September 30, 2005	5.20 to 1
December 31, 2005	6.30 to 1
March 31, 2006	5.65 to 1
June 30, 2006	6.65 to 1
September 30, 2006	5.15 to 1
December 31, 2006	4.15 to 1
March 31, 2007	3.90 to 1

and (iii) minimum levels of EBITDA for the four fiscal quarters then ended of not less than that set forth opposite the corresponding quarter in the table below:

Four Fiscal Quarters Ending	Amount	
September 30, 2005	$	435.0
December 31, 2005	$	360.0
March 31, 2006	$	400.0
June 30, 2006	$	340.0
September 30, 2006	$	440.0
December 31, 2006	$	545.0
March 31, 2007	$	585.0

The terms used in these ratios, including EBITDA, interest coverage and debt, are subject to specific definitions set forth in the agreement. Under the definition set forth in the Three-Year Revolving Credit Facility, EBITDA is determined by adding to net income or loss the following items: interest expense, income tax expense, depreciation expense, amortization expense, and certain specified cash payments and non-cash charges subject to limitations on time and amount set forth in the agreement. We expect to be in compliance with all covenants under our Three-Year Revolving Credit Facility, as amended and restated, for the next twelve months.

Before agreeing to the amendments, the lenders reviewed preliminary drafts of the Consolidated Financial Statements included in this Annual Report and in our quarterly reports on Form 10-Q for the first two quarters of 2005. One condition to effectiveness of the amendments is that we have not received, on or before October 4, 2005 notice from the lenders that have a majority in amount of the revolving credit commitments that the Consolidated Financial Statements in this Annual Report and our quarterly reports, and the financial data contained in the notes thereto, are not substantially similar to the preliminary consolidated financial statements we provided to them. If we receive such a notice, the amended agreement will not become effective. In that event, we will continue to be subject to the financial covenants that were previously applicable under the Three-Year Revolving Credit Facility, as amended in June 2005 with respect to periods through the second quarter of 2005. We were in compliance with those covenants through June 30, 2005, but there can be no assurance that we will be in compliance when we report financial information through the third quarter of 2005.

Credit Agency Ratings

Our current long-term debt credit ratings as of September 30, 2005 are Baa3 with negative outlook, BB- with negative outlook and B+ with negative outlook, as reported by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively. Although a ratings downgrade by any of the ratings agencies will not trigger an acceleration of any of our indebtedness, a downgrade may adversely affect our ability to access capital and would likely result in more stringent covenants and higher interest rates under the terms of any new indebtedness.

Our credit ratings at year-end 2004 and 2003 were as follows:

	December 31,					
	2004			2003		
	Senior Unsecured	Subordinated*	Outlook	Senior Unsecured	Subordinated	Outlook
Moody's	Baa3	—	Stable	Baa3	Ba1	Credit watch Negative
Standard & Poor's	BB+	—	Credit watch Negative	BB+	BB-	Stable
Fitch	BB+	—	Stable	BB+	BB-	Stable

* As of December 31, 2004, we had no Subordinated debt outstanding.

Convertible Preferred Stock

In December 2003 we issued 7.5 shares of Series A Mandatory Convertible Preferred Stock ("Preferred Stock"). The Preferred Stock carries a dividend yield of 5.375%. On the automatic conversion date in December 2006, 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 our common stock. Under certain circumstances, the Preferred Stock may be converted prior to maturity at our option or at the option of the holders.

Payment of Dividends

We have not paid any dividends on our common stock since December of 2002. As previously discussed, our ability to declare or pay dividends on common stock is currently restricted by the terms of our Revolving Credit Facilities. We pay annual dividends on each share of Preferred Stock in the amount of $2.6875. Dividends are cumulative from the date of issuance and are payable on each payment date to the extent that dividends are not restricted under the Revolving Credit Facilities and assets are legally available to pay dividends. In addition to the stated annual dividend, if at any time on or before December 16, 2006, we pay a cash dividend on our common stock, the holders of Preferred Stock participate in such distributions via adjustments to the conversion ratio, thereby increasing the number of common shares into which the Preferred Stock will ultimately convert.

CONTRACTUAL OBLIGATIONS

The following summarizes our estimated contractual obligations at December 31, 2004, and the effect on our liquidity and cash flow in future periods:

	2005	2006	2007	2008	2009	Thereafter	Total
Long-term debt	$ 258.1	$ 3.9	$ 2.1	$ 1.6	$ 250.5	$ 1,677.9	$ 2,194.1
Interest payments	$ 133.0	$ 125.5	$ 125.5	$ 121.0	$ 107.7	$ 667.9	$ 1,280.6
Non-cancelable operating lease obligations	$ 269.9	$ 243.5	$ 212.9	$ 186.5	$ 155.5	$ 828.4	$ 1,896.7

Restatement Related Matters

As a result of the restatement review (discussed more fully in Note 2), the Company has recorded additional liabilities with regard to Vendor Discounts or Credits, Internal Investigations and International Compensation Agreements which amount to $242.3, $114.8 (including $37.5 of additional vendor discounts or credits) and $40.3, respectively, as of December 31, 2004. The Company believes that these amounts represent our best estimates of our ultimate liabilities in each of these cases based on facts and documents reviewed and are sufficient to cover any obligations that we may have to our clients, vendors, and various governmental organizations in the jurisdictions involved. The Company estimates it will pay approximately $250 related to these liabilities over the next 24 months.

We have contingent obligations under guarantees of certain obligations of our subsidiaries ("parent company guarantees") relating principally to lines of credit, guarantees of certain media payables and operating leases of certain subsidiaries. The amount of such parent company guarantees was approximately $601.8 and $658.0 at December 31, 2004 and 2003, respectively. In the event of non-payment by the subsidiary of the obligations covered by the guarantees, we would be obliged to pay the amounts. As of December 31, 2004, there are no assets pledged as security for amounts owed or guaranteed.

We have not included obligations under our pension and postretirement benefit plans in the contractual obligations table. Our funding policy regarding our funded pension plan is to contribute amounts necessary to satisfy minimum pension funding requirements plus such additional amounts from time to time as are determined to be appropriate to improve the plans' funded status. The funded status of our pension plans is dependent upon many factors, including returns on invested assets, level of market interest rates and levels of voluntary contributions to the plans. Declines in long-term interest rates have had a negative impact on the funded status of the plans. During 2004, we made voluntary cash contributions of $32.1 to our domestic pension plans only. We can contribute cash to these plans at our discretion; however we do not expect to make any contributions to our postretirement benefits plans or domestic pension plans during 2005. We expect to contribute $24.3 to our international plans in 2005.

We have structured certain acquisitions with additional contingent purchase price obligations in order to reduce the potential risk associated with negative future performance of the acquired entity. In addition, we have entered into agreements that may require us to purchase additional equity interests in certain consolidated and unconsolidated subsidiaries. The amounts relating to these transactions are based on estimates of the future financial performance of the acquired entity, the timing of the exercise of these rights, changes in foreign currency exchange rates and other factors. In accordance with GAAP, we have not recorded a liability for these items on the balance sheet since the definitive amounts payable are not determinable or distributable. When the contingent acquisition obligations have been met and the consideration is distributable, we will record the fair value of this consideration as an additional cost of the acquired entity. The following table details the estimated liability and the estimated amount that would be paid under such options, in the event of exercise at the earliest exercise date. All payments are contingent upon achieving projected operating performance targets and satisfying other conditions specified in the related agreements and are subject to revisions as the earn-out periods progress.

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The following contingent acquisition obligations are net of compensation expense, except as noted below, as defined by the terms and conditions of the respective acquisition agreements and employment terms of the former owners of the acquired businesses. This future expense will not be allocated to the assets and liabilities acquired. As of December 31, 2004, our estimated contingent acquisition obligations are as follows:

	2005	2006	2007	2008	2009	Thereafter	Total
Deferred Acquisition Payments							
Cash	$ 48.0	$ 5.7	$ 2.1	$ 0.9	$ 4.3	$ —	$ 61.0
Stock	12.4	5.4	—	—	—	—	17.8
Put Options with Consolidated Affiliates*							
Cash	30.2	1.8	9.5	3.4	3.0	7.3	55.2
Stock	0.1	0.1	—	—	—	—	0.2
Put Options with Unconsolidated Affiliates*							
Cash	5.4	3.4	3.9	3.0	2.2	1.4	19.3
Stock	0.8	0.9	—	0.9	—	0.3	2.9
Call Options with Consolidated Affiliates*							
Cash	4.2	1.1	—	—	—	4.8	10.1
Stock	—	0.5	—	—	—	—	0.5
Subtotal — Cash	$ 87.8	$ 12.0	$ 15.5	$ 7.3	$ 9.5	$ 13.5	$ 145.6
Subtotal — Stock	$ 13.3	$ 6.9	$ —	$ 0.9	$ —	$ 0.3	$ 21.4
Total Contingent Acquisition Payments	$ 101.1	$ 18.9	$ 15.5	$ 8.2	$ 9.5	$ 13.8	$ 167.0

In accounting for acquisitions, we recognize deferred payments and purchases of additional interests after the effective date of purchase that are contingent upon the future employment of owners as compensation expense in our Consolidated Statement of Operations. As of December 31, 2004, our estimated contingent acquisition payments with associated compensation expense impacts are as follows:

	2005	2006	2007	2008	2009	Thereafter	Total
Compensation Expense — Related Payments							
Cash	$ 34.1	$ 4.9	$ 2.1	$ 1.4	$ —	$ 1.3	$ 43.8
Stock	$ 1.8	$ 0.2	$ —	$ —	$ —	$ —	$ 2.0
Subtotal	$ 35.9	$ 5.1	$ 2.1	$ 1.4	$ —	$ 1.3	$ 45.8
Total Payments	$ 137.0	$ 24.0	$ 17.6	$ 9.6	$ 9.5	$ 15.1	$ 212.8

* We have entered into certain acquisitions that contain both put and call options with similar terms and conditions. In such instances, we have included the related estimated contingent acquisition obligations with Put Options.

The 2005 obligations relate primarily to acquisitions that were completed prior to December 31, 2001.

DERIVATIVES AND HEDGING ACTIVITIES

We periodically enter into interest rate swap agreements and forward contracts to manage exposure to interest rate fluctuations and to mitigate foreign exchange volatility. During the fourth quarter of 2004, we executed three interest rate swaps which synthetically converted our $350.0, 6.25% Senior Unsecured Notes due November 2014, of fixed rate debt to floating rates. Fair value adjustments decreased the carrying amount of our debt outstanding at December 31, 2004 by approximately $1.7. In January 2005,

we executed an interest rate swap which synthetically converted an additional $150.0 of the $500.0, 7.25% Senior Unsecured Notes due August 2011, of fixed rate debt to floating rates. We entered into the swaps to hedge a portion of our floating interest rate exposure on our cash investments. In May of 2005, we terminated all of our long-term interest rate swap agreements covering the $350.0, 6.25% Senior Unsecured Notes and $150.0 of the $500.0, 7.25% Senior Unsecured Notes. In connection with the interest rate swap termination, our net cash receipts were approximately $1.1, which will be recorded as an offset to interest expense over the remaining life of the related debt.

We have entered into foreign currency transactions in which various foreign currencies are bought or sold forward. These contracts were entered into to meet currency requirements arising from specific transactions. The changes in value of these forward contracts were reflected in our Consolidated Statement of Operations. As of December 31, 2004 and 2003, we had contracts covering approximately $1.8 and $2.4, respectively, of notional amount of currency and the fair value of the forward contracts was negligible.

The terms of the 4.50% Convertible Senior Notes include two embedded derivative instruments. The fair value of the two derivatives on December 31, 2004 was immaterial.

INTERNAL CONTROL OVER FINANCIAL REPORTING

We have identified numerous material weaknesses in our internal control over financial reporting, as set forth in greater detail in Item 8, Management's Assessment on Internal Control Over Financial Reporting and Item 9A, Controls and Procedures, of this report. Each of our material weaknesses results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. As a result, we have assessed that our internal control over financial reporting was not effective as of December 31, 2004. Management will, however, be unable to determine whether the elements of internal control over financial reporting related directly to preparing the financial statements for external purposes, as well as the preparation and calculation of the provision for income taxes, were operating effectively as of December 31, 2004 because internal controls in place at year-end have been extensively modified prior to the Company's evaluation of these controls which can no longer be observed or assessed.

The report of PricewaterhouseCoopers LLP ("PwC"), our independent registered public accounting firm, on our internal control over financial reporting disclaims an opinion on management's assessment and on the effectiveness of our internal control over financial reporting. Until we file an annual report containing an audit report on our internal control over financial reporting that does not disclaim an opinion on our assessment or on the effectiveness of our internal control over financial reporting, we are subject to certain limitations under the US federal securities laws as further described in Item 1, Business-Risk Factors.

We are in the process of developing and implementing remedial measures to address the material weaknesses in our internal control over financial reporting. However, because of our decentralized structure and our many disparate accounting systems of varying quality and sophistication, we have extensive work remaining to remedy these material weaknesses. While we have made considerable progress, we have yet to complete the formal work plan for remedying the identified material weaknesses. At present, there can be no assurance as to when the remediation plan will be completed or when it will be implemented. Until our remedial efforts are completed, we will continue to incur the expenses and management burdens associated with the manual procedures and additional resources required to prepare our Consolidated Financial Statements. There will also continue to be a substantial risk that we will be unable to make future SEC filings on time. These developments, and the effect on our actual or perceived liquidity and credit standing, could have material adverse effects on our financial condition and further adverse affects

on our business or our liquidity that we cannot predict. We discuss these risks under Risk Factors in Item 1 of this Annual Report.

RESTATEMENT

In connection with our work to comply with Section 404 of the Sarbanes-Oxley Act of 2002, we identified errors in our accounting and previously reported financial results. In March 2005, we announced that we would delay filing our Annual Report on Form 10-K, and began a comprehensive review of previously reported financial information. The scope of our review included the analysis of accounting for acquisitions, revenue and leases, internal investigations into potential employee misconduct, as well as other miscellaneous areas impacted by the identified material weaknesses. The review, conducted under the direction of our senior management with the oversight of the Audit Committee of the Board of Directors, included our operating agencies and consisted of an extensive examination of financial information and significant transactions.

Our procedures were substantially manual and involved hundreds of our employees and external consultants and took over six months to complete. These procedures included examining the accounting for more than 400 acquisitions, leases at approximately 370 entities, approximately 10,000 account reconciliations and account analyses and over 300,000 intercompany transactions, as well as a comprehensive review of over 20,000 client contracts with respect to timing of revenue recognition, vendor related discounts or credits and income statement classification. In addition, we are in various stages of completing approximately 50 internal investigations addressing employee misconduct predominantly outside the US. In order to complete this work, we have hired or replaced hundreds of temporary and permanent accountants. Management believes the scope and process of its internal review of previously reported financial information was sufficient to identify issues of a material nature that could affect our Consolidated Financial Statements and all dates and periods presented herein have been restated to fairly present the results of our operations.

The errors in our previously reported financial information, and the failure to prevent them or detect them in our financial reporting process, were largely attributable to weak internal controls, our decentralized operational structure, general lack of compliance with our policies and procedures, numerous disparate operating information technology systems, inadequate oversight by management at various levels within our organization, and an inadequate staff of competent accounting personnel with an appropriate level of knowledge of GAAP. We concluded that our control environment has not progressed sufficiently to serve as an effective foundation for all other components of internal control.

As a result of our review, we determined that a restatement of previously reported financial information was required. Our previously reported financial information should no longer be relied upon. Accordingly, we have restated our previously reported financial information for the years ended December 31, 2003, 2002, 2001, and 2000 and our previously reported financial information for the first, second and third quarters of 2004 and 2003 (the "restatement"). The restatement also affects periods prior to 2000, which is reflected as an adjustment to opening retained earnings as of January 1, 2000. The restatement covers a number of separate matters, each of which is described below and in further detail in Item 8, Financial Statements and Supplementary Data, Note 2, Restatement of Previously Issued Financial Statements.

The law firm of Dewey Ballantine LLP was retained to advise the Audit Committee of the Board of Directors regarding the discharge of its obligations. The scope of the Dewey Ballantine LLP work included oversight of the internal investigations into potential employee misconduct being conducted by our internal audit group and the overall restatement process conducted by management. Dewey Ballantine LLP

retained a forensic accounting firm to assist with its work involving the internal investigations and review of the overall restatement process.

For the quarterly impact of the restatement issue and the restated financial results for the first, second and third quarters of 2004, see Item 8, Financial Statements and Supplementary Data, Note 20, Results by Quarter.

The following tables summarize the impact of all of these adjustments on previously reported revenue; net income (loss) from continuing operations and earnings per share; and assets, liabilities, and stockholders' equity. The overall impact on stockholders' equity of the restatement adjustments as of September 30, 2004, the date for which we last published financial statements, is approximately $550 million or 27.5% of the previously reported September 30, 2004 equity balance.

	For the Years Ended December 31, Impact of Adjustments on Revenue			
	2003	2002	2001	2000
As previously reported	$ 5,863.4	$ 5,737.5	$ 6,352.7	$ 6,728.5
Revenue Recognition Related to Vendor Discounts or Credits	(50.6)	(40.2)	(42.8)	(25.9)
Revenue Recognition related to Customer Contracts	(18.7)	(8.6)	(3.6)	(6.8)
Revenue Presentation	355.6	358.5	340.2	264.3
Pre-Acquisition Earnings	—	(2.5)	(4.2)	(42.2)
Internal Investigations	(7.2)	(6.1)	(2.9)	(4.6)
Other Adjustments	19.2	20.5	(40.9)	(41.1)
Total Adjustments	298.3	321.6	245.8	143.7
As restated	$ 6,161.7	$ 6,059.1	$ 6,598.5	$ 6,872.2

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Impact of Adjustments on Net Income (Loss) from Continuing Operations and Earnings per Share

	For the Year Ended December 31, 2003			For the Year Ended December 31, 2002		
	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock
As previously reported	$ (552.9)	$ (1.43)	$ (1.43)	$ 68.0	$ 0.18	$ 0.18
Revenue Recognition Related to Vendor Discounts or Credits	(45.4)	(0.12)	(0.12)	(32.9)	(0.09)	(0.09)
Revenue Recognition Related to Customer Contracts	(15.8)	(0.04)	(0.04)	(4.5)	(0.01)	(0.01)
Future Obligations Related to Prior Acquisitions	(24.2)	(0.06)	(0.06)	(13.8)	(0.04)	(0.04)
Pre-Acquisition Earnings	—	—	—	(0.7)	—	—
Internal Investigations	(18.6)	(0.05)	(0.05)	(14.4)	(0.04)	(0.04)
International Compensation Arrangements	(8.8)	(0.02)	(0.02)	(8.5)	(0.02)	(0.02)
Accounting for Leases	(2.5)	(0.01)	(0.01)	(0.3)	—	—
Other Adjustments	28.1	0.07	0.07	(7.7)	(0.02)	(0.02)
Total Restatement Adjustments	(87.2)	(0.23)	(0.23)	(82.8)	(0.22)	(0.22)
As restated	$ (640.1)	$ (1.66)	$ (1.66)	$ (14.8)	$ (0.04)	$ (0.04)
Weighted-average shares:		385.5	385.5		376.1	376.1

Impact of Adjustments on Net Income (Loss) from Continuing Operations and Earnings per Share

	For the Year Ended December 31, 2001			For the Year Ended December 31, 2000		
	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock
As previously reported	$ (550.1)	$ (1.49)	$ (1.49)	$ 386.4	$ 1.07	$ 1.04
Revenue Recognition Related to Vendor Discounts or Credits	(35.7)	(0.10)	(0.10)	(19.6)	(0.05)	(0.05)
Revenue Recognition Related to Customer Contracts	(2.8)	(0.01)	(0.01)	(4.3)	(0.01)	(0.01)
Future Obligations Related to Prior Acquisitions	(14.0)	(0.04)	(0.04)	(10.1)	(0.03)	(0.03)
Pre-Acquisition Earnings	2.8	0.01	0.01	(5.1)	(0.01)	(0.01)
Internal Investigations	(10.9)	(0.03)	(0.03)	(3.7)	(0.01)	(0.01)
International Compensation Arrangements	(4.4)	(0.01)	(0.01)	(4.6)	(0.01)	(0.01)
Accounting for Leases	(2.9)	(0.01)	(0.01)	(7.0)	(0.02)	(0.02)
Other Adjustments	19.4	0.06	0.06	(8.1)	(0.03)	(0.03)
Total Restatement Adjustments	(48.5)	(0.14)	(0.13)	(62.5)	(0.17)	(0.17)
As restated	$ (598.6)	$ (1.62)	$ (1.62)	$ 323.9	$ 0.90	$ 0.87
Weighted-average shares		369.0	369.0		359.6	370.5

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	Impact of Adjustments on Consolidated Balance Sheet Accounts					
	As of December 31, 2003			As of December 31, 2002		
	Total Assets	Total Liabilities	Stockholders' Equity	Total Assets	Total Liabilities	Stockholders' Equity
As previously reported	$ 12,234.5	$ 9,628.6	$ 2,605.9	$ 11,793.7	$ 9,693.7	$ 2,100.0
Revenue Recognition Related to Vendor Discounts or Credits	36.3	198.5	(162.2)	26.7	130.8	(104.1)
Revenue Recognition Related to Customer Contracts	33.6	122.7	(89.1)	37.5	101.1	(63.6)
Future Obligations Related to Prior Acquisitions	(2.3)	64.2	(66.5)	(5.0)	37.2	(42.2)
Pre-Acquisition Earnings	(38.6)	(2.6)	(36.0)	(17.1)	(2.6)	(14.5)
Internal Investigations	9.1	61.4	(52.3)	(3.4)	27.6	(31.1)
International Compensation Arrangements	2.8	29.2	(26.4)	2.1	19.6	(17.5)
Accounting for Leases	38.9	67.6	(28.7)	38.3	61.7	(23.3)
Other Adjustments	131.6	157.5	(25.9)	32.2	113.3	(81.1)
Total Adjustments	211.4	698.5	(487.1)	111.3	488.7	(377.4)
As restated	$ 12,445.9	$ 10,327.1	$ 2,118.8	$ 11,905.0	$ 10,182.4	$ 1,722.6

	Impact of Adjustments on Consolidated Balance Sheet Accounts					
	As of December 31, 2001			As of December 31, 2000		
	Total Assets	Total Liabilities	Stockholders' Equity	Total Assets	Total Liabilities	Stockholders' Equity
As previously reported	$ 11,375.3	$ 9,535.2	$ 1,840.1	$ 12,253.6	$ 9,883.3	$ 2,370.3
Revenue Recognition Related to Vendor Discounts or Credits	19.8	85.8	(66.0)	11.1	42.3	(31.3)
Revenue Recognition Related to Customer Contracts	32.6	86.3	(53.7)	31.1	82.5	(51.5)
Future Obligations Related to Prior Acquisitions	(0.6)	28.3	(28.8)	(0.5)	14.6	(15.0)
Pre-Acquisition Earnings	(16.5)	(2.6)	(14.0)	(20.2)	(2.7)	(17.5)
Internal Investigations	(1.4)	14.0	(15.4)	0.5	5.4	(4.9)
International Compensation Arrangements	1.2	10.2	(9.0)	—	5.0	(5.0)
Accounting for Leases	46.2	67.6	(21.4)	37.9	57.4	(19.6)
Other Adjustments	(16.3)	35.9	(52.2)	(63.2)	9.8	(72.8)
Total Adjustments	65.0	325.5	(260.5)	(3.3)	214.3	(217.6)
As restated	$ 11,440.3	$ 9,860.7	$ 1,579.6	$ 12,250.3	$ 10,097.6	$ 2,152.7

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	Impact of Adjustments on Retained Earnings
As previously reported at December 31, 1999	$ 1,320.4
Revenue Recognition Related to Vendor Discounts or Credits	(16.9)
Revenue Recognition Related to Customer Contracts	(75.0)
Future Obligations Related to Prior Acquisitions	(5.2)
Pre-Acquisition Earnings	(31.8)
Internal Investigations	(1.1)
Accounting for Leases	(21.4)
Other Adjustments	(13.6)
Total Restatement Adjustments	(165.0)
As restated at January 1, 2000	$ 1,155.4

Description of Restatement Adjustments:

Revenue Recognition

Revenue Recognition related to Vendor Discounts or Credits:

We receive rebates, discounts, and other credits from our vendors and media outlets for the acquisition of goods and services that are entered into on behalf of our clients. The expenses include the purchase of various forms of media, including television, radio, and print advertising space, or production costs, such as the creation of advertising campaigns, commercials, and print advertisements. Revenues in the advertising and communicative services business are frequently recorded net of third party costs as the business is primarily an agent for its clients. Since these costs are billed to clients, there are times when vendor discounts, credits, or price differences can affect the net revenue recorded by the agency. These third party discounts, rebates, or price differences are frequently referred to as credits.

Our contracts are typically "fixed-fee arrangements" or "cost-based arrangements." In "fixed-fee arrangements," the amount we charge our clients is comprised of a fee for our services. The fee we earn, however, is not affected by the level of expenses incurred. Therefore, any rebates or credits received in servicing these accounts do not create a liability to the client. In "cost-based arrangements," we earn a percentage commission or flat fee based on or incremental to the expenses incurred. In these cases, rebates or credits received may accrue to the benefit of our clients and create a liability payable to the client. The implication and interpretation of cost language included in our contracts can vary across international and domestic markets in which we operate and can affect whether or not we have a liability to the client.

Without adequate contract review procedures the operating practice and the accounting in some of our agencies, predominantly outside the United States, relied on local customs and practices. As a result, in some instances, our accounting for the vendor discount was inconsistent with the underlying contractual requirements, which necessitated accounting adjustments. To correct for improperly recorded revenue, we have established a liability to refund these credits, discounts and rebates to our customers in accordance with our contractual obligations.

As part of the restatement, we have performed an extensive review of our client contracts and local law to determine the impact of improperly recognizing these media and vendor credits as additional revenue instead of recognizing a liability to our clients. We have determined our exposure to each type of these credits by agency, reviewed our legal obligations considering our client contracts and local law, and

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established a liability as necessary. Where it was impractical to review client contracts we have estimated our exposure. If our estimate is incorrect we may need to materially adjust our liability.

In order to remediate this issue, we are in the process of issuing a formal policy to require proper transparency in our contracts, and proper handling and accounting for these types of vendor discounts or credits received in the normal course of business.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2000; we have recorded an adjustment of $(16.9) to retained earnings at January 1, 2000 related to vendor discounts or credits.

Revenue Recognition Related to Vendor Discounts or Credits	Impact of Restatement			
Increase (Decrease) for the Years Ended and as of December 31,	2003	2002	2001	2000
Consolidated Statement of Operations:				
Revenue	(50.6)	(40.2)	(42.8)	(25.9)
Operating Income (Loss)	(53.3)	(41.4)	(48.8)	(26.7)
Provision for Income Taxes	(7.9)	(8.5)	(13.0)	(7.1)
Income (Loss) from Continuing Operations	(45.4)	(32.9)	(35.7)	(19.6)
Consolidated Balance Sheet:				
Total Assets	9.6	7.0	8.7	7.0
Total Liabilities	67.7	45.0	43.4	25.6

Revenue Recognition related to Customer Contracts:

We recognize revenue when persuasive evidence of an arrangement exists, there is fixed and determinable pricing, and upon completion of the earnings process in accordance with the terms of the arrangement with our clients, which is generally as services are performed and/or when the media placements or production are completed.

For project based arrangements, revenue is recognized based upon the agreement that we have in place with our customers. Our fees are generally recognized as earned, based on the proportional performance method of revenue recognition in situations where our fee is reconcilable to the actual hours incurred to service the client, as detailed in a contractual staffing plan, or where the fee is earned on a per hour basis, with the amount of revenue recognized in both situations limited to the amount realizable per the terms of the client contract. Where it is determined that the contractual staffing plan is incomplete or there is no staffing plan, we defer the recognition of revenue until the period in which all work is completed. For retainer-based arrangements, fees are recognized on a straight line or monthly basis when service is provided, essentially on a pro rata basis, and the terms of the contract support that accounting. We require explicit language in the contract evidencing that our obligation to the client for services rendered is satisfied on a monthly basis. We evaluate the termination provisions of the contract for a determination of amounts realizable at an interim date. Where it is determined that the terms of the contract do not clearly support monthly recognition of revenue, we defer the recognition of revenue until the period in which all work is completed.

In certain transactions with our customers the persuasive evidence of the customer arrangement was not always adequate to support revenue recognition, or the timing of revenue recognition did not appropriately follow the specific contract terms. As part of our review, we reviewed significant client contracts to ensure that revenue was recognized in accordance with the terms of the contract and/or with our policies as outlined above.

We have established the following terms as the specific criteria to be followed consistently across our global operating divisions. For adequate persuasive evidence of arrangements, we required signed contractual agreements or in lieu of a signed contract, other evidence or documentation from our customers was required in the period in which revenue was recognized. This evidence was required to define our compensation, to give a clear indication of how revenue was to be earned, and to describe how our obligation to the client was to be satisfied. In the absence of persuasive evidence of an arrangement or detailed invoices indicating the level of services performed were not available, we deferred the recognition of revenue for the entire contract, until we could assure that all internal work was completed. Where it was determined that persuasive evidence was lacking or insufficient, we deferred the recognition of revenue until that period in which persuasive evidence was obtained, cash was received accompanied by a detailed customer invoice, or all work was completed.

In connection with the restatement, we have established a formal policy with specific guidelines and tools as to how revenue should be recorded under the following bases: proportional performance, monthly, completed contract, or in accordance with other quantitative or qualitative goals as specified by the contract. We also plan to create a central tracking system that will detail all arrangements with clients which will assist in ensuring that all criteria for proper revenue recognition are met and properly classified.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2000; we have recorded an adjustment of $75.0 to retained earnings at January 1, 2000 related to customer contracts.

Revenue Recognition Related to Customer Contracts	Impact of Restatement			
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**	**2001**	**2000**
Consolidated Statement of Operations:				
Revenue	(18.7)	(8.6)	(3.6)	(6.8)
Operating Income (Loss)	(17.2)	(6.7)	(3.6)	(6.8)
Provision for Income Taxes	(1.4)	(2.1)	(0.9)	(2.5)
Income (Loss) from Continuing Operations	(15.8)	(4.5)	(2.8)	(4.3)
Consolidated Balance Sheet:				
Total Assets	(3.9)	4.9	1.5	3.4
Total Liabilities	21.6	14.8	3.7	7.6

Accounting for Reimbursement of Out-of-Pocket Expenses:

We incur incidental out-of-pocket expenses in the course of providing services to our clients, for which we are reimbursed by our clients. These relate to travel, meals, and other incidental expenses. Under EITF 01-14, *Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred*, the reimbursements should be recorded as revenue and operating expenses in the Consolidated Statement of Operations.

Prior to 2004, we incorrectly recorded some of these reimbursements of out-of-pocket expenses as a reduction of operating expenses. The effect was to report both revenue and expense net of these out-of-pocket expenses and reimbursements. In 2004, we established a formal policy detailing the proper classification of these expense reimbursements.

We reviewed significant activity for all financial periods prior to 2004 to identify instances in which this error was made. In the restatement, we have reported client reimbursements of out-of-pocket expenses as revenue in all periods. Compared to our previously published Consolidated Financial Statements, the

effect of the restatement is to increase revenue and expense amounts, with no effect on operating income, and to reduce operating margin in percentage terms.

Gross versus Net Revenue Presentation:

We incur and pay certain expenses on behalf of our clients typically relating to the cost of media purchases or production work. We invoice our clients for these expenses in addition to our fees for services provided. EITF 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*, sets forth criteria for the judgment whether revenue should be recognized based on the gross amount billed to the customer or net of amounts paid to suppliers. Because we are broadly considered an advertising agency based on our primary lines of business and only in certain situations would we record revenue other than on a net basis. Accordingly, we generally record revenue net of pass-through charges as we believe the relative strength of the key indicators, taken as a whole, suggest we generally act as an agent on behalf of our clients in our primary lines of business.

We reviewed our lines of business and evaluated our status as a principal or agent, and we reviewed significant transactions to ensure the proper accounting for revenue. We assessed whether the agency or the third-party supplier is the primary obligor for services provided to the client. We evaluated the terms of our client agreements as part of this assessment. In addition we gave appropriate consideration to other key indicators, such as latitude in establishing price and discretion in supplier selection, and less consideration to others, such as credit risk.

We determined that for certain of our businesses, primarily sales promotion, event, sports and entertainment marketing and corporate and brand identity services, the relative strength of the indicators suggests we act as a principal. Accordingly, under EITF 99-19, we accounted for revenue on a net basis in error. In the restatement, for those businesses we have recorded the gross amount billed to the client as revenue consistently on a historical basis. Compared to our previously published Consolidated Financial Statements, the effect of the restatement is to increase revenue and expense by equal amounts, with no effect on operating income or balance sheet accounts, and to reduce operating margin in percentage terms.

We have defined specific criteria which our personnel can use to evaluate whether we are acting as a principal or an agent in their arrangements with clients.

The impact on our Consolidated Financial Statements for the Accounting for Out-of-Pocket Expenses and Gross versus Net Revenue Presentation is presented in the following table:

Revenue Presentation	**Impact of Restatement**			
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**	**2001**	**2000**
Consolidated Statement of Operations:				
Revenue	355.6	358.5	340.2	264.3
Operating Income (Loss)	—	—	—	—
Provision for Income Taxes	—	—	—	—
Income (Loss) from Continuing Operations	—	—	—	—

Accounting for Acquisitions

Future Obligations related to Prior Acquisitions:

The terms of our acquisitions generally provide for initial payment on the date of sale and contingent amounts over succeeding years, calculated based on the growth and financial performance of the business or the retention of key personnel. As a result, we maintain contingent obligations related to acquisitions

made in prior years, such as deferred payments and put options. Deferred payments, or "earn-outs," generally tie the aggregate price ultimately paid for an acquisition to the business' performance and are included in the terms of the original purchase to minimize our risk associated with potential future negative changes in the performance of the acquired entity during the post-acquisition transition period. Earn-outs are typically contingent upon the achievement of projected operating performance targets, as specified in the purchase contract. For those acquisitions where we purchase partial ownership interest in a business, there are often matching put and call options issued. These put and call options are not fixed, rather they are based on a formula that approximates fair value. Put options require us to purchase additional equity interests in the future. Put option amounts to be paid are typically accounted for when the put option is exercised, except in instances where put option payments are specifically contingent upon the future employment of key personnel, in which case compensation expense is accrued prior to when the related put option is exercised. Call options entitle us to acquire additional equity interests in the future. Call option amounts to be paid are contingent upon our decision to exercise our option. Therefore, purchases of additional interests related to call options are accounted for when the related call option is exercised.

In accounting for acquisitions, we recognize deferred payments and purchases of additional interests after the effective date of purchase, as an increase to goodwill and other intangibles, or as compensation expense, depending on the terms of the purchase contract. EITF 95-8, *Accounting for Contingent Consideration Paid to the Shareholders of an Acquired Enterprise in a Purchase Business Combination*, provides criteria for this determination. In some instances, earn-out or put option payments were not properly accounted for as compensation expense. The effect of this error was to understate compensation expense and, in most instances, to overstate goodwill.

We reviewed our acquisitions through 2004, including all contingent future obligations as of December 31, 2004, and we have recorded adjustments to compensation expense and goodwill in periods where contingent acquisition obligations were recorded inappropriately.

We will require that future acquisition-related transactions be approved by our operating management as well as members of our Controllers, Corporate Development and Tax groups prior to execution of the related agreement. Our central repository of related information has been reviewed for completeness and accuracy and updated to ensure that it contains critical files and data. We plan to update our policies concerning the proper accounting for future obligations related to our acquisitions. The restatement also affects periods prior to 2000; we have recorded an adjustment of $5.2 to retained earnings at January 1, 2000.

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The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table:

Future Obligations Related to Prior Acquisitions	**Impact of Restatement**			
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**	**2001**	**2000**
Consolidated Statement of Operations:				
Revenue	—	—	—	—
Operating Income (Loss)	(23.6)	(13.8)	(14.0)	(10.1)
Provision for Income Taxes	—	—	—	—
Income (Loss) from Continuing Operations	(24.2)	(13.8)	(14.0)	(10.1)
Consolidated Balance Sheet:				
Total Assets	2.8	(4.5)	(0.1)	(0.0)
Total Liabilities	27.0	8.9	13.7	9.8

Pre-Acquisition Earnings:

It was not uncommon during the period 1996 through 2002 for us to account for the revenues and expenses of certain entities acquired from a point in time that was earlier than the date of closing. In those cases we incorrectly recorded the acquired business' revenues and expenses in our Consolidated Financial Statements for that year as of January 1, although the acquisition closed subsequent to that date, typically in the latter half of the year. This incorrect recognition of revenue and expenses prior to the closing date was recorded either as an adjustment in the month of purchase, or by adjusting prior months' accounting results. As a result of these misstatements of revenues and expenses, we recorded additional goodwill on our balance sheet to offset the increase to income. In doing so, we recorded amortization expense on an inflated goodwill balance until the adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*, at January 1, 2002, when we ceased amortizing goodwill.

As part of the restatement, we reviewed financial books and records associated with the accounting at the time of acquisition and utilized quantitative analytics to understand revenue and expenses recorded related to the acquisition. As a result of our review we identified 142 acquisitions where we had inappropriately recognized earnings prior to our effective legal ownership of the acquired entities.

We have calculated the impact of this incorrect practice through the review of purchase contracts for the substantial majority of acquisitions made since 1996. For those entities identified as having recorded pre-acquisition earnings, we identified the actual closing date of each acquisition and used this as the cutoff date to determine the amount of pre-acquisition earnings improperly recorded. For those entities identified with pre-acquisition earnings recognition, we also adjusted the goodwill balance for the error. Since the goodwill balance was misstated we also recalculated the appropriate amortization of goodwill from the date of acquisition.

We have also created a central repository for acquisition data. Accounting for all future acquisitions must be reviewed and evaluated with the appropriate management oversight prior to the acquisition being finalized and must include members of our Controllers, Treasury, Corporate Development and Tax groups to prevent this type of inappropriate accounting in future periods.

We have recorded adjustments as part of the restatement to reduce our consolidated revenues, expenses and goodwill balances in the years where pre-acquisition earnings were recorded inappropriately. We have also made adjustments to amortization expense that was recorded on our misstated goodwill balance.

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The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2000; we have recorded an adjustment of $31.8 to retained earnings at January 1, 2000 related to pre-acquisition earnings recognition.

Pre-Acquisition Earnings Increase (Decrease) for the Years Ended and as of December 31,	Impact of Restatement 2003	 2002	 2001	 2000
Consolidated Statement of Operations:				
Revenue	—	(2.5)	(4.2)	(42.2)
Operating Income (Loss)	—	(1.2)	1.5	(9.9)
Provision for Income Taxes	—	(0.1)	(0.6)	(4.6)
Income (Loss) from Continuing Operations	—	(0.7)	2.8	(5.1)
Consolidated Balance Sheet:				
Total Assets	(0.4)	(0.5)	3.7	(1.5)
Total Liabilities	(0.0)	0.1	0.1	0.0

Internal Investigations

Instances of possible employee misconduct have come to our attention through our anti-fraud program, internal and external audit work, and the expanded scope of our work on the restatement. Our corporate risk management group investigates these matters, frequently with the assistance of outside forensic accountants and legal counsel. It prepares a written report documenting the investigation, its findings, and recommended actions. The report is then presented to corporate management and the Audit Committee of the Board of Directors for review. If we conclude that there has been misconduct, we take appropriate personnel action, which may include termination, and if recommended by counsel, we notify the appropriate governmental and regulatory authorities of violations of law, and take legal action if appropriate to recover our losses.

The restatement includes the correction of certain unintentional errors in our accounting that were discovered as a result of these investigations and primarily relate to agencies outside the United States. However, certain of these investigations revealed instances of deliberate falsification of accounting records, evasion of taxes in jurisdictions outside the United States, inappropriate charges to clients, diversion of corporate assets, non-compliance with local laws and regulations, and other improprieties. These errors were not prevented or detected earlier because of material weaknesses in our control environment and decentralized operating structure. In a number of these cases, the activities appear to have had the purpose of improving the reported financial performance of the operating unit involved. In a number of cases, we believe the purpose included reducing the personal tax burdens of the individuals involved.

In an effort to improve the Company's internal control over financial reporting relating to employee misconduct, the Company has developed an extensive remediation plan. This plan includes specific responses to the findings of each of the internal investigations referred to below, as well as an enhanced, Company-wide compliance program. The remediation plan has been developed by management in consultation with outside advisors and has been approved by the Audit Committee.

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The table below sets forth the impact of this element of the restatement on our Consolidated Financial Statements for the years 2000 through 2003. The restatement also reflects periods prior to 2000; we have recorded an adjustment of $1.1 in our retained earnings at January 1, 2000.

Internal Investigations	**Impact of Restatement**			
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**	**2001**	**2000**
Consolidated Statement of Operations:				
Revenue	(7.2)	(6.1)	(2.9)	(4.6)
Operating Income (Loss)	(17.3)	(12.7)	(10.3)	(4.0)
Provision for Income Taxes	1.2	1.9	0.7	(0.3)
Income (Loss) from Continuing Operations	(18.6)	(14.4)	(10.9)	(3.7)
Consolidated Balance Sheet:				
Total Assets	12.6	(2.1)	(1.9)	0.5
Total Liabilities	30.3	8.8	5.6	4.3

We believe that the liabilities we have recognized relating to the investigations are our best estimate of our ultimate liability based on the facts and documents reviewed to date. While the vast majority of the investigations have yielded adjustments to our prior period financial statements reflected in the restatement, several of them are still continuing, and others may arise in the future. Management has recorded its best estimate of probable exposure based on the facts that it had at the time. We cannot predict what any ongoing investigation may uncover and what, if any, remedial actions may have to be taken. It is possible that we will be required to pay material fines, penalties, interest or other amounts associated with these investigations.

Below is a summary of the cases that we have investigated that have resulted in a restatement of our prior period financial results greater than $5.0. These instances represent approximately 80% of the aggregate cumulative adjustments recorded as a result of our internal investigations.

- We have recorded adjustments with a cumulative impact on net income for the years 2000 through 2004 of $31.8 including taxes, penalties and interest of $10.0 relating to errors we identified at our McCann agency in Turkey. These errors are attributable primarily to the retention of vendor discounts that should have been remitted to clients, the improper valuation of a previously acquired business and over-billing clients for payments to vendors. Our information to date indicates that these activities involved misconduct by local senior management. When the investigation is concluded, we will determine the appropriate personnel actions, which could include terminations of local senior management.

- We have recorded adjustments with a cumulative impact on net income for the years 2000 through 2004 of $14.5 relating to errors identified at our FCB agency in Turkey. These errors were attributable primarily to inappropriate charges to customers and evasion of local taxes. Our information to date indicates that these activities involved misconduct by local senior management. When the investigation is concluded, we will determine the appropriate personnel actions, which could include terminations of local senior management.

- We have recorded adjustments with a cumulative impact on net income for the years 2000 through 2004 of $10.8 relating to errors we identified at Media First in New York City. These errors are attributable primarily to inadequate recordkeeping but also included payment of certain employee salaries through accounts payable and without appropriate tax withholdings. The errors resulted in

increased earn-out payments. Some management personnel at the agency involved in this activity have been terminated.

- We have recorded adjustments with a cumulative impact on net income for the years 2000 to 2004 of $10.5 relating to errors we identified at our FCB agency in Spain. These errors are attributable to the use of companies that were formed to account for the production and media volume discounts received from production suppliers on a separate set of books and records. As a result, discounts and rebates to which clients may have been entitled under local law were concealed to prevent detection in the event of a client audit. In addition, compensation was paid to an agency executive's personal service company out of these companies without proper withholding for income taxes. At the same location, we have also recorded adjustments with a cumulative impact of $4.2. These errors are attributable to the inappropriate recognition of certain discounts and benefits that should have been remitted to clients. We plan to divest our interest in FCB Spain and sign an affiliation agreement with the management there with an appropriate control structure to assure future business is properly conducted.

- We have recorded adjustments with a cumulative impact on net income for the years 2000 through 2004 of $12.7 relating to errors we identified at our McCann agency in Greece. These errors are attributable primarily to retention of vendor discounts in excess of the level permitted under Greek law and the purchase of prepaid media on a speculative basis without the appropriate client commitment. In addition, we identified inappropriate related-party transactions and evidence of improper gifts. The senior officer and other management personnel at the agency have been terminated and parts of the agency's business have been divested.

- We have recorded adjustments with a cumulative impact on net income for the years 2000 through 2004 of approximately $7.2 relating to errors we identified at our McCann agency in the Netherlands. These errors are attributable to the recognition as revenue of certain discounts and benefits that should have been returned to clients or vendors. We have terminated and/or replaced local financial and operating management.

- We have recorded adjustments with a cumulative impact on net income for the years 2000 through 2004 of $8.6 relating to errors identified at five McCann agencies in Azerbaijan, Ukraine, Uzbekistan, Bulgaria and Kazakhstan. These errors were attributable to failure to record and pay compensation-related taxes, value added taxes and corporate income taxes, and to inadequate record keeping. Management in these jurisdictions paid certain employees as contractors, often in cash, without accounting for the payments. In three of these countries, income and expenses were recorded by a service company located outside these jurisdictions to avoid corporate tax or value added tax. We have sold or are in the process of selling all of these entities. In the case of the Ukraine, we plan on signing an affiliation agreement with the management there with appropriate controls in place to assure our business is properly conducted.

In addition, the other investigations that had an impact of less than $5.0 each have resulted in adjustments with a cumulative impact on net income for the years 2000 through 2004 of $11.9. The errors were similar in nature to those described above. We have terminated, or are in the process of terminating, the employees involved in these occurrences.

Review of International Compensation Arrangements

Over the past 18 months, we have undertaken an extensive review of employment compensation practices across our organization. While most practices were found to be acceptable, we have identified some practices in certain jurisdictions that required additional review. The key areas are as follows:

Personal Service Companies. The advertising industry and many other service industries frequently make use of freelancers, who are typically treated as independent contractors and not subjected to the regulations that apply to an employee-employer relationship. In certain instances, particularly in Europe and Latin America, it is common for individuals to establish a personal service company ("PSC"), in which case the hiring company will normally contract directly with the PSC for the services of the individual. In every jurisdiction that was reviewed, PSC arrangements are legal and often customary and socially acceptable. However, in certain circumstances, if the individual does not meet the established criteria, the PSC structure is not a permissible vehicle and could result in an avoidance of personal income tax and social tax by the individual and, in the case of the company, an avoidance of social tax. We reviewed every situation where one of our agencies had indicated that it contracted with a PSC and determined that in a number of instances, the use of a PSC was not supportable.

Payment of Personal Expenses Outside the Normal Payroll Mechanism. We have also identified in certain countries, including some in which such a practice was customary and socially acceptable, instances where expenses that can be considered personal in nature were reimbursed to an individual employee outside the payroll mechanism. The practice resulted in the payment not being reported through the normal payroll system and no appropriate tax withholdings being made. We have identified those instances where we believe such practice should have been reported through the payroll system.

Split Salary Payments. We identified certain instances where an individual employee received compensation from a jurisdiction outside the jurisdiction in which he was primarily employed (home country). In such instances, the paying company normally would not report or withhold local income tax on such salary payments, relying on the employee to report and remit the appropriate taxes to the country of employment. We have identified those instances where either the paying entity or the local employing entity had an affirmative obligation to report and withhold personal income and social taxes.

Equity Grants and Retirement Payments. In a number of instances we identified stock option and restricted stock or retirement annuities granted to employees outside the US and upon exercise or vesting, neither the US company nor the local company reported the compensation arising therefrom or withheld applicable local tax. Instead the agency notified each employee of the employee's obligation to report and withhold in the respective local country of residence or employment. We have identified certain jurisdictions where we or the local employing agency should have withheld on or reported the compensation to the local authorities.

Independent Contractor/ Employees. A common issue in our industry is the retention of services by individuals in the capacity of an independent contractor instead of as an employee. There are specific criteria in every jurisdiction in which we do business which establish whether an individual is to be characterized as an employee or as an independent contractor. In a number of instances we have identified individuals who were classified as independent contractors but should have been considered employees.

As it relates to the 5 issues, Personal Service Companies, payment of personal expenses outside the normal payroll mechanism, split salary payments, equity grants and retirement payments, and independent contractors/ employees, we have recorded adjustments with a cumulative impact on net income for the years 2000 through 2003 of $26.8, of which $9.9 related to PSCs.

The table below sets forth the impact of this element of the restatement on our Consolidated Financial Statements for the years 2000 through 2003. The restatement also reflects periods prior to 2000; we have recorded an adjustment of $1.3 in our retained earnings at January 1, 2000.

International Compensation Arrangements	Impact of Restatement			
Increase (Decrease) for the Years Ended and as of December 31,	2003	2002	2001	2000
Consolidated Statement of Operations:				
Revenue	—	—	—	—
Operating Income (Loss)	(9.6)	(9.4)	(5.2)	(5.0)
Provision for Income Taxes	(0.7)	(0.9)	(0.8)	(0.4)
Income (Loss) from Continuing Operations	(8.8)	(8.5)	(4.4)	(4.6)
Consolidated Balance Sheet:				
Total Assets	0.7	0.9	0.8	0.4
Total Liabilities	9.6	9.4	5.2	5.0

Accounting for Lease Related Expenses

Substantially all of our office space is leased from third parties. Certain of our lease contracts contain rent holidays, various escalation clauses, or landlord/tenant incentives. While it is our policy to record leases properly, in some instances we did not account for these lease provisions in accordance with GAAP, specifically, SFAS No. 13, *Accounting for Leases*, FASB Technical Bulletin ("FTB") 85-3, *Accounting for Operating Leases with Scheduled Rent Increases*, FTB 88-1, *Issues Related to Accounting for Leases*, and SFAS No. 143, *Accounting for Asset Retirement Obligations*. In particular: we recorded rent expense for operating leases on a cash basis, without consideration for rent holidays; we did not appropriately record or amortize landlord/tenant incentives, and in some cases, netted reimbursements with leasehold improvement assets; we did not properly record or amortize leasehold improvements over the appropriate periods, and in some cases, inappropriately amortized leasehold improvement over terms that included assumptions of lease renewals; we did not completely or accurately record asset retirement obligations related to leasehold improvement assets; and for lease properties that were part of either our 2001 or 2003 restructuring programs, these errors also impacted amounts previously recorded for restructuring.

We have reviewed our significant lease arrangements in place as of December 31, 2004. We reviewed rental costs, including costs related to fixed rent escalation clauses and rent holidays, and correctly recorded them on a straight-line basis over the lease term. We ensured that landlord/tenant incentives are recorded as leasehold improvement assets and amortized over the shorter of the economic useful life or the lease term. We ensured that funds received are recorded as deferred rent and amortized as reductions to rent expense over the lease term. For leasehold improvements, we recorded adjustments to amortize the related assets over the shorter of the economic useful life or the lease term, and ensured that the lease renewal is "reasonably assured" as that term is contemplated by SFAS No. 13 when the amortization period includes a renewal period. We ensured that asset retirement obligations are recorded completely and accurately in the period in which they are incurred and a reasonable estimate of fair value can be made, and that the amortization of the asset and accretion of the discounted liability is recognized ratably over the useful life of the leasehold improvement asset. For leased properties that were part of either our 2001 or 2003 restructuring programs, we ensured that prior period rent costs have been recorded on a straight-line basis prior to time of restructuring and that deferred rent credit balances have been appropriately taken into consideration in the calculation of the related restructuring reserve at time of restructuring.

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We have revised and expanded guidelines to assist personnel in analyzing and recording lease related expenses in the Consolidated Statement of Operation.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2000; we have recorded an adjustment of $21.4 to retained earnings at January 1, 2000 related to lease expenses.

Accounting for Leases	Impact of Restatement			
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**	**2001**	**2000**
Consolidated Statement of Operations:				
Revenue	—	—	—	—
Operating Income (Loss)	(0.6)	0.2	(4.0)	(10.9)
Provision for Income Taxes	1.6	0.2	(1.4)	(4.0)
Income (Loss) from Continuing Operations	(2.5)	(0.3)	(2.9)	(7.0)
Consolidated Balance Sheet:				
Total Assets	0.5	(7.8)	8.3	10.0
Total Liabilities	5.9	(5.9)	10.1	16.3

Other Adjustments

We have identified other adjustments to our Consolidated Financial Statements which do not conform to GAAP. We had previously not performed account reconciliations timely. As a result of the restatement we reconciled significant balance sheet and income statement accounts and determined that some accounts required adjustment. In our examination of accounts, we have identified a number of matters that require correction, the most significant of which are discussed below.

Tax Provision: Based on our review of a global licensing structure in the Octagon Group that had been put in place prior to our acquisition of that group in 1998, it was determined that the licensing structure had resulted in incorrectly allocating reported income for statutory and income tax purposes for all years since acquisition. Based on established transfer pricing principles it is our view that the income in question should have been allocated to and reported partially within the U.K. and partially within the U.S., resulting in additional income taxes. The corrected amount of tax for years 1998 through 2003 has been recorded, including interest and penalties, and will be remitted to the respective governments. We have disclosed this change to the tax authorities in the U.S. and in the U.K.

Deconsolidation of Entities: We noted several instances where an entity was fully consolidated in error. In these cases, the entity was erroneously consolidated in financial results for certain years for which we did not have effective control of the entity, and accordingly in the restatement, we recorded an adjustment to deconsolidate these entities for those years.

Pension Expense Associated with Foreign Plans: Adjustments were recorded to properly state the pension expense associated with foreign plans for all years presented. Such adjustments resulted in increased pension expense for previously unidentified plans.

Goodwill and Investment Impairments: Adjustments were necessary to reclass goodwill and investment impairments in the appropriate periods where the triggering event was identified to have occurred. Certain impairments had been recorded in subsequent periods and were accounted for in the appropriate periods.

Foreign Currency Translation Adjustments: Adjustments were made to properly state the foreign currency translation adjustment and the foreign currency gains or losses accounts for all periods. Certain

amounts that had previously been recorded in the wrong periods have now been adjusted and accounted for in the appropriate periods.

Classification Revisions: Adjustments were made to reclassify certain balance sheet, income and expense account balances for consistent application of GAAP and our policies and procedures. Such reclassification adjustments included the presentation of bank overdrafts as a liability rather than a credit balance in an asset account, intercompany accounts that had been incorrectly recorded as accounts receivable, accounts payable or other non-intercompany accounts, reclassifications of long-term and short-term assets and liabilities and other miscellaneous income and expense account reclassifications. Certain adjustments had been recorded in subsequent periods and were accounted for in the appropriate periods.

Auction rate securities have been reclassified from cash equivalents to short-term marketable securities for each of the periods presented in the accompanying Consolidated Balance Sheet based upon our evaluation of the maturity dates associated with the underlying bonds. Auction rate securities are variable rate bonds tied to short-term interest rates with maturities on the face of the securities in excess of 90 days. Auction rate securities have interest rate resets, at predetermined short-term intervals, usually between 7 and 35 days. They trade at par and are callable at par on any interest payment date at the option of the issuer. Interest paid during a given period is based upon the interest rate determined during the prior auction. Although these securities are issued and rated as long-term bonds, they are priced and traded as short-term instruments because of the significant degree of market liquidity provided through the interest rate resets. We had previously classified these instruments as cash equivalents if the period between interest rate resets was 90 days or less.

Other Adjustments: We also have corrected certain known errors that were previously not recorded because in each such case we believed at the time that the amount of any such error was not material to our consolidated financial statements. Principally, these types of adjustments consist of numerous minor items. We wrote off unsubstantiated balances related to unbillable third party charges, the reversal of over accrued job costs, and fixed asset write-offs for items that should not have been capitalized, could not be accounted for or were not in use.

As part of our remediation of our material control weaknesses, we are in the process of hiring additional personnel with knowledge of GAAP to assist in timely reconciliations of our accounts, to ensure substantiation of amounts recorded, recognition of appropriate cut-off, and management oversight of key accounts.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2000; we have recorded an adjustment of $13.6 to retained earnings at January 1, 2000 related to these miscellaneous other adjustments.

Other Adjustments	**Impact of Restatement**			
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**	**2001**	**2000**
Consolidated Statement of Operations:				
Revenue	$ 19.2	$ 20.5	$ (40.9)	$ (41.2)
Operating Income (Loss)	38.2	1.8	(13.6)	(21.7)
Provision for Income Taxes	(3.9)	(2.1)	34.0	(6.6)
Income (Loss) from Continuing Operations	$ 28.1	$ (7.7)	$ (19.4)	$ (8.1)
Consolidated Balance Sheet:				
Total Assets	$ 74.8	$ 44.1	$ 21.1	$ (31.4)
Total Liabilities	$ 43.6	$ 72.9	$ 23.6	$ (26.5)

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)
(Amounts in Millions, Except Per Share Amounts)**

The following tables present the effect of the restatement adjustments on the Consolidated Statement of Operations for the years ended December 31, 2003, 2002, 2001, and 2000:

CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2003		
	As Previously Reported	Effect of Restatement	As Restated
REVENUE	$ 5,863.4	$ 298.3	$ 6,161.7
OPERATING EXPENSES:			
Salaries and related expenses	3,451.8	48.8	3,500.6
Office and general expenses	1,896.9	328.8	2,225.7
Restructuring charges	175.6	(2.7)	172.9
Long-lived asset impairment and other charges	286.9	7.1	294.0
Total operating expenses	5,811.2	382.0	6,193.2
OPERATING INCOME (LOSS)	52.2	(83.7)	(31.5)
EXPENSE AND OTHER INCOME:			
Interest expense	(172.8)	(34.2)	(207.0)
Debt prepayment penalty	(24.8)	—	(24.8)
Interest income	38.9	0.4	39.3
Investment impairments	(84.9)	13.4	(71.5)
Litigation charges	(127.6)	—	(127.6)
Other income	50.0	0.3	50.3
Total expense and other income	(321.2)	(20.1)	(341.3)
Loss from continuing operations before provision for income taxes	(269.0)	(103.8)	(372.8)
Provision for income taxes	254.0	(11.3)	242.7
Loss from continuing operations of consolidated companies	(523.0)	(92.5)	(615.5)
Income applicable to minority interests (net of tax)	(30.9)	3.9	(27.0)
Equity in net income of unconsolidated affiliates (net of tax)	1.0	1.4	2.4
Loss from continuing operations	(552.9)	(87.2)	(640.1)
Income from discontinued operations (net of tax)	101.2	(0.2)	101.0
LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (451.7)	$ (87.4)	$ (539.1)
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ (1.43)	$ (0.23)	$ (1.66)
Discontinued operations	0.26	—	0.26
	$ (1.17)	$ (0.23)	$ (1.40)
Diluted:			
Continuing operations	$ (1.43)	$ (0.23)	$ (1.66)
Discontinued operations	0.26	—	0.26
Total	$ (1.17)	$ (0.23)	$ (1.40)
Weighted-average shares:			
Basic	385.5	—	385.5
Diluted	385.5	—	385.5

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CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2002		
	As Previously Reported	Effect of Restatement	As Restated
REVENUE	$ 5,737.5	$ 321.6	$ 6,059.1
OPERATING EXPENSES:			
Salaries and related expenses	3,350.0	46.7	3,396.7
Office and general expenses	1,889.3	359.4	2,248.7
Restructuring charges	12.1	(4.2)	7.9
Long-lived asset impairment and other charges	127.1	2.9	130.0
Total operating expenses	5,378.5	404.8	5,783.3
OPERATING INCOME	359.0	(83.2)	275.8
EXPENSE AND OTHER INCOME:			
Interest expense	(145.6)	(13.1)	(158.7)
Interest income	29.8	0.8	30.6
Investment impairments	(39.7)	(0.6)	(40.3)
Other income	7.9	0.4	8.3
Total expense and other income	(147.6)	(12.5)	(160.1)
Income from continuing operations before provision for income taxes	211.4	(95.7)	115.7
Provision for income taxes	117.9	(11.5)	106.4
Income from continuing operations of consolidated companies	93.5	(84.2)	9.3
Income applicable to minority interests (net of tax)	(30.5)	0.5	(30.0)
Equity in net income of unconsolidated affiliates (net of tax)	5.0	0.9	5.9
Income (loss) from continuing operations	68.0	(82.8)	(14.8)
Income from discontinued operations (net of tax)	31.5		31.5
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ 99.5	$ (82.8)	$ 16.7
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ 0.18	$ (0.22)	$ (0.04)
Discontinued operations	0.08	—	0.08
Total	$ 0.26	$ (0.22)	$ 0.04
Diluted:			
Continuing operations	$ 0.18	$ (0.22)	$ (0.04)
Discontinued operations	0.08	—	0.08
Total	$ 0.26	$ (0.22)	$ 0.04
Weighted-average shares:			
Basic	376.1	—	376.1
Diluted	381.3	(5.2)	376.1

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)
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CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2001		
	As Previously Reported	Effect of Restatement	As Restated
REVENUE	$ 6,352.7	$ 245.8	$ 6,598.5
OPERATING EXPENSES:			
Salaries and related expenses	3,620.9	13.6	3,634.5
Office and general expenses	2,060.7	337.8	2,398.5
Restructuring charges	634.5	(5.0)	629.5
Long-lived asset impairment and other charges	303.1	(2.4)	300.7
Total operating expenses	6,619.2	344.0	6,963.2
OPERATING INCOME	(266.5)	(98.2)	(364.7)
EXPENSE AND OTHER INCOME:			
Interest expense	(164.6)	(4.4)	(169.0)
Interest income	41.8	(0.1)	41.7
Investment impairments	(210.8)	(1.6)	(212.4)
Other income	13.7	0.8	14.5
Total expense and other income	(319.9)	(5.3)	(325.2)
Loss from continuing operations before provision for income taxes	(586.4)	(103.5)	(689.9)
Benefit for income taxes	(66.1)	(49.3)	(115.4)
Loss from continuing operations of consolidated companies	(520.3)	(54.2)	(574.5)
Income applicable to minority interests (net of tax)	(29.4)	2.1	(27.3)
Equity in net income of unconsolidated affiliates (net of tax)	(0.4)	3.6	3.2
Loss from continuing operations	(550.1)	(48.5)	(598.6)
Income from discontinued operations (net of tax)	15.6	(0.1)	15.5
LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (534.5)	$ (48.6)	$ (583.1)
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ (1.49)	$ (0.13)	$ (1.62)
Discontinued operations	0.04	—	0.04
Total	$ (1.45)	$ (0.13)	$ (1.58)
Diluted:			
Continuing operations	$ (1.49)	$ (0.13)	$ (1.62)
Discontinued operations	0.04	—	0.04
Total	$ (1.45)	$ (0.13)	$ (1.58)
Weighted-average shares:			
Basic	369.0	—	369.0
Diluted	369.0	—	369.0

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)
(Amounts in Millions, Except Per Share Amounts)

CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2000		
	As Previously Reported	Effect of Restatement	As Restated
REVENUE	$ 6,728.5	$ 143.7	$ 6,872.2
OPERATING EXPENSES:			
Salaries and related expenses	3,845.7	(14.9)	3,830.8
Office and general expenses	1,918.6	254.4	2,173.0
Restructuring charges	159.1	(0.8)	158.3
Total operating expenses	5,923.4	238.7	6,162.1
OPERATING INCOME	805.1	(95.0)	710.1
EXPENSE AND OTHER INCOME:			
Interest expense	(126.3)	(1.0)	(127.3)
Interest income	57.5	(0.1)	57.4
Investment impairments	—	(3.9)	(3.9)
Other income	42.6	2.7	45.3
Total expense and other income	(26.2)	(2.3)	(28.5)
Income from continuing operations before provision for income taxes	778.9	(97.3)	681.6
Provision for income taxes	332.1	(26.2)	305.9
Income from continuing operations of consolidated companies	446.8	(71.1)	375.7
Income applicable to minority interests (net of tax)	(42.2)	3.7	(38.5)
Equity in loss of unconsolidated affiliates (net of tax)	(18.2)	4.9	(13.3)
Income from continuing operations	386.4	(62.5)	323.9
Income from discontinued operations (net of tax)	6.4	—	6.4
NET INCOME APPLICABLE TO COMMON STOCKHOLDERS	$ 392.8	$ (62.5)	$ 330.3
Earnings per share of common stock:			
Basic:			
Continuing operations	$ 1.07	$ (0.17)	$ 0.90
Discontinued operations	0.02	—	0.02
Total	$ 1.09	$ (0.17)	$ 0.92
Diluted:			
Continuing operations	$ 1.04	$ (0.17)	$ 0.87
Discontinued operations	0.02	—	0.02
Total	$ 1.06	$ (0.17)	$ 0.89
Weighted-average shares:			
Basic	359.6	—	359.6
Diluted	370.5	—	370.5

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The following tables present the effect of the restatement adjustments on the Consolidated Balance Sheet as of December 31, 2003, 2002, 2001, and 2000:

CONDENSED CONSOLIDATED BALANCE SHEET

	As of December 31, 2003		
	As Previously Reported	Effect of Restatement	As Restated
ASSETS:			
Cash and cash equivalents	$ 2,005.7	$ (133.8)	$ 1,871.9
Short-term marketable securities	—	195.1	195.1
Accounts receivable, net of allowance of $134.1	4,632.4	17.9	4,650.3
Expenditures billable to clients	242.1	61.2	303.3
Deferred income taxes	201.7	78.0	279.7
Prepaid expenses and other current assets	267.8	(35.4)	232.4
Total current assets	7,349.7	183.0	7,532.7
Land, buildings and equipment, net	657.1	40.8	697.9
Deferred income taxes	344.5	33.8	378.3
Investments	248.6	(1.8)	246.8
Goodwill	3,310.6	(42.7)	3,267.9
Other intangible assets, net	42.0	1.0	43.0
Other assets	282.0	(2.7)	279.3
Total non-current assets	4,884.8	28.4	4,913.2
TOTAL ASSETS	$ 12,234.5	$ 211.4	$ 12,445.9
LIABILITIES:			
Accounts payable	$ 5,299.2	$ 315.5	$ 5,614.7
Accrued liabilities	1,042.7	214.0	1,256.7
Short-term debt	282.6	34.3	316.9
Total current liabilities	6,624.5	563.8	7,188.3
Long-term debt	2,191.7	7.0	2,198.7
Deferred compensation and employee benefits	539.8	8.8	548.6
Other non-current liabilities	202.6	124.1	326.7
Minority interests in consolidated subsidiaries	70.0	(5.2)	64.8
Total non-current liabilities	3,004.1	134.7	3,138.8
TOTAL LIABILITIES	9,628.6	698.5	10,327.1
STOCKHOLDERS' EQUITY:	2,605.9	(487.1)	2,118.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,234.5	$ 211.4	$ 12,445.9

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CONDENSED CONSOLIDATED BALANCE SHEET

	As of December 31, 2002		
	As Previously Reported	Effect of Restatement	As Restated
ASSETS:			
Cash and cash equivalents	$ 933.0	$ 20.2	$ 953.2
Short-term marketable securities	—	30.7	30.7
Accounts receivable, net of allowance of $139.8	4,517.6	92.5	4,610.1
Expenditures billable to clients	407.6	(19.9)	387.7
Deferred income taxes	37.0	66.0	103.0
Prepaid expenses and other current assets	427.1	(37.5)	389.6
Total current assets	6,322.3	152.0	6,474.3
Land, buildings and equipment, net	825.7	25.4	851.1
Deferred income taxes	509.9	24.4	534.3
Investments	357.3	(30.8)	326.5
Goodwill	3,377.1	(56.2)	3,320.9
Other intangible assets, net	81.6	0.8	82.4
Other assets	319.8	(4.3)	315.5
Total non-current assets	5,471.4	(40.7)	5,430.7
TOTAL ASSETS	$ 11,793.7	$ 111.3	$ 11,905.0
LIABILITIES:			
Accounts payable	$ 5,125.5	$ 245.3	$ 5,370.8
Accrued liabilities	1,144.0	129.9	1,273.9
Short-term debt	820.3	21.6	841.9
Total current liabilities	7,089.8	396.8	7,486.6
Long-term debt	1,817.7	4.5	1,822.2
Deferred compensation and employee benefits	526.1	8.8	534.9
Other non-current liabilities	189.7	81.0	270.7
Minority interests in consolidated subsidiaries	70.4	(2.4)	68.0
Total non-current liabilities	2,603.9	91.9	2,695.8
TOTAL LIABILITIES	9,693.7	488.7	10,182.4
STOCKHOLDERS' EQUITY:	2,100.0	(377.4)	1,722.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,793.7	$ 111.3	$ 11,905.0

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

CONDENSED CONSOLIDATED BALANCE SHEET

	As of December 31, 2001		
	As Previously Reported	Effect of Restatement	As Restated
ASSETS:			
Cash and cash equivalents	$ 935.2	$ 2.9	$ 938.1
Short-term marketable securities	—	21.2	21.2
Accounts receivable, net of allowance of $90.7	4,673.2	(20.1)	4,653.1
Expenditures billable to clients	325.5	32.9	358.4
Deferred income taxes	80.0	56.0	136.0
Prepaid expenses and other current assets	337.6	(37.5)	300.1
Total current assets	6,351.5	55.4	6,406.9
Land, buildings and equipment, net	847.7	23.3	871.0
Deferred income taxes	495.0	19.0	514.0
Investments	302.8	31.8	334.6
Goodwill	2,994.3	(60.4)	2,933.9
Other intangible assets, net of amortization	102.2	—	102.2
Other assets	281.8	(4.1)	277.7
Total non-current assets	5,023.8	9.6	5,033.4
TOTAL ASSETS	$ 11,375.3	$ 65.0	$ 11,440.3
LIABILITIES:			
Accounts payable	$ 4,555.5	$ 155.7	$ 4,711.2
Accrued liabilities	1,445.9	90.6	1,536.5
Short-term debt	428.4	0.1	428.5
Total current liabilities	6,429.8	246.4	6,676.2
Long-term debt	2,480.6	4.0	2,484.6
Deferred compensation and employee benefits	431.7	6.9	438.6
Other non-current liabilities	103.8	73.5	177.3
Minority interests in consolidated subsidiaries	89.3	(5.3)	84.0
Total non-current liabilities	3,105.4	79.1	3,184.5
TOTAL LIABILITIES	9,535.2	325.5	9,860.7
STOCKHOLDERS' EQUITY:	1,840.1	(260.5)	1,579.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,375.3	$ 65.0	$ 11,440.3

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)
(Amounts in Millions, Except Per Share Amounts)

CONDENSED CONSOLIDATED BALANCE SHEET

	As of December 31, 2000		
	As Previously Reported	Effect of Restatement	As Restated
ASSETS:			
Cash and cash equivalents	$ 844.6	$ 4.2	$ 848.8
Short-term marketable securities	—	26.6	26.6
Accounts receivable, net of allowance of $84.1	5,643.5	(43.9)	5,599.6
Expenditures billable to clients	436.7	36.5	473.2
Deferred income taxes	—	—	—
Prepaid expenses and other current assets	277.8	(42.8)	235.0
Total current assets	7,202.6	(19.4)	7,183.2
Land, buildings and equipment, net	825.0	20.6	845.6
Deferred income taxes	382.5	27.6	410.1
Investments	420.0	43.0	463.0
Goodwill	3,146.9	(150.9)	2,996.0
Other intangible assets, net of amortization	—	87.8	87.8
Other assets	276.6	(12.0)	264.6
Total non-current assets	5,051.0	16.1	5,067.1
TOTAL ASSETS	$ 12,253.6	(3.3)	$ 12,250.3
LIABILITIES:			
Accounts payable	$ 5,781.6	$ 119.9	$ 5,901.5
Accrued liabilities	1,293.4	48.7	1,342.1
Short-term debt	549.3	(11.3)	538.0
Total current liabilities	7,624.3	157.3	7,781.6
Long-term debt	1,531.8	2.0	1,533.8
Deferred compensation and employee benefits	519.8	5.7	525.5
Other non-current liabilities	106.8	56.8	163.6
Minority interests in consolidated subsidiaries	100.6	(7.5)	93.1
Total non-current liabilities	2,259.0	57.0	2,316.0
TOTAL LIABILITIES	9,883.3	214.3	10,097.6
STOCKHOLDERS' EQUITY:	2,370.3	(217.6)	2,152.7
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,253.6	$ (3.3)	$ 12,250.3

CRITICAL ACCOUNTING POLICIES

Our Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America. Preparation of the financial statements and related disclosures requires us to make judgments, assumptions and estimates that affect the amounts reported in the Consolidated Financial Statements and disclosed in the accompanying notes. We believe that of our significant accounting policies, the following critical accounting policies involve a higher degree of judgment and/or complexity. We consider these accounting estimates to be critical because changes in the assumptions or estimates have the potential to materially impact our financial statements. On an ongoing basis, we evaluate our judgments, assumptions and estimates based on historical experience and various other factors that are believed to be reasonable under the circumstances. Management discussed with our Audit Committee the development, selection and disclosure of our critical accounting policies and estimates and the application of these policies and estimates. Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

Our primary sources of revenue are from the planning and execution of advertising programs in various media and the planning and execution of other marketing and communications programs. The revenue for these services is recognized when all of the following criteria are satisfied: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectibility is reasonably assured; and (iv) services have been performed.

Depending on the terms of the client contract, fees for services performed can be recognized three ways: proportional performance, straight-line or monthly basis or completed contract. Fees are generally recognized as earned based on the proportional performance method of revenue recognition in situations where our fee is reconcilable to the actual hours incurred to service the client as detailed in a contractual staffing plan or where the fee is earned on a per hour basis with the amount of revenue recognized in both situations limited to the amount realizable per the terms of the client contract. We believe an input based measure (the 'hour') is appropriate in situations where the client arrangement essentially functions as a time and out of pocket expense contract and the client receives the benefit of the services provided throughout the contract term. Fees are recognized on a straight-line or monthly basis when service is provided essentially on a pro rata basis and the terms of the contract support monthly basis accounting. Certain fees (such as for major marketing events) are deferred until contract completion as the final act is so significant in relation to the service transaction taken as a whole. Fees are also recognized on a completed contract basis when the terms of the contract do not otherwise qualify for proportional performance, monthly basis recognition or the client agreement calls for the delivery of discrete projects. Incremental direct costs incurred related to contracts where revenue is accounted for on a completed contract basis are expensed as incurred. Commissions are generally earned on the date of the broadcast or publication.

Contractual arrangements with clients may also include performance incentive provisions designed to link a portion of the revenue to our performance relative to both qualitative and quantitative goals. Performance incentives are recognized as revenue for quantitative targets when the target has been achieved and for qualitative targets when confirmation of the incentive is received. Therefore, depending on the respective client contract, revenue can contain various arrangements involving fees for services performed, commissions, performance incentive provisions or a mixture of the three.

We receive credits, discounts, and other rebates from our vendors and media outlets for transactions entered into on behalf of our clients, which are passed through to our clients in accordance with

contractual provisions. If a pass-through is not required, then these credits are a reduction of vendor cost, and are recorded as additions to revenue. In connection with the restatement, where it was impractical to review client contracts, we have estimated our exposure using statistical methods. If our estimate is insufficient, we may be required to recognize additional liabilities.

Substantially all of our revenue is recorded as the net amount of our gross billings less pass-through expenses charged to a client. In most cases, the amount that is billed to clients significantly exceeds the amount of revenue that is earned and reflected in our financial statements, because of various pass-through expenses such as production and media costs. In compliance with Emerging Issues Task Force ("EITF") 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*, we assess whether the agency or the third-party supplier is the primary obligor. We evaluate the terms of our client agreements as part of this assessment. In addition, we give appropriate consideration to other key indicators such as latitude in establishing price, discretion in supplier selection and credit risk to the vendor. Because we broadly operate as an advertising agency based on our primary lines of business and given the industry practice to generally record revenue on a net versus gross basis, we believe that there must be strong evidence in place to overcome the presumption of net revenue accounting. Accordingly, we generally record revenue net of pass-through charges as we believe the key indicators of the business suggest we generally act as an agent on behalf of our clients in our primary lines of business. In those businesses (primarily sales promotion, event, sports and entertainment marketing and corporate and brand identity services) where the key indicators suggest we act as a principal, we record the gross amount billed to the client as revenue.

In accordance with EITF 01-14, *Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred*, we record the reimbursements received for incidental expenses as revenue.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is estimated based on the aging of accounts receivable, reviews of client credit reports, industry trends and economic indicators, as well as analysis of recent payment history for specific customers. The estimate is based largely on a formula-driven calculation but is supplemented with economic indicators and knowledge of potential write-offs of specific client accounts. Though we consider the balance to be adequate, changes in general domestic and international economic conditions in specific markets could have a material impact on the required reserve balance. A 10% increase in the allowance for doubtful accounts would result in a $13.6 increase in bad debt expense for 2004.

Income Taxes

The provision for income taxes includes federal, state, local and foreign taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences between the financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. We evaluate the realizability of our deferred tax assets and establish a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized.

The realization of our deferred tax assets is primarily dependent on future earnings. Any reduction in estimated forecasted results may require that we record additional valuation allowances against our deferred tax assets. Once a valuation allowance has been established, it 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 sustained profitability will generally be considered as sufficient positive evidence. If the allowance is reversed in a future period, our income tax provision will be reduced to the extent of the reversal. Accordingly, the establishment and reversal of valuation allowances has had and could have a significant negative or positive impact on our future earnings. See Note 10 to the Consolidated Financial Statements for further information.

We measure deferred tax assets and liabilities using enacted tax rates that, if changed, would result in either an increase or decrease in the provision for income taxes in the period of change.

It is our intention to reinvest undistributed earnings of our foreign subsidiaries and thereby postpone their remittance. While the American Jobs Creation Act of 2004 (the "Jobs Act") creates a temporary incentive for U.S. corporations to repatriate undistributed international earnings by providing an 85% dividends received deduction, we have reviewed the provisions and determined not to take advantage of this provision to repatriate undistributed earnings of our foreign subsidiaries to the U.S. However, we will continue to monitor our circumstances and if there is a change which makes the use of this provision advantageous, we will be able to adopt it prior to December 31, 2005.

Land, Buildings and Equipment

Certain events or changes in circumstances could cause us to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired. If the total of the expected future undiscounted future cash flows is less than the carrying value of the asset, we recognize an impairment loss in the financial statements. The impairment loss is calculated by subtracting the imputed fair value from the carrying value of the asset. At least annually, we review all fixed assets for impairment. Any resulting impairment loss could have a material impact on our financial condition and results of operations.

The assignment of useful lives to buildings and equipment involves significant judgments and the use of estimates. We depreciate fixed assets using the straight-line method over the asset's assigned useful life. A one-year decrease in the useful lives of these assets would result in a $18.4 increase in annual depreciation expense.

Investments

We regularly review our cost and equity investments to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. In the event a decline in fair value of an investment occurs, we must determine if the decline in market value has been other than temporary. We consider our investments strategic and long-term in nature, so we must determine if the fair value decline is recoverable within a reasonable period. For investments accounted for using the cost basis or equity basis, we evaluate fair value based on specific information (valuation methodologies, estimates of appraisals, financial statements, etc.) in addition to quoted market price, if applicable. Other factors indicative of an other than temporary decline include recurring operating losses, credit defaults and subsequent rounds of financing with pricing that is below the cost basis of the investment. This list is not all-inclusive; we consider all known quantitative and qualitative factors in determining if an other than temporary decline in value of an investment has occurred. Our assessments of fair value represent our best estimates at the time of impairment review. If different fair values were estimated, this could have a material impact on our Consolidated Financial Statements. We recorded an investment impairment of $63.4 for the year ended December 31, 2004 primarily related to a decrease in projected operating results of an unconsolidated investment. See Note 9 to the Consolidated Financial Statements for further information.

Goodwill and Other Intangible Assets

We account for our business combinations using the purchase accounting method. The total costs of the acquisitions are allocated to the underlying net assets, based on their respective estimated fair market values. Considering the characteristics of advertising, specialized marketing and communication services companies, our acquisitions usually do not have significant amounts of tangible and other intangible net assets. As a result, a substantial portion of the purchase price is allocated to goodwill. Determining the fair market value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates, including but not limited to, future cash inflows and outflows, discount rates, asset lives, and market multiples.

We have three types of intangible assets: (1) goodwill; (2) other intangible assets with indefinite lives not subject to amortization; and (3) other intangible assets with definite lives subject to amortization. We perform a review annually of all intangible assets as of September 30th or whenever events or significant changes in circumstances indicate that the carrying value may not be recoverable. Events or circumstances that might require the need for more frequent tests include, but are not limited to, the loss of a number of significant clients, the identification of other impaired assets within a reporting unit, negative financial performance, the disposition of a significant portion of a reporting unit, or a significant adverse change in business climate or regulations.

We evaluate the recoverability of goodwill at a reporting unit level and test for impairment at least annually. Reporting units are either the entities at the operating segment level or one level below the operating segment level. We identified 13 reporting units for the 2004 impairment testing. All goodwill relates to, and is assigned directly to, specific reporting units.

The first step of the impairment test is a comparison of the fair value of a reporting unit to its carrying value. Goodwill allocated to a reporting unit whose fair value is equal to or greater than its carrying value is not impaired and no further testing is required. If the fair value of a reporting unit's goodwill is less than its carrying value, a second impairment step will be performed to determine if impairment exists. The second step of the goodwill impairment test is a comparison of the implied fair value of a reporting unit's goodwill to its carrying value. Goodwill of a reporting unit is impaired when its carrying value exceeds its implied fair value. Impaired goodwill is written down to its implied fair value with a charge to expense in the period the impairment is identified.

The fair value of a reporting unit is estimated using our projections of discounted future operating cash flows (without interest) of the unit. Such projections require the use of significant estimates and assumptions as to matters such as future revenue growth, profit margins, capital expenditures, assumed tax rates and discount rates. We believe that the estimates and assumptions made are reasonable but are susceptible to change from period to period. Additionally, our strategic decisions or changes in market valuation multiples could lead to further impairment charges. Actual results of operations, cash flows and other factors used in a discounted cash flow valuation will likely differ from the estimates used and it is possible that differences and changes could be material.

Other intangible assets include customer lists, trade names and customer relationships. Intangible assets with indefinite lives not subject to amortization are tested for impairment in the same manner as goodwill as described above. Intangible assets with definitive lives subject to amortization are amortized on a straight-line basis with estimated useful lives generally ranging from 1 to 15 years and are tested for impairment whenever events or circumstances indicate that a carrying amount of an asset may not be recoverable. If the total of the expected future undiscounted cash flows is less than the carrying value of the asset, a loss is recognized for the difference between fair value and the carrying value of the asset in the period the impairment is identified.

Our annual impairment review as of September 30, 2004 resulted in impairment charges of $311.9 that were recorded at three reporting units. See Notes 7 and 8 to the Consolidated Financial Statements for further information.

The excess of the low range of the fair value over the carrying value for each of the non-impaired reporting units ranged from approximately $6.4 to approximately $1,501.9. In order to evaluate the sensitivity of the fair value calculations on the goodwill impairment test, we applied a hypothetical 10% decrease to the fair values of each reporting unit. This hypothetical 10% decrease would result in excess fair value over carrying value for each of the non-impaired reporting units ranging from approximately $3.4 to approximately $871.9.

Acquisitions

The majority of our acquisitions include an initial payment at the time of closing and provide for additional contingent purchase price payments over a specified time. The initial purchase price of an acquisition is allocated to identifiable assets acquired and liabilities assumed based on estimated fair values with any excess being recorded as goodwill. These contingent payments ("earn-outs") are calculated based on estimates of the future financial performance of the acquired entity, the timing of the exercise of these rights, changes in foreign currency exchange rates and other factors. Earn-out payments are either recorded as an increase to goodwill and other intangibles or expensed as compensation based on the acquisition agreement and the terms of employment for the former owners of the acquired businesses. Earn-out payments are recorded within the financial statements once the contingent acquisition obligations have been met and the consideration is distributable. See the Liquidity and Capital Resources section of this report and Note 19 to the Consolidated Financial Statements for further information regarding future contingent acquisition obligations.

Restructuring Reserves

When appropriate, we establish restructuring reserves for severance and termination costs and lease termination and other exit costs related to our restructuring programs. We have established reserves for restructuring programs initiated in 2001 and 2003. The reserves reflect our best estimates for the costs of the plans. However, actual results may differ from the estimated amounts based on, but not limited to, changes in demand for advertising services and unexpected usage of leased properties. Comparison of actual results to estimates may materially impact the amount of the restructuring charges. In 2004, we recorded adjustments to the restructuring reserves of $22.6 and $9.4 for changes in management estimates related to the 2003 and 2001 programs, respectively. We will continue to monitor our restructuring reserves and may adjust the current balances based on future events. See Note 5 to the Consolidated Financial Statements for further information.

Pension and Postretirement Benefits

We use numerous actuarial assumptions and methods in the determination of our pension and postretirement benefit costs and obligations. The discount rate is the major assumption, which impacts our benefit cost and recorded obligations for pension and postretirement plans. Discount rates used for our benefit plans attempt to match the duration of the underlying liability with highly rated securities that could be used to effectively settle the obligation. For 2004, a 25 basis point decrease in the discount rate would have increased our net benefit cost by approximately $1.8. See Note 14 to the Consolidated Financial Statements for further information.

OTHER MATTERS

SEC Investigation

In January 2003, the SEC issued a formal order of investigation related to our restatements of earnings for periods dating back to 1997. On April 20, 2005, we received a subpoena from the SEC under authority of the order of investigation requiring production of additional documents relating to the potential restatement we announced in March 2005. The SEC is investigating the restatement detailed in Note 2 to the Consolidated Financial Statements. We are cooperating fully with the investigation.

RECENT ACCOUNTING STANDARDS

Please refer to Note 1 to our Consolidated Financial Statements for a complete description of recent accounting pronouncements that have affected us or may affect us.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

In the normal course of business, we are exposed to market risks related to interest rates and foreign currency rates. From time to time, we use derivatives, pursuant to established guidelines and policies, to manage some portion of these risks. Derivative instruments utilized in our hedging activities are viewed as risk management tools, involve little complexity and are not used for trading or speculative purposes. See Note 16 to the Consolidated Financial Statements.

Interest Rates

Our exposure to market risk for changes in interest rates relates primarily to our debt obligations. At December 31, 2004, a significant portion (81.1%) of our debt obligations bore interest 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 $16.3 if market rates were to increase by 10% and would increase by approximately $19.5 if market rates were to decrease by 10%. For that portion of the debt that bore interest at variable rates, based on outstanding amounts and rates at December 31, 2004, interest expense and cash out-flow would increase or decrease by approximately $1.8 if market rates were to increase or decrease by 10%, respectively. From time to time we have used interest rate swaps to manage the mix of our fixed and floating rate debt obligations. In May 2005, we terminated all our existing long-term interest rate swap agreements, and currently have none outstanding.

Foreign Currencies

We face translation and transaction risks related to changes in foreign currency exchange rates. Amounts invested in our 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 our Consolidated Balance Sheet. Our foreign subsidiaries generally collect revenues and pay expenses in currencies other than the US Dollar, mitigating transaction risk. Since the functional currency of our 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 either positively or negatively affect our 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 year ended December 31, 2004. We have not entered into a material amount of foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

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MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America ("GAAP"). We recognize that because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

To evaluate the effectiveness of our internal control over financial reporting, management used the criteria described in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness (within the meaning of PCAOB Auditing Standard No. 2) in internal control over financial reporting is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Management's assessment is that our internal control over financial reporting was not effective as of December 31, 2004 because of the material weaknesses identified and described below. We will, however, be unable to determine whether the elements of internal control over financial reporting related directly to preparing the financial statements for external purposes, as well as the preparation and calculation of the provision for income taxes, were operating effectively as of December 31, 2004, because the internal controls in place at year-end have been extensively modified prior to the Company's evaluation of these controls and can no longer be observed or assessed. Although we have not completed our assessment of the effectiveness of the Company's internal control over financial reporting, the following describes the material weaknesses in internal control over financial reporting that have been identified by us as of December 31, 2004. It is possible had we been able to complete our assessment that additional material weaknesses may have been identified. The items are grouped according to the components of the COSO framework to which they relate. As a result of these material weaknesses, we did not prevent or detect errors in our financial statements, which led to the restatement we have made in this annual report.

Control Environment

1. The Company did not maintain an effective control environment. Specifically, controls were not designed and in place to ensure compliance with the Company's policies and procedures, including those contained in the Company's Code of Conduct. Further, the Company did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training in the application of accounting principles generally accepted in the United States (GAAP) commensurate with the Company's financial reporting requirements. The Company also failed to implement processes to ensure periodic monitoring of its existing internal control activities over financial reporting. By placing, heavy reliance on manual procedures without quality control review and other monitoring controls in place to adequately identify and assess significant risks that may impact financial statements and related disclosures. This deficiency resulted in a control environment that allowed instances of falsified books and records, violations of laws, regulations and the Company's policies, misappropriation of assets and improper customer charges and dealings with vendors resulting in the restatement and audit adjustments described below. This deficiency has had a pervasive impact on the Company's control environment and has contributed to the material weaknesses described below.

Control Activities

2. The Company did not maintain effective controls over the accounting for purchase business combinations. Specifically, the Company did not have controls designed and in place to ensure the

completeness, accuracy and valuation of revenue and expenses of acquired companies related to periods after the closing date of the transactions. In addition, the Company did not maintain effective controls to ensure the completeness, accuracy and valuation of assets and liabilities recorded for compensatory earn-out and put arrangements or derivatives embedded within acquisition transactions. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which primarily impacted revenue, salaries and related expenses, office and general expenses, long lived assets and other charges, goodwill, accrued liabilities, deferred compensation and employee benefits, other non-current liabilities and accumulated deficit.

3. The Company did not maintain effective controls over the accuracy and presentation and disclosure of recording of revenue. Specifically, controls were not designed and in place to ensure that customer contracts were authorized, that customer contracts were analyzed to select the appropriate method of revenue recognition, and billable job costs were compared to client cost estimates to ensure that no amounts were owed to clients. In addition, controls were not designed and in place to ensure that revenue transactions were analyzed for appropriate presentation and disclosure of billable client pass-through expenses or for recognition of revenue on a gross or net basis. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted revenue, office and general expenses, accounts receivable, net, expenditures billable to clients, accounts payable, accrued liabilities and accumulated deficit.

4. The Company did not maintain effective controls to ensure that certain financial statement transactions were appropriately initiated, authorized, processed, documented and accurately recorded. This was primarily evident in the following specific areas:

i. client contracts, incentives and rebates;
ii. write-offs of aged accounts receivable, expenditures billable to clients and amounts billable to clients;
iii. fixed assets purchases, disposals, and leases;
iv. accounts payable and accrued liabilities;
v. payments made for employee compensation;
vi. cash and cash equivalents, wire transfers, and foreign currency transactions;
vii. arrangements with derivative instruments;
viii. intercompany transactions;
ix. purchase of equity of investments in unconsolidated entities; and
x. purchase, disposal or write-off of intangible assets.

This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the consolidated financial statements.

5. The Company did not maintain effective controls over the complete and accurate recording of leases in accordance with GAAP. Specifically, the Company did not completely evaluate and accurately account for leases with rent holidays, rent escalation clauses, leasehold improvements or asset retirement obligations associated with real estate leases where leasehold improvements are made. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which primarily impacted office and general expenses, restructuring charges, land, buildings and equipment, net, accounts payable, accrued liabilities, other non-current liabilities, and accumulated deficit.

6. The Company did not maintain effective controls over the accounting for income taxes in operations outside of the United States to ensure amounts are accurately accounted for in accordance with GAAP. Specifically, the Company did not have controls designed and in place to ensure that accounting personnel performed the following: recorded income tax provision between current and deferred tax accounts in the balance sheet; reconciled prior years' income tax returns to the appropriate period income tax provision computations; timely identified income tax exposures and contingencies, including interest and penalties; and reconciled tax accounts to tax filings. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted accrued liabilities, deferred income taxes, other non-current liabilities and the provision for income taxes.

7. The Company did not maintain effective controls over reporting local income tax in the local statutory accounts or local income tax returns in operations outside of the United States. Specifically, the Company did not have controls designed and in place to ensure that accounting personnel adhere to policy and procedures regarding compliance with local laws and regulations, and reconcile its accounts between GAAP and local income tax reporting. This resulted in the violation of local tax regulations and incomplete and inaccurate recording of income taxes in the Company's consolidated financial statements. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted accrued liabilities, deferred income taxes, other non-current liabilities and the provision for income taxes.

8. The Company did not maintain effective controls relating to the completeness and accuracy of local payroll and compensation related liabilities in certain operations outside of the United States. Specifically the Company did not have controls designed and in place to identify instances where local reporting regulations and payroll tax withholding requirements were not met. A number of compensation practices were identified which were either not supportable under local law or were not fully in accordance with the Company's policies and procedures. This resulted in improperly omitting, and in certain instances purposefully omitting, certain liabilities in the consolidated financial statements. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted salaries and other related expense and accrued expenses.

9. The Company did not maintain effective controls over the accuracy and completeness of the processing and monitoring of intercompany transactions, including appropriate authorization for intercompany charges. Specifically, controls were not designed and in place to ensure that intercompany balances were accurately classified and completely reported in the Company's consolidated financial statements, and intercompany confirmations were not completed timely or accurately between the Company's agencies to ensure proper elimination as part of the consolidation process. This control deficiency resulted in immaterial adjustments to the consolidated financial statements.

10. The Company did not maintain effective controls over the reconciliation of certain financial statement accounts. Specifically, controls were not designed and in place to ensure that the Company's accounts were accurate and agreed to detailed support. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the Company's consolidated financial statements.

11. The Company did not maintain effective control over the monitoring of financial statement accounts to value and record them in a timely, accurate and complete manner. Specifically, controls were not designed and in place to:

i. compare revenue recorded to amounts billed to clients;

ii. identify contracts with potential client rebates;

iii. analyze collectibility of aged accounts receivable or expenditures billable to clients;

iv. compare billable job costs to client cost estimates;

v. review fixed asset records for under utilized, missing or fully depreciated assets;

vi. ensure that the underlying records support liabilities related to employee compensation, including an inventory of foreign employee pension plans, census data to calculate pension liabilities and changes made to benefit plans which impact the Company’s compliance with certain employment and tax regulations;

vii. review intercompany balances for appropriate classification;

viii. review foreign currency translation adjustments;

ix. analyze accrued expenses and underlying equity of investments in unconsolidated entities;

x. test intangible assets for impairments; or

xi. review equity accounts for appropriate roll-forward.

This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the Company’s consolidated financial statements.

12. The Company did not maintain effective controls over the period end financial reporting process. Specifically, controls were not designed and in place to ensure that (i) journal entries, both recurring and non-recurring, were reviewed and approved, (ii) timely and complete reviews of the financial statements were performed by personnel with knowledge sufficient to reach appropriate accounting conclusions, and (iii) a reconciliation of its legal entity financial results to the financial results recorded in the consolidated financial statements was performed. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the Company’s consolidated financial statements.

13. The Company did not maintain effective controls over the safeguarding of assets. Specifically, at certain of the Company’s international locations, controls were not designed and in place to segregate responsibility and authority between initiating, processing and recording of transactions which impacted many accounts in the Company’s consolidated financial statements. This deficiency resulted in certain improper transactions being entered into and those transactions being recorded or not recorded in the Company’s financial statements. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the Company’s consolidated financial statements.

14. The Company did not maintain effective controls over independent service providers. Specifically, the Company was unable to document, test, and evaluate controls at third party vendors to which the Company outsources its employee benefit enrollment process and certain payroll processing services in

North America. This control deficiency did not result in an adjustment to the consolidated financial statements.

15. The Company did not maintain effective controls over access to the Company's financial applications and data. Specifically, controls were not designed and in place to ensure that access to certain financial applications and data at certain locations were adequately restricted. In addition, the Company did not adequately monitor the access to financial applications and data. This control deficiency has had a pervasive impact on the Company's information technology control environment.

16. The Company did not maintain effective controls over spreadsheets used in the Company's financial reporting process. Specifically, controls were not designed and in place to ensure that access was restricted to appropriate personnel, and that unauthorized modification of the data or formulas within spreadsheets was prevented. This control deficiency did not result in material adjustments to the consolidated financial statements.

Information and Communication

17. The Company did not maintain effective controls over the communication of policies and procedures. Specifically, controls were not designed and in place to ensure corporate communications, including the Company's code of conduct, were received by personnel across the Company. This deficiency has had a pervasive impact on the Company's control environment and has contributed to the material weaknesses described above.

Monitoring

18. The Company did not maintain effective controls over monitoring the performance of proper application of the Company's internal controls over financial reporting and related policies and procedures. Specifically, controls were not designed and in place to ensure that the Company identifies and remediates control deficiencies timely. This deficiency has had a pervasive impact on the Company's control environment and has contributed to the many material weaknesses described above.

Each of the above control deficiencies could result in a misstatement of account balances or disclosure, including the aforementioned accounts identified in the material weaknesses above, that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

PricewaterhouseCoopers LLP (PwC), our independent registered public accounting firm, has not completed their audit of our internal control over financial reporting as of December 31, 2004. PwC's report on our internal control over financial reporting disclaims an opinion on our assessment and on the effectiveness of our internal control over financial reporting. Refer to PwC's report within Item 8.

REMEDIATION OF MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

We have extensive work remaining to remedy the material weaknesses described above. The magnitude of the work is attributable partly to our significantly decentralized structure and the number of our disparate accounting systems of varying quality and sophistication. We are in the process of developing a comprehensive remediation plan to address our deficiencies and expect that this plan will extend into the 2006 fiscal year. The following list describes remedial actions that have been implemented to date.

Meeting with management of our financial and operating units to ensure their understanding of the procedures to be followed and requirements to be met prior to executing required internal management certification letters to accompany the financial statements they submit. These meetings have been occurring and will continue.

Requiring Interpublic Group Code of Conduct compliance certifications by all significant management of the Company and our agencies prior to the submission of the financial and operating unit's

financial statements. This measure has already been implemented for our largest 400 entities (by revenue) and will continue to be implemented at other entities through 2005.

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

Creating a centralized Project Management Office ("PMO"), charged with preparing management to report on our internal control over financial reporting by developing a centralized reporting process for our entities with respect to monitoring the documentation, testing and remediation associated with the assessment of internal control over financial reporting. The PMO, as well as the centralized reporting process, has been implemented.

Implementing a new enterprise-wide resource-planning software system, currently anticipated to be implemented at select entities during the latter part of 2005 with continuing rollout through early 2007. This implementation will allow for more transparency in the reporting of our results of operations and will also allow for numerous controls to be automated as part of the system.

Continuing the development throughout 2005 and 2006 of a shared service center program to consolidate various financial transactional functions to attain efficiencies and controls surrounding these activities.

Reorganizing and restructuring our Corporate Controllers Group by hiring additional qualified personnel and revising the reporting structure. We are also continuing our assessment of the accounting departments at our agencies and, in some cases, have already either replaced personnel or hired additional resources. This assessment is expected to continue throughout 2005, while the remediation may extend into the first half of 2006 before our agencies are fully staffed to levels we consider appropriate.

Instituting plans to modify the compensation structure of our top 300 managers to better align internal control environments with compensation, with approximately one-third of their bonuses to be based on improvements made to their respective internal control environments.

With assistance from the Corporate Controllers Group and the Internal Control Group, we have conducted surprise audits of selected income statement items and balance sheet accounts at various financial and operating units to ensure accuracy of results.

Updating and enhancing accounting and finance-related policies and procedures. The maintenance of policies is a constantly evolving process subject to continuous update, and in that regard, we have recently issued or in the process of updated policies with respect to revenue recognition, accounting for expenditures under real estate leases, and the processing of inter-company transactions among others.

Establishing an ongoing program of continuing professional education for financial employees in various areas and disciplines, including revenue recognition and ethics.

Establishing standard global manual documentation requirements at the local reporting levels for the assessment of processing and monitoring of inter-company transactions, appropriate revenue recognition and the proper recognition of expenditures under real estate leases.

Establishing and continuing to improve ongoing analytical review procedures, at the local reporting levels as well as the consolidated level, as part of the monthly closing process and continuing the detailed monthly results analysis and meetings with all significant entities by the Corporate Controllers Group.

Establishing revised quarterly reporting for tax accounts, update and enhance tax related policies and procedures, and increase tax training at regional and local levels. We also hired a team of professionals solely responsible for interacting with all levels of financial personnel in the agencies to ensure that the tax reporting information is being provided timely and accurately.

Engaging outside professional tax advisors to review local income tax returns of each subsidiary outside of the US prior to filing in order to ensure they are filed on a timely basis and are prepared in accordance with local law and regulations.

Requiring written approval of a corporate committee consisting of senior representatives of the human resources, tax, legal and accounting functions for any non-traditional employment arrangement or payroll practice. In addition, all existing non-traditional employment arrangements must be reviewed by senior agency financial executives and a formal plan proposed to eliminate those arrangements which are not supportable under both local law and practice as well as our policies and procedures.

Given the presence of material weaknesses in our internal control over financial reporting, there is more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Our financial reporting process includes extensive procedures we undertake in order to obtain assurance regarding the reliability of our published financial statements, notwithstanding the material weaknesses in internal control. We have significantly expanded our year-end closing procedures. We have expanded our review of customer contracts and agreements to address revenue recognition issues. We have increased our review procedures for lease accounting, expenditures billable to clients, receivables and inter-company transactions. In addition, we have other procedures to strengthen account analysis and reconciliations. All of the above mentioned procedures have been designed to help compensate for our material weaknesses in order to provide assurance that the financial statements are free of material inaccuracies or omissions of material fact. As a result, management, to the best of its knowledge, believes that (i) this report does not contain any untrue statements of a material fact or omits any material fact and (ii) the consolidated financial statements and other financial information included in this report for the year ended December 31, 2004 have been prepared in conformity with GAAP and fairly present in all material respects our financial condition, results of operations and cash flows.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
The Interpublic Group of Companies, Inc.:

We were engaged to perform an integrated audit of The Interpublic Group of Companies, Inc.'s 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2004 in accordance with the standards of the Public Company Accounting Oversight Board (United States). We have audited the Company's 2004, 2003, and 2002 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinion on the consolidated financial statements, based on our audits of those consolidated financial statements, is presented below. However, as explained more fully below, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion either on management's assessment or on the effectiveness of the Company's internal control over financial reporting as of December 31, 2004.

Consolidated financial statements and financial statement schedule

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of The Interpublic Group of Companies Inc. and its subsidiaries at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion the financial statement schedule listed in the index appearing under Item 8 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statements schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the consolidated financial statements, the Company restated its 2003 and 2002 consolidated financial statements.

Internal control over financial reporting

Also, we were engaged to audit management's assessment, included in Management's Assessment on Internal Control Over Financial Reporting appearing under Item 8, that the Company did not maintain effective internal control over financial reporting as of December 31, 2004 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Although management has not completed its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, management has identified the following material weaknesses as of December 31, 2004:

1. The Company did not maintain an effective control environment. Specifically, controls were not designed and in place to ensure compliance with the Company's policies and procedures, including those

contained in the Company's Code of Conduct. Further, the Company did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training in the application of accounting principles generally accepted in the United States (GAAP) commensurate with the Company's financial reporting requirements. The Company also failed to implement processes to ensure periodic monitoring of its existing internal control activities over financial reporting by placing heavy reliance on manual procedures without quality control review and other monitoring controls in place to adequately identify and assess significant risks that may impact financial statements and related disclosures. This deficiency resulted in a control environment that allowed instances of falsified books and records, violations of laws, regulations and the Company's policies, misappropriation of assets and improper customer charges and dealings with vendors resulting in the restatement and audit adjustments described below. This deficiency has had a pervasive impact on the Company's control environment and has contributed to the material weaknesses described below.

2. The Company did not maintain effective controls over the accounting for purchase business combinations. Specifically, the Company did not have controls designed and in place to ensure the completeness, accuracy and valuation of revenue and expenses of acquired companies related to periods after the closing date of the transactions. In addition, the Company did not maintain effective controls to ensure the completeness, accuracy and valuation of assets and liabilities recorded for compensatory earn-out and put arrangements or derivatives embedded within acquisition transactions. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which primarily impacted revenue, salaries and related expenses, office and general expenses, long lived assets and other charges, goodwill, accrued liabilities, deferred compensation and employee benefits, other non-current liabilities and accumulated deficit.

3. The Company did not maintain effective controls over the accuracy and presentation and disclosure of recording of revenue. Specifically, controls were not designed and in place to ensure that customer contracts were authorized, that customer contracts were analyzed to select the appropriate method of revenue recognition, and billable job costs were compared to client cost estimates to ensure that no amounts were owed to clients. In addition, controls were not designed and in place to ensure that revenue transactions were analyzed for appropriate presentation and disclosure of billable client pass-through expenses or for recognition of revenue on a gross or net basis. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted revenue, office and general expenses, accounts receivable, net, expenditures billable to clients, accounts payable, accrued liabilities and accumulated deficit.

4. The Company did not maintain effective controls to ensure that certain financial statement transactions were appropriately initiated, authorized, processed, documented and accurately recorded. This was primarily evident in the following specific areas:

i. client contracts, incentives and rebates;

ii. write-offs of aged accounts receivable, expenditures billable to clients and amounts billable to clients;

iii. fixed assets purchases, disposals, and leases;

iv. accounts payable and accrued liabilities;

v. payments made for employee compensation;

vi. cash and cash equivalents, wire transfers, and foreign currency transactions;

vii. arrangements with derivative instruments;

viii. intercompany transactions;

ix. purchase of equity of investments in unconsolidated entities; and

x. purchase, disposal or write-off of intangible assets.

This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the consolidated financial statements.

5. The Company did not maintain effective controls over the complete and accurate recording of leases in accordance with GAAP. Specifically, the Company did not completely evaluate and accurately account for leases with rent holidays, rent escalation clauses, leasehold improvements or asset retirement obligations associated with real estate leases where leasehold improvements are made. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which primarily impacted office and general expenses, restructuring charges, land, buildings and equipment, net, accounts payable, accrued liabilities, other non-current liabilities, and accumulated deficit.

6. The Company did not maintain effective controls over the accounting for income taxes in operations outside of the United States to ensure amounts are accurately accounted for in accordance with GAAP. Specifically, the Company did not have controls designed and in place to ensure that accounting personnel performed the following: recorded income tax provision between current and deferred tax accounts in the balance sheet; reconciled prior years' income tax returns to the appropriate period income tax provision computations; timely identified income tax exposures and contingencies, including interest and penalties; and reconciled tax accounts to tax filings. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted accrued liability, deferred income taxes, other non-current liabilities and the provision for income taxes.

7. The Company did not maintain effective controls over reporting local income tax in the local statutory accounts or local income tax returns in operations outside of the United States. Specifically, the Company did not have controls designed and in place to ensure that accounting personnel adhere to policy and procedures regarding compliance with local laws and regulations, and reconcile its accounts between GAAP and local income tax reporting. This resulted in the violation of local tax regulations and incomplete and inaccurate recording of income taxes in the Company's consolidated financial statements. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted accrued liabilities, deferred income taxes, other non-current liabilities and the provision for income taxes.

8. The Company did not maintain effective controls over the completeness and accuracy of local payroll and compensation related expense and liabilities in certain operations outside of the United States. Specifically the Company did not have controls designed and in place to identify instances where local reporting regulations and payroll tax withholding requirements were not met. A number of compensation practices were identified which were either not supportable under local law or were not in accordance with the Company's policies and procedures. This resulted in improperly omitting, and in certain instances purposefully omitting, certain liabilities in the consolidated financial statements. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted salaries and other related expense and accrued liabilities.

9. The Company did not maintain effective control over the accuracy and completeness of the processing and monitoring of intercompany transactions, including appropriate authorization for intercompany charges. Specifically, controls were not designed and in place to ensure that intercompany balances were accurately

classified and completely reported in the Company's consolidated financial statements, and intercompany confirmations were completed timely or accurately between the Company's agencies to ensure proper elimination as part of the consolidation process. This control deficiency resulted in immaterial adjustments to the consolidated financial statements.

10. The Company did not maintain effective controls over the reconciliation of certain financial statement accounts. Specifically, controls were not designed and in place to ensure that the Company's accounts were accurate and agreed to detailed support. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the Company's consolidated financial statements.

11. The Company did not maintain effective controls over the monitoring of financial statement accounts to value and record them in a timely, accurate and complete manner. Specifically, controls were not designed and in place to:

i. compare revenue recorded to amounts billed to clients;

ii. identify contracts with potential client rebates;

iii. analyze collectibility of aged accounts receivable or expenditures billable to clients;

iv. compare billable job costs to client cost estimates;

v. review fixed asset records for under utilized, missing or fully depreciated assets;

vi. ensure that the underlying records support liabilities related to employee compensation, including an inventory of foreign employee pension plans, census data to calculate pension liabilities and changes made to benefit plans which impact the Company's compliance with certain employment and tax regulations;

vii. review intercompany balances for appropriate classification;

viii. review foreign currency translation adjustments;

ix. analyze accrued expenses and underlying equity of investments in unconsolidated entities;

x. test intangible assets for impairments; or

xi. review equity accounts for appropriate roll-forward.

This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the Company's consolidated financial statements.

12. The Company did not maintain effective controls over the period end financial reporting process. Specifically, controls were not designed and in place to ensure that (i) journal entries, both recurring and non-recurring, were reviewed and approved, (ii) timely and complete reviews of the financial statements were performed by personnel with knowledge sufficient to reach appropriate accounting conclusions, and (iii) a reconciliation of its legal entity financial results to the financial results recorded in the consolidated financial statements was performed. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the Company's consolidated financial statements.

13. The Company did not maintain effective controls over the safeguarding of assets. Specifically, at certain of the Company's international locations, controls were not designed and in place to segregate responsibility and authority between initiating, processing and recording of transactions which impacted many accounts in the Company's consolidated financial statements. This deficiency resulted in certain improper transactions being entered into and those transactions being recorded or not recorded in the

Company's financial statements. This deficiency resulted in a restatement of 2004 (first three interim periods) and 2003 interim consolidated financial statements, the 2003 and 2002 annual consolidated financial statements and audit adjustments to the 2004 annual consolidated financial statements and certain interim periods, which impacted substantially all accounts in the Company's consolidated financial statements.

14. The Company did not maintain effective controls over independent service providers. Specifically, the Company was unable to document, test, and evaluate controls at third party vendors to which the Company outsources its employee benefit enrollment process and certain payroll processing services in North America. This control deficiency did not result in an adjustment to the consolidated financial statements.

15. The Company did not maintain effective controls over access to the Company's financial applications and data. Specifically, controls were not designed and in place to ensure that access to certain financial applications and data at certain locations were adequately restricted. In addition, the Company did not adequately monitor the access to financial applications and data. This control deficiency has had a pervasive impact on the Company's information technology control environment.

16. The Company did not maintain effective controls over spreadsheets used in the Company's financial reporting process. Specifically, controls were not designed and in place to ensure that access was restricted to appropriate personnel, and that unauthorized modification of the data or formulas within spreadsheets was prevented. This control deficiency did not result in material adjustments to the consolidated financial statements.

17. The Company did not maintain effective controls over the communication of policies and procedures. Specifically, controls were not designed and in place to ensure corporate communications, including the Company's code of conduct, were received by personnel across the Company. This deficiency has had a pervasive impact on the Company's control environment and has contributed to the material weaknesses described above.

18. The Company did not maintain effective controls over monitoring the performance of proper application of the Company's internal controls over financial reporting and related policies and procedures. Specifically, controls were not designed and in place to ensure that the Company identifies and remediates control deficiencies timely. This deficiency has had a pervasive impact on the Company's control environment and has contributed to the many material weaknesses described above.

Each of the above control deficiencies could result in a misstatement of account balances or disclosures, including the aforementioned accounts identified in the material weaknesses above, that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

The existence of one or more material weaknesses as of December 31, 2004 would preclude a conclusion that the Company's internal control over financial reporting was effective as of that date. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2004 consolidated financial statements, and our disclaimer of opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or

timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Since the Company has not completed its assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, and we were unable to complete our procedures to satisfy ourselves as to the effectiveness of the Company's internal control over financial reporting, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion either on management's assessment or on the effectiveness of the company's internal control over financial reporting and to identify all material weaknesses that might exist at December 31, 2004.

/s/ PricewaterhouseCoopers LLP

New York, New York
September 29, 2005

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THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in Millions, Except Per Share Amounts)

	Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
REVENUE	$ 6,387.0	$ 6,161.7	$ 6,059.1
OPERATING EXPENSES:			
Salaries and related expenses	3,733.5	3,500.6	3,396.7
Office and general expenses	2,249.8	2,225.7	2,248.7
Restructuring charges	62.2	172.9	7.9
Long-lived asset impairment and other charges	322.2	294.0	130.0
Motorsports contract termination costs	113.6	—	—
Total operating expenses	6,481.3	6,193.2	5,783.3
OPERATING INCOME (LOSS)	(94.3)	(31.5)	275.8
EXPENSE AND OTHER INCOME:			
Interest expense	(172.0)	(207.0)	(158.7)
Debt prepayment penalty	(9.8)	(24.8)	—
Interest income	50.7	39.3	30.6
Investment impairments	(63.4)	(71.5)	(40.3)
Litigation charges	32.5	(127.6)	—
Other income (expense)	(10.7)	50.3	8.3
Total expense and other income	(172.7)	(341.3)	(160.1)
Income (loss) from continuing operations before provision for income taxes	(267.0)	(372.8)	115.7
Provision for income taxes	262.2	242.7	106.4
Income (loss) from continuing operations of consolidated companies	(529.2)	(615.5)	9.3
Income applicable to minority interests (net of tax)	(21.5)	(27.0)	(30.0)
Equity in net income of unconsolidated affiliates (net of tax)	5.8	2.4	5.9
Loss from continuing operations	(544.9)	(640.1)	(14.8)
Dividends on preferred stock	19.8	—	—
Net loss from continuing operations	(564.7)	(640.1)	(14.8)
Income from discontinued operations (net of tax)	6.5	101.0	31.5
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ (558.2)	$ (539.1)	$ 16.7
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	(1.36)	(1.66)	(0.04)
Discontinued operations	0.02	0.26	0.08
Total	$ (1.34)	$ (1.40)	$ 0.04
Diluted:			
Continuing operations	(1.36)	(1.66)	(0.04)
Discontinued operations	0.02	0.26	0.08
Total	$ (1.34)	$ (1.40)	$ 0.04
Weighted-average shares:			
Basic	415.3	385.5	376.1
Diluted	415.3	385.5	376.1

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in Millions, Except Per Share Amounts)

	December 31, 2004	December 31, 2003 (Restated)
ASSETS:		
Cash and cash equivalents	$ 1,550.4	$ 1,871.9
Marketable securities	420.0	195.1
Accounts receivable, net of allowance of $136.1 in 2004 and $134.1 in 2003	4,907.5	4,650.3
Expenditures billable to clients	345.2	303.3
Deferred income taxes	261.0	279.7
Prepaid expenses and other current assets	152.6	232.4
Total current assets	7,636.7	7,532.7
Land, buildings and equipment, net	722.9	697.9
Deferred income taxes	274.2	378.3
Investments	168.7	246.8
Goodwill	3,141.6	3,267.9
Other intangible assets, net	37.6	43.0
Other assets	290.6	279.3
Total non-current assets	4,635.6	4,913.2
TOTAL ASSETS	$ 12,272.3	$ 12,445.9
LIABILITIES:		
Accounts payable	$ 6,128.7	$ 5,614.7
Accrued liabilities	1,108.6	1,256.7
Short-term debt	325.9	316.9
Total current liabilities	7,563.2	7,188.3
Long-term debt	1,936.0	2,198.7
Deferred compensation and employee benefits	590.7	548.6
Other non-current liabilities	408.9	326.7
Minority interests in consolidated subsidiaries	55.2	64.8
Total non-current liabilities	2,990.8	3,138.8
TOTAL LIABILITIES	10,554.0	10,327.1
Commitments and contingencies (Note 19)		
STOCKHOLDERS' EQUITY:		
Preferred stock, no par value, shares authorized: 20.0	373.7	373.7
shares issued and outstanding: 2004 — 7.5; 2003 — 7.5		
Common stock, $0.10 par value, shares authorized: 800.0	42.5	41.8
shares issued: 2004 — 424.9; 2003 — 418.4		
shares outstanding: 2004 — 424.7; 2003 — 418.2		
Additional paid-in capital	2,208.9	2,076.0
Accumulated deficit	(578.2)	(39.8)
Accumulated other comprehensive loss, net of tax	(248.6)	(259.1)
	1,798.3	2,192.6
Less:		
Treasury stock, at cost: 2004 — 0.2 shares; 2003 — 0.2 shares	(14.0)	(11.3)
Unamortized deferred compensation	(66.0)	(62.5)
TOTAL STOCKHOLDERS' EQUITY	1,718.3	2,118.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,272.3	$ 12,445.9

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

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THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
	(Amounts in millions)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss from continuing operations	$ (544.9)	$ (640.1)	$ (14.8)
Adjustments to reconcile net loss from continuing operations to cash provided by operating activities:			
Depreciation and amortization of fixed assets and intangible assets	185.1	216.5	206.8
Provision for Bad Debt	36.7	32.6	74.7
Amortization of restricted stock and other non-cash compensation	31.4	38.8	50.0
Amortization of bond discounts and deferred financing costs	22.9	35.0	33.0
Deferred income tax provision	128.2	58.1	29.8
Equity in loss of unconsolidated affiliates	(5.8)	(2.4)	(5.9)
Income applicable to minority interests	21.5	27.0	30.0
Restructuring charges — non-cash	6.7	—	(4.9)
Long-lived asset impairment and other charges	322.2	294.0	130.0
Investment impairments	63.4	71.5	40.3
Litigation charges	(12.5)	127.6	—
Loss on sale of Modem Media and TNS	(0.8)	(43.6)	—
Other	7.0	(3.1)	0.5
Change in assets and liabilities, net of acquisitions:			
Accounts receivable	(73.4)	201.7	305.3
Expenditures billable to clients	(34.6)	62.8	(62.3)
Prepaid expenses and other current assets	45.2	86.8	(46.4)
Accounts payable and accrued expenses	243.0	(141.3)	106.2
Other non-current assets and liabilities	14.2	77.8	6.6
Net cash provided by operating activities from continuing operations	455.5	499.7	878.9
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:			
Acquisitions, including deferred payments, net of cash acquired	(175.4)	(224.6)	(276.8)
Capital expenditures	(194.0)	(159.6)	(171.4)
Proceeds from sales of businesses and fixed assets	30.4	26.8	14.0
Proceeds from sales of investments	43.0	128.8	51.3
Purchases of investments	(34.3)	(65.8)	(115.4)
Maturities of short-term marketable securities	1,148.4	177.0	39.3
Purchases of short-term marketable securities	(1,372.7)	(339.1)	(21.9)
Proceeds from the sale of discontinued operations, net of cash sold	10.0	376.7	—
Net cash used in investing activities from continuing operations	(544.6)	(79.8)	(480.9)
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:			
Increase (decrease) in short-term bank borrowings	7.0	(214.4)	(186.1)
Payments of long-term debt	(843.0)	(745.6)	(175.4)
Proceeds from long-term debt	602.3	801.2	4.3
Proceeds from termination of interest rate swaps	—	—	50.0
Debt issuance costs and consent fees	(8.0)	(27.0)	(1.3)
Issuance of preferred stock, net of issuance costs	—	361.6	—
Treasury stock transactions	—	—	(7.9)
Issuance of common stock, net of issuance costs	25.6	335.3	59.0
Distributions to minority interests, net	(23.6)	(26.4)	(32.7)
Dividends from unconsolidated affiliates	9.3	8.8	3.1
Preferred stock dividends	(19.8)	—	—
Common stock dividends	—	—	(145.6)
Net cash provided by (used in) financing activities from continuing operations	(250.2)	493.5	(432.6)
Effect of exchange rates on cash and cash equivalents	17.8	18.7	40.6
Net cash (used in) provided by discontinued operations	—	(13.4)	9.1
Increase (decrease) in cash and cash equivalents	(321.5)	918.7	15.1
Cash and cash equivalents at beginning of year	1,871.9	953.2	938.1
Cash and cash equivalents at end of year	$ 1,550.4	$ 1,871.9	$ 953.2
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	$ 162.8	$ 155.6	$ 116.0
Cash paid for income taxes, net of $46.7 and $132.5 of refunds in 2004 and 2003, respectively	$ 66.2	$ 122.7	$ 51.3

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

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THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)
(Amounts in millions)

	Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
COMMON STOCK			
Balance at beginning of year	$ 41.8	$ 38.9	$ 38.6
Restricted stock, net of forfeitures and amortization	0.3	—	0.1
Employee stock purchases	0.1	0.1	0.1
Exercise of stock options, including tax benefit	—	—	0.1
Issuance of common stock, net of fees	—	2.6	—
Issuance of shares for acquisitions	0.2	0.2	—
Issuance of common stock-litigation settlement	0.1	—	—
Balance at end of year	42.5	41.8	38.9
PREFERRED STOCK			
Balance at beginning of year	373.7	—	—
Issuance of preferred stock	—	373.7	—
Balance at end of year	373.7	373.7	—
ADDITIONAL PAID IN CAPITAL			
As Previously Reported	2,075.1	1,797.0	1,785.2
Effect of restatement	0.9	0.8	0.4
Balance at beginning of year	2,076.0	1,797.8	1,785.6
Restricted stock, net of forfeitures and amortization	26.4	(3.9)	30.6
Employee stock purchases	7.6	9.6	15.9
Exercise of stock options, including tax benefit	7.8	1.6	17.7
Issuance of common stock, net of fees	—	326.9	—
Issuance of shares for acquisitions	33.9	(45.6)	(53.7)
Issuance of common stock-litigation settlement	72.6	—	—
Issuance of preferred stock	—	(12.1)	—
Preferred stock dividends	(19.8)	—	—
Other	4.4	1.7	1.7
Balance at end of year	2,208.9	2,076.0	1,797.8
RETAINED EARNINGS (ACCUMULATED DEFICIT)			
As previously reported	406.3	858.0	868.3
Effect of restatement	(446.1)	(358.7)	(275.9)
Balance at beginning of year, as restated	(39.8)	499.3	592.4
Net income (loss) applicable to common stockholders	(558.2)	(539.1)	16.7
Dividends	—	—	(109.8)
Preferred stock dividends	19.8	—	—
Balance at end of year	(578.2)	(39.8)	499.3

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS) — (Continued)
(Amounts in millions)

	Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
ACCUMULATED OTHER COMPREHENSIVE LOSS			
As previously Reported	(215.1)	(373.6)	(447.8)
Effect of restatement	(44.0)	(21.6)	12.9
Balance at beginning of year	(259.1)	(395.2)	(434.9)
Adjustment for minimum pension liability (net of income tax (expense)/benefit of ($5.4), ($0.6) and $22.3 in 2004, 2003 and 2002, respectively)	(47.6)	4.0	(45.1)
Changes in market value of securities available-for-sale, net of tax	3.4	10.1	(7.4)
Foreign currency translation adjustment	51.5	122.0	92.2
Recognition of previously unrealized loss on securities available-for-sale, net of tax	3.2	—	—
Net other comprehensive loss adjustments	10.5	136.1	39.7
Balance at end of year	(248.6)	(259.1)	(395.2)
TREASURY STOCK			
Balance at beginning of year	(11.3)	(119.2)	(290.2)
Restricted stock, net of forfeitures and amortization	—	—	(5.5)
Exercise of stock options, including tax benefit	—	—	48.3
Issuance of shares for acquisitions	(2.7)	107.9	128.2
Balance at end of year	(14.0)	(11.3)	(119.2)
UNAMORTIZED DEFERRED COMPENSATION			
As previously reported	(64.6)	(101.1)	(114.0)
Effect of Restatement	2.1	2.1	2.1
Balance at beginning of year	(62.5)	(99.0)	(111.9)
Restricted stock, net of forfeitures and amortization	(3.5)	36.5	12.9
Balance at end of year	(66.0)	(62.5)	(99.0)
TOTAL STOCKHOLDERS' EQUITY	$ 1,718.3	$ 2,118.8	$ 1,722.6
COMPREHENSIVE INCOME (LOSS)			
Net income (loss) applicable to common stockholders	$ (558.2)	$ (539.1)	$ 16.7
Preferred stock dividends	19.8	—	—
Net other comprehensive loss adjustments	10.5	136.1	39.7
Total comprehensive income (loss)	$ (527.9)	$ (403.0)	$ 56.4
NUMBER OF COMMON SHARES			
Balance at beginning of year	418.4	389.3	385.8
Restricted stock, net of forfeitures and amortization	2.7	—	1.1
Employee stock purchases	0.7	0.9	0.9
Exercise of stock options, including tax benefit	0.5	—	1.5
Issuance of common stock, net of fees	—	25.8	—
Issuance of shares for acquisitions	1.8	2.4	—
Issuance of common stock-litigation settlement	0.8	—	—
Balance at end of year	424.9	418.4	389.3

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Millions, Except Per Share Data)

Note 1: Summary of Significant Accounting Policies

Business Description

The Interpublic Group of Companies, Inc. and subsidiaries (the "Company", "we", "us" or "our") is one of the world's largest advertising and marketing services companies, comprised of hundreds of communication agencies around the world that deliver custom marketing solutions on behalf of our clients. Our agencies cover the spectrum of marketing disciplines and specialties, from traditional services such as consumer advertising and direct marketing, to services such as experiential marketing and branded entertainment. With offices in approximately 130 countries and approximately 43,700 employees, our agencies work with our clients to create global and local marketing campaigns that cross borders and media. These marketing programs seek to build brands, influence consumer behavior and sell products.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries, most of which are wholly owned. Investments in companies in which we exercise significant influence, but not control, are accounted for using the equity method of accounting. Investments in companies in which we have less than a 20% ownership interest and do not exercise significant influence are accounted for at cost. All intercompany accounts and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to current year presentation.

During 2003, we completed the sale of NFO World Group Inc. ("NFO"). NFO is classified as discontinued operations and the results of operations and cash flows of NFO have been removed from our results of continuing operations and cash flows for all periods.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for certain items such as revenue recognition, allowances for doubtful accounts, depreciation and amortization, income taxes, restructuring reserves, valuation of tangible and intangible assets, recoverability of goodwill, business combinations, contingencies and pension and postretirement benefit obligations.

Segments

We have three reportable segments, Integrated Agency Network ("IAN"), Constituent Management Group ("CMG"), and Motorsports, in addition to the Corporate and Other category. The largest segment, IAN, is comprised of McCann WorldGroup ("McCann"), The FCB Group ("FCB"), The Lowe Group ("Lowe"), Draft Worldwide ("Draft") and the Stand-Alone Agencies. The Stand-Alone Agencies include Campbell-Ewald, Deutsch Hill Holliday and The Martin Agency. The second segment, CMG, is comprised of Weber Shandwick, Golin Harris, DeVries Public Relations, Jack Morton, FutureBrand and Octagon Worldwide ("Octagon"). Our third reporting segment is comprised of the Motorsports operations ("Motorsports"), which we exited during 2004.

Revenue Recognition

Our primary sources of revenue are from the planning and execution of advertising programs in various media and the planning and execution of other marketing and communications programs. The revenue for these services is recognized when all of the following criteria are satisfied: (i) persuasive

evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectibility is reasonably assured; and (iv) services have been performed.

Depending on the terms of the client contract, fees for services performed can be recognized three ways: proportional performance, straight-line or monthly basis or completed contract. Fees are generally recognized as earned based on the proportional performance method of revenue recognition in situations where our fee is reconcilable to the actual hours incurred to service the client as detailed in a contractual staffing plan or where the fee is earned on a per hour basis with the amount of revenue recognized in both situations limited to the amount realizable per the terms of the client contract. We believe an input based measure (the "hour') is appropriate in situations where the client arrangement essentially functions as a time and out of pocket expense contract and the client receives the benefit of the services provided throughout the contract term. Fees are recognized on a straight-line or monthly basis when service is provided essentially on a pro rata basis and the terms of the contract support monthly basis accounting. Certain fees (such as for major marketing events) are deferred until contract completion as the final act is so significant in relation to the service transaction taken as a whole. Fees are also recognized on a completed contract basis when the terms of the contract do not otherwise qualify for proportional performance, monthly basis recognition or the client agreement calls for the delivery of discrete projects. Incremental direct costs incurred related to contracts where revenue is accounted for on a completed contract basis are expensed as incurred. Commissions are generally earned on the date of the broadcast or publication.

Contractual arrangements with clients may also include performance incentive provisions designed to link a portion of the revenue to our performance relative to both qualitative and quantitative goals. Performance incentives are recognized as revenue for quantitative targets when the target has been achieved and for qualitative targets when confirmation of the incentive is received. Therefore, depending on the respective client contract, revenue can contain various arrangements involving fees for services performed, commissions, performance incentive provisions or a mixture of the three.

We receive credits, discounts, and other rebates from our vendors and media outlets for transactions entered into on behalf of our clients, which are passed through to our clients in accordance with contractual provisions. If a pass-through is not required, then these credits are a reduction of vendor cost, and are recorded as additions to revenue. In connection with the restatement, where it was impractical to review client contracts, we have estimated our exposure using statistical methods. If our estimate is insufficient, we may be required to recognize additional liabilities.

Substantially all of our revenue is recorded as the net amount of our gross billings less pass-through expenses charged to a client. In most cases, the amount that is billed to clients significantly exceeds the amount of revenue that is earned and reflected in our financial statements, because of various pass-through expenses such as production and media costs. In compliance with Emerging Issues Task Force ("EITF") 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*, we assess whether the agency or the third-party supplier is the primary obligor. We evaluate the terms of our client agreements as part of this assessment. In addition, we give appropriate consideration to other key indicators such as latitude in establishing price, discretion in supplier selection and credit risk to the vendor. Because we broadly operate as an advertising agency based on our primary lines of business and given the industry practice to generally record revenue on a net versus gross basis, we believe that there must be strong evidence in place to overcome the presumption of net revenue accounting. Accordingly, we generally record revenue net of pass-through charges as we believe the key indicators of the business suggest we generally act as an agent on behalf of our clients in our primary lines of business. In those businesses (primarily sales promotion, event, sports and entertainment marketing and corporate and brand identity services) where the key indicators suggest we act as a principal, we record the gross amount billed to the client as revenue.

In accordance with EITF 01-14, *Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred,* we record the reimbursements received for incidental expenses as revenue.

Costs of Services (Salaries and Related Expenses and Office and General Expenses)

Salaries and related expenses consist of payroll costs and related benefits associated with client service professional staff and administrative staff, including severance associated with reductions in workforce and costs incurred for freelance contractors who are utilized to support business development. Office and general expenses include costs directly attributable to client engagements. These costs include out-of-pocket costs such as travel and subsistence for client service professional staff, production costs and other direct costs that are rebilled to our clients. Office and general expenses also include expenses attributable to the support of client service professional staff, depreciation and amortization costs, rent expense, bad debt expense relating to accounts receivable, professional fees, the costs associated with the development of a shared services center and implementation costs associated with upgrading our information technology infrastructure.

Cash Equivalents and Short-Term Marketable Securities

Cash equivalents are highly liquid investments, including certificates of deposit, government securities and time deposits with original maturities of three months or less at the time of purchase and are stated at estimated fair value, which approximates cost. Cash is maintained at high credit quality financial institutions.

We classify all of our marketable equity securities as available-for-sale. These securities are carried at fair value with the corresponding unrealized gains and losses reported as a separate component of comprehensive loss. The cost of securities sold is determined based upon the average cost of the securities sold.

Certain auction rate securities are classified as short-term marketable securities based upon our evaluation of the maturity dates associated with the underlying bonds. Although these securities are issued and rated as long-term bonds, with maturities ranging from 20 to 30 years, they are priced and traded as short-term instruments because of the significant degree of market liquidity provided through the interest rate resets.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is estimated based on the aging of accounts receivable, reviews of client credit reports, industry trends and economic indicators, as well as analysis of recent payment history for specific customers. The estimate is based largely on a formula-driven calculation but is supplemented with economic indicators and knowledge of potential write-offs of specific client accounts.

Expenditures Billable to Clients

Expenditures billable to clients include costs incurred primarily in connection with providing advertising, marketing and corporate communications services. These expenditures are invoiced to clients at various times over the course of the production process. Fees and commissions for advertising services on production work are recorded as revenue when earned.

Investments

Investments are accounted for on the equity basis or cost basis, including investments to fund certain deferred compensation and retirement obligations. We regularly review our cost and equity investments to

determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of each investment. In the event a decline in fair value of an investment occurs, we must determine if the decline in market value has been other than temporary. We consider our investments strategic and long-term in nature, so we must determine if the fair value decline is recoverable within a reasonable period. For investments accounted for using the cost or equity method of accounting, we evaluate fair value based on specific information (valuation methodologies, estimates of appraisals, financial statements, etc.) in addition to quoted market price, if applicable. Other factors indicative of an other than temporary decline include recurring operating losses, credit defaults and subsequent rounds of financing with pricing that is below the cost basis of the investment. This list is not all-inclusive; we consider all known quantitative and qualitative factors in determining if an other than temporary decline in value of an investment has occurred. Our assessments of fair value represent our best estimates at the time of impairment review. See Note 9 for further information.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. Buildings and equipment are depreciated generally using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 20 years for furniture, equipment and computer software costs, from 10 to 45 years for buildings and the shorter of the life of the asset or the lease term for leasehold improvements. The total depreciation expense for the years ended December 31, 2004, 2003 and 2002 was $178.3, $204.4 and $197.6, respectively. Land, buildings and equipment are reviewed for impairment at least annually or whenever events or circumstances indicate their carrying value may not be recoverable. If the total of the expected future undiscounted cash flows is less than the carrying value of the asset, a loss is recognized for the difference between the imputed fair value and the carrying value of the asset. See Note 8 for a description of impairment charges recognized.

Goodwill and Other Intangible Assets

We account for our business combinations using the purchase accounting method. The total costs of the acquisitions are allocated to the underlying net assets, based on their respective estimated fair market values. Considering the characteristics of advertising, specialized marketing and communication services companies, our acquisitions usually do not have significant amounts of tangible and other intangible net assets. As a result, a substantial portion of the purchase price is allocated to goodwill. Determining the fair market value of assets acquired and liabilities assumed requires management’s judgment and often involves the use of significant estimates, including but not limited to, future cash inflows and outflows, discount rates, asset lives, and market multiples.

We have three types of intangible assets: (1) goodwill; (2) other intangible assets with indefinite lives not subject to amortization; and (3) other intangible assets with definite lives subject to amortization. We perform a review annually of all intangible assets as of September 30th or whenever events or significant changes in circumstances indicate that the carrying value may not be recoverable. Events or circumstances that might require the need for more frequent tests include, but are not limited to, the loss of a number of significant clients, the identification of other impaired assets within a reporting unit, negative financial performance, the disposition of a significant portion of a reporting unit, or a significant adverse change in business climate or regulations.

We evaluate the recoverability of goodwill at a reporting unit level and test for impairment at least annually. Reporting units are either the entities at the operating segment level or one level below the operating segment level. We identified 13 reporting units for the 2004 impairment testing. All goodwill relates to, and is assigned directly to, specific reporting units.

The first step of the impairment test is a comparison of the fair value of a reporting unit to its carrying value. Goodwill allocated to a reporting unit whose fair value is equal to or greater than its carrying value is not impaired and no further testing is required. If the fair value of a reporting unit's goodwill is less than its carrying value, a second impairment step will be performed to determine if impairment exists. The second step of the goodwill impairment test is a comparison of the implied fair value of a reporting unit's goodwill to its carrying value. Goodwill of a reporting unit is impaired when its carrying value exceeds its implied fair value. Impaired goodwill is written down to its implied fair value with a charge to expense in the period the impairment is identified.

The fair value of a reporting unit is estimated using our projections of discounted future operating cash flows (without interest) of the unit. Such projections require the use of significant estimates and assumptions as to matters such as future revenue growth, profit margins, capital expenditures, assumed tax rates and discount rates. We believe that the estimates and assumptions made are reasonable but are susceptible to change from period to period. Additionally, our strategic decisions or changes in market valuation multiples could lead to further impairment charges. Actual results of operations, cash flows and other factors used in a discounted cash flow valuation will likely differ from the estimates used and it is possible that differences and changes could be material.

Other intangible assets include customer lists, trade names and customer relationships. Intangible assets with indefinite lives not subject to amortization are tested for impairment in the same manner as goodwill as described above. Intangible assets with definitive lives subject to amortization are amortized on a straight-line basis with estimated useful lives generally ranging from 1 to 15 years and are tested for impairment whenever events or circumstances indicate that a carrying amount of an asset may not be recoverable. If the total of the expected future undiscounted cash flows is less than the carrying value of the asset, a loss is recognized for the difference between fair value and the carrying value of the asset in the period the impairment is identified.

Foreign Currencies

The financial statements of our foreign operations, when the local currency is the functional currency, are translated into US Dollars at the exchange rates in effect at each year end for assets and liabilities and average exchange rates during each year for the results of operations. The related unrealized gains or losses from translation are reported as a separate component of comprehensive loss.

Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains or losses, which are reflected within other income (expense) in the Consolidated Statements of Operations.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk are primarily cash and cash equivalents, short-term marketable securities, accounts receivable, expenditures billable to clients, interest rate instruments and foreign exchange contracts. We invest our excess cash in investment-grade, short-term securities with financial institutions and limit the amount of credit exposure to any one counterparty. Concentrations of credit risk with accounts receivable are limited due to the large number of clients and the dispersion across different industries and geographical areas. We perform ongoing credit evaluations of our clients and maintain an allowance for doubtful accounts based upon the expected collectibility of all accounts receivable. We are exposed to credit loss in the event of nonperformance by the counterparties of the interest rate swaps and foreign currency contracts. We limit our exposure to any one financial institution and do not anticipate nonperformance by these counterparties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

Income Taxes

The provision for income taxes includes federal, state, local and foreign taxes. Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences between the financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. We evaluate the realizability of our deferred tax assets and establish a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. See Note 10 for details of valuation allowances established.

Earnings (Loss) Per Share

In periods when we generate a loss, basic loss per share is computed by dividing the loss attributable to common shareholders by the weighted-average number of common shares and contingently issuable shares outstanding for the period. In periods when we generate income, basic Earnings Per Share ("EPS") is calculated using the two-class method, pursuant to EITF 03-6, *Participating Securities and the Two — Class Method under SFAS Statement No. 128.* The two-class method is required as our Convertible Senior Notes and 3-Year Series A Mandatory Convertible Preferred Stock ("Preferred Stock") qualify as participating securities, each having the right to receive dividends or dividend equivalents should dividends be declared on common stock. Under this method, earnings for the period (after deduction for contractual preferred stock dividends) are allocated on a pro-rata basis to the common shareholders and to the holders of participating securities based on their right to receive dividends. The weighted-average number of shares outstanding is increased to reflect the number of common shares into which the participating securities could convert.

Diluted earnings (loss) per share reflect the potential dilution that would occur if certain contingently issuable shares were issued and if stock-based incentives and option plans (including stock options, awards to restricted stock and restricted stock units), the convertible notes as described in Note 11 and the Preferred Stock as discussed in Note 12 were exercised or converted into common stock. The potential issuance of common stock is assumed to occur at the beginning of the year (or at the time of issuance of the dilution instrument, if later), and the incremental shares are included using the treasury stock or "if-converted" methods. The proceeds utilized in applying the treasury stock method consist of: (1) the amount, if any, to be paid upon exercise; (2) the amount of compensation cost attributed to future service not yet recognized; and (3) any tax benefits credited to paid-in-capital related to the exercise. These proceeds are then assumed to be used by us to purchase common stock at the average market price during the period. The incremental shares (difference between the shares assumed to be issued and the shares assumed to be purchased), to the extent they would have been dilutive, are included in the denominator of the diluted EPS calculation.

Derivative Instruments and Hedging Activities

Derivative instruments, including those that are embedded in other contracts, are recorded at fair value in the balance sheet as either an asset or a liability. Changes in the fair value of the derivatives are recorded each period in earnings unless specific hedge accounting criteria are met. We do not enter into derivative financial instruments for speculative purposes and do not have a material portfolio of derivative financial instruments. See Note 16 for a discussion of derivative instruments.

Stock-Based Compensation

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock-Based Compensation*, we have accounted for our various stock-based compensation plans under the

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intrinsic value recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees.*

Generally, the exercise price of stock options granted equals the market price of the underlying shares on the date of the grant and, therefore, no compensation expense is recorded. The intrinsic value of restricted stock grants and certain other stock-based compensation issued to employees and Board Members as of the date of grant is amortized to compensation expense over the vesting period. Certain stock options and restricted stock units are subject to variable accounting. See information regarding recent accounting standards below and Note 13 for further discussion of the stock-based compensation plans.

If compensation expense for our stock option plans and Employee Stock Purchase Plan ("ESPP") had been determined based on the fair value at the grant dates as defined by SFAS No. 123 and amended by SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure — An Amendment of FASB No. 123*, our pro forma loss from continuing operations and loss per share from continuing operations would have been as follows:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
As reported, loss from continuing operations	$ (544.9)	$ (640.1)	$ (14.8)
Add:			
Stock-based employee compensation expense included in loss from continuing operations, net of tax	26.6	22.7	28.9
Less:			
Total fair value of stock-based employee compensation expense, net of tax	(55.4)	(57.4)	(65.4)
Pro forma loss from continuing operations	$ (573.7)	$ (674.8)	$ (51.3)
Loss per share from continuing operations			
Basic loss per share			
As reported	$ (1.36)	$ (1.66)	$ (0.04)
Pro forma	$ (1.38)	$ (1.75)	$ (0.14)
Diluted loss per share			
As reported	$ (1.36)	$ (1.66)	$ (0.04)
Pro forma	$ (1.38)	$ (1.75)	$ (0.14)

For purposes of this pro forma information, the weighted-average fair value of the 15% discount received by employees on the date that stock was purchased under the ESPP was $2.03, $1.88 and $3.21 per share in 2004, 2003 and 2002, respectively, and is included in the total fair value of stock-based employee compensation expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2004	2003	2002
Expected option lives	6 years	6 years	6 years
Risk free interest rate	4.0%	3.3%	4.7%
Expected volatility	44.7%	43.9%	35.8%
Dividend yield	0.0%	0.0%	1.6%
Weighted-average option grant price	$ 14.19	$ 10.59	$ 26.41
Weighted-average fair value of options granted	$ 6.91	$ 4.96	$ 9.76

Recent Accounting Standards

In May 2005, SFAS No. 154, *Accounting Changes and Error Corrections*, was issued, which replaces APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*. Among other changes, SFAS No. 154 requires retrospective application of a voluntary change in accounting principle to prior period financial statements presented on the new accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 also requires accounting for a change in method of depreciating or amortizing a long-lived nonfinancial asset as a change in accounting estimate (prospectively) affected by a change in accounting principle. Further, the Statement requires that corrections of errors in previously issued financial statements be termed a “restatement.” The new standard is effective for accounting changes and error corrections made in fiscal years beginning after December 15, 2005. We do not expect the adoption of SFAS No. 154 to have a material impact on our Consolidated Balance Sheet or Statement of Operations.

In March 2005, FASB Interpretation (“FIN”) No. 47, *Accounting for Conditional Asset Retirement Obligations*, was issued, an interpretation of SFAS No. 143, *Accounting for Asset Retirement Obligations.* FIN No. 47 clarifies the timing of liability recognition for legal obligations associated with the retirement of a tangible long-lived asset when the timing and/or method of settlement are conditional on a future event. The provisions of FIN No. 47 are effective no later than December 31, 2005. We do not expect the adoption of FIN No. 47 to have a material impact on our Consolidated Balance Sheet or Statement of Operations.

In December 2004, SFAS No. 123R (revised 2004), *Share-Based Payment*, was issued, which replaces SFAS No. 123, *Accounting for Stock-Based Compensation*, and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees.* SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options and the shares issued under our employee stock purchase plan, to be recognized in the financial statements based on their fair values, as of the beginning of the first fiscal year that starts after June 15, 2005. We are required to adopt SFAS No. 123R effective January 1, 2006. The pro forma disclosures previously permitted under SFAS No. 123 will no longer be an alternative to financial statement recognition. In March 2005, Staff Accounting Bulletin (“SAB”) No. 107, *Share-Based Payment*, was issued regarding the SEC’s interpretation of SFAS No. 123R and the valuation of share-based payments for public companies. We are evaluating the requirements of SFAS No. 123R and SAB No. 107. The adoption of SFAS No. 123R may have a material impact on our Consolidated Financial Statements. At adoption, we plan to use the modified prospective method which requires expense recognition for all unvested and outstanding awards and any awards granted thereafter.

In December 2004, SFAS Staff Position (“FSP”) No. 109-2, *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004*, was issued, which provides guidance under SFAS No. 109, *Accounting for Income Taxes*, with respect to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the “Jobs Act”) on enterprises’ income tax expense and deferred tax liability. We have reviewed the provisions and, at this time, we have determined not to repatriate undistributed earnings of our foreign subsidiaries to the U.S. under this provision. Accordingly, we will not adjust our tax expense or deferred tax liability to reflect these provisions. However, we will continue to monitor our circumstances and if there is a change which will make the use of this provision advantageous, we will be able to adopt it prior to December 31, 2005.

In December 2004, SFAS No. 153, *Exchanges of Nonmonetary Assets*, was issued, an amendment of APB Opinion No. 29, *Accounting for Nonmonetary Transactions.* SFAS No. 153 is based on the principle that exchanges of nonmonetary assets should be recorded and measured at the fair value of the assets exchanged. APB Opinion No. 29 provided an exception to its basic measurement principle (fair value) for exchanges of similar productive assets. Under APB Opinion No. 29, an exchange of a productive asset for a similar productive asset was based on the recorded amount of the asset relinquished. SFAS No. 153 eliminates this exception and replaces it with exceptions for exchanges of nonmonetary assets that do not have reasonably determinable fair values or commercial substance. SFAS No. 153 is effective for nonmonetary asset exchanges occurring in reporting periods beginning after June 15, 2005. We are required to adopt SFAS No. 153 effective July 1, 2005. We do not expect the adoption of SFAS No. 153 to have a material impact on our Consolidated Balance Sheet or Statement of Operations.

In September 2004, the EITF reached a consensus on the guidance provided by EITF 04-8, *The Effect of Contingently Convertible Instruments on Diluted Earnings per Share.* The guidance requires that contingently convertible instruments (including debt securities) with a market price conversion trigger be included in diluted EPS computations, regardless of whether the market price conversion trigger has been met. We implemented the requirements of EITF 04-8 for the quarter and fiscal year ended December 31, 2004. The adoption of EITF 04-8 requires that we include approximately 64.4 shares in our calculation of diluted EPS to reflect the assumed conversion of our 4.50% Convertible Senior Notes in periods when dilutive. Pursuant to EITF 04-8, the impact of these shares are included in the diluted EPS computations (if dilutive) regardless of whether the market price conversion trigger (or other contingent feature) has been met.

In May 2004, FSP No. 106-2 was issued, which supersedes FSP No. 106-1 and provides guidance on accounting for the effects of the Medicare prescription legislation provided by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “Act”). We currently provide postretirement health care benefits to employees who were employed by us as of January 1, 1988 and life insurance benefits to employees who were employed by us as of December 1, 1961. For these employees, the prescription drug benefit provided would be considered to be actuarially equivalent to the benefit provided under the Act. FSP No. 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003,* was issued in January 2004 and permits a sponsor of a postretirement health care plan that provides a prescription drug benefit that is actuarially equivalent to the benefit specified under Medicare, known as “Medicare (Part D)”, to make a one-time election to defer accounting for the effects of the new legislation. The implementation of FSP No. 106-2 did not have a material impact on our Consolidated Balance Sheet or Statement of Operations.

In April 2004, FSP No. 129-1, *Disclosure Requirements under FASB Statement No. 129, Disclosure of Information about Capital Structure, Relating to Contingently Convertible Securities* was issued, which provides additional guidance on the disclosure requirements of contingently convertible securities. FSP No. 129-1 requires expanded disclosures of the significant terms of the conversion features of these securities to enable users of financial statements to understand the circumstances of the contingencies and the potential impact of conversion. These additional disclosures are presented for our contingently convertible securities in Note 11.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

In 2003, SFAS Interpretation No. 46, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51* ("FIN No. 46"), was issued along with certain revisions ("FIN No. 46R"), which addressed the consolidation by business enterprises of variable interest entities ("VIEs"). We adopted the provisions of these interpretations effective December 31, 2003 and have consolidated certain entities meeting the definition of VIEs. Inclusion of these entities, which were included effective January 1, 2004, did not have a material impact on our Consolidated Balance Sheet or Statement of Operations. However, we have a 49% equity interest in a small advertising agency in which we invested approximately $7.0 and advanced approximately $8.0 of loans. Based on the criteria set out in FIN No. 46 and revised by FIN No. 46R, it was determined that the entity is a variable interest entity and further, since we are the primary beneficiary, the entity should be consolidated. We have not consolidated this entity as we are unable to obtain the necessary detailed financial information. We wrote off both the investment and the loans receivable from the entity in 2003 and have no further financial commitments or risks associated with this investment. The annual revenues of the entity approximate $14.0 and we believe that the entity is not material to our financial position.

The adoption of the following accounting pronouncements during 2004 did not have a material impact on our Consolidated Balance Sheet or Statement of Operations: SFAS No. 132R (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits — An Amendment of FASB Statements No. 87, 88 and 106*; and EITF 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments.*

Note 2: Restatement of Previously Issued Financial Statements

In connection with our work to comply with Section 404 of the Sarbanes-Oxley Act of 2002, we identified errors in our accounting and previously reported financial results. In March 2005, we announced that we would delay filing our Annual Report on Form 10-K, and began a comprehensive review of previously reported financial information. The scope of our review included the analysis of accounting for acquisitions, revenue and leases, internal investigations into potential employee misconduct, as well as other miscellaneous areas impacted by the identified material weaknesses. The review, conducted under the direction of our senior management with the oversight of the Audit Committee of the Board of Directors, included our operating agencies and consisted of an extensive examination of financial information and significant transactions.

Our procedures were substantially manual and involved hundreds of our employees and external consultants and took over six months to complete. These procedures included examining the accounting for more than 400 acquisitions, leases at approximately 370 entities, approximately 10,000 account reconciliations and account analyses and over 300,000 intercompany transactions, as well as a comprehensive review of over 20,000 client contracts with respect to timing of revenue recognition, vendor related discounts or credits and income statement classification. In addition, we are in various stages of completing approximately 50 internal investigations addressing employee misconduct predominantly outside the US. In order to complete this work, we have hired or replaced hundreds of temporary and permanent accountants. Management believes the scope and process of its internal review of previously reported financial information was sufficient to identify issues of a material nature that could affect our Consolidated Financial Statements and all dates and periods presented herein have been restated to fairly present the results of our operations.

The errors in our previously reported financial information, and the failure to prevent them or detect them in our financial reporting process, were largely attributable to weak internal controls, our decentralized operational structure, general lack of compliance with our policies and procedures, numerous disparate operating information technology systems, inadequate oversight by management at various levels within our organization, and an inadequate staff of competent accounting personnel with an appropriate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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level of knowledge of GAAP. We concluded that our control environment has not progressed sufficiently to serve as an effective foundation for all other components of internal control.

As a result of our review, we determined that a restatement of previously reported financial information was required. Our previously reported financial information should no longer be relied upon. Accordingly, we have restated our previously reported financial information for the years ended December 31, 2003 and 2002 and our previously reported unaudited financial statements for the first, second and third quarters of 2004 and 2003 (the "restatement"). The restatement also affects periods prior to 2002, which is reflected as an adjustment to opening retained earnings as of January 1, 2002. The restatement covers a number of separate matters, each of which is described below.

The law firm of Dewey Ballantine LLP was retained to advise the Audit Committee of the Board of Directors regarding the discharge of its obligations. The scope of the Dewey Ballantine work included oversight of the internal investigations into potential employee misconduct being conducted by our internal audit group and the overall restatement process conducted by management. Dewey Ballantine retained a forensic accounting firm to assist with its work involving the internal investigations and review of the overall restatement process.

For the quarterly impact of the restatement issue and the restated financial results for the first, second and third quarters of 2004, see Note 20, Results by Quarter.

The following tables summarize the impact of all of these adjustments on previously reported revenue; net income (loss) from continuing operations and earnings per share; and assets, liabilities, and retained stockholders' equity.

	Impact of Adjustments on Revenue	
	2003	2002
As previously reported	$ 5,863.4	$ 5,737.5
Revenue Recognition Related to Vendor Discounts or Credits	(50.6)	(40.2)
Revenue Recognition related to Customer Contracts	(18.7)	(8.6)
Revenue Presentation	355.6	358.5
Pre-Acquisition Earnings	—	(2.5)
Internal Investigations	(7.2)	(6.1)
Other Adjustments	19.2	20.5
Total Adjustments	298.3	321.6
As restated	$ 6,161.7	$ 6,059.1

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	Impact of Adjustments on Net Income (Loss) from Continuing Operations and Earnings per Share					
	For the Year Ended December 31, 2003			For the Year Ended December 31, 2002		
	Net Income (Loss) from Continuing Operations	Basic Earnings (Loss) per Share of Common Stock	Diluted Earnings (Loss) per Share of Common Stock	Net Income (Loss)	Basic Earnings (Loss) per Share of Common Stock	Diluted Earnings (Loss) per Share of Common Stock
As previously reported	$ (552.9)	$ (1.43)	$ (1.43)	$ 68.0	$ 0.18	$ 0.18
Revenue Recognition Related to Vendor Discounts or Credits	(45.4)	(0.12)	(0.12)	(32.9)	(0.09)	(0.09)
Revenue Recognition Related to Customer Contracts	(15.8)	(0.04)	(0.04)	(4.5)	(0.01)	(0.01)
Future Obligations Related to Prior Acquisitions	(24.2)	(0.06)	(0.06)	(13.8)	(0.04)	(0.04)
Pre-Acquisition Earnings	—	—	—	(0.7)	—	—
Internal Investigations	(18.6)	(0.05)	(0.05)	(14.4)	(0.04)	(0.04)
International Compensation Arrangements	(8.8)	(0.02)	(0.02)	(8.5)	(0.02)	(0.02)
Accounting for Leases	(2.5)	(0.01)	(0.01)	(0.3)	—	—
Other Adjustments	28.1	0.07	0.07	(7.7)	(0.02)	(0.02)
Total Restatement Adjustments	(87.2)	(0.23)	(0.23)	(82.8)	(0.22)	(0.22)
As restated	$ (640.1)	$ (1.66)	$ (1.66)	$ (14.8)	$ (0.04)	$ (0.04)
Weighted-average shares:		385.5	385.5		376.1	376.1

	Impact of Adjustments on Consolidated Balance Sheet Accounts		
	As of December 31, 2003		
	Total Assets	Total Liabilities	Stockholders' Equity
As previously reported	$ 12,234.5	$ 9,628.6	$ 2,605.9
Revenue Recognition Related to Vendor Discounts or Credits	36.3	198.5	(162.2)
Revenue Recognition Related to Customer Contracts	33.6	122.7	(89.1)
Future Obligations Related to Prior Acquisitions	(2.3)	64.2	(66.5)
Pre-Acquisition Earnings	(38.6)	(2.6)	(36.0)
Internal Investigations	9.1	61.4	(52.3)
International Compensation Arrangements	2.8	29.2	(26.4)
Accounting for Leases	38.9	67.6	(28.7)
Other Adjustments	131.6	157.5	(25.9)
Goodwill and Investment Impairment	—	—	—
Total Adjustments	211.4	698.5	(487.1)
As restated	$ 12,445.9	$ 10,327.1	$ 2,118.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Impact of Adjustments on Retained Earnings
As previously reported at December 31, 2001	$ 868.3
Revenue Recognition Related to Vendor Discounts or Credits	(72.2)
Revenue Recognition Related to Customer Contracts	(54.3)
Future Obligations Related to Prior Acquisitions	(29.2)
Pre-Acquisition Earnings	(30.2)
Internal Investigations	(15.7)
International Compensation Arrangements	(9.0)
Accounting for Leases	(31.3)
Other Adjustments	(34.0)
Goodwill and Investment Impairment	
Total Restatement Adjustments	(275.9)
As restated at January 1, 2002	$ 592.4

Description of Restatement Adjustments:

Revenue Recognition

Revenue Recognition related to Vendor Discounts or Credits:

We receive rebates, discounts, and other credits from our vendors and media outlets for the acquisitions of goods and services that are entered into on behalf of our clients. The expenses include the purchase of various forms of media, including television, radio, and print advertising space, or production costs, such as the creation of advertising campaigns, commercials, and print advertisements. Revenues in the advertising and communicative services business are frequently recorded net of third party costs as the business is primarily an agent for its clients. Since these costs are billed to clients, there are times when vendor discounts, credits, or price differences can affect the net revenue recorded by the agency. These third party discounts, rebates, or price differences are frequently referred to as credits.

Our contracts are typically “fixed fee arrangements” or “cost-based arrangements.” In “fixed fee arrangements,” the amount we charge our clients is comprised of a fee for our services. The fee we earn, however, is not affected by the level of expenses incurred. Therefore, any rebates or credits received in servicing these accounts do not create a liability to the client. In “cost-based arrangements,” we earn a percentage commission or flat fee based on or incremental to the expenses incurred. In these cases, rebates or credits received may accrue to the benefit of our clients and create a liability payable to the client. The implication and interpretation of cost language included in our contracts can vary across international and domestic markets in which we operate and can affect whether or not we have a liability to the client.

Without adequate contract review procedures the operating practice and the accounting in some of our agencies, predominantly outside the United States, relied on local customs and practices. As a result, in some instances, our accounting for the vendor discount was inconsistent with the underlying contractual requirements, which necessitated accounting adjustments. To correct for improperly recorded revenue, we have established a liability to refund these credits, discounts and rebates to our customers in accordance with our contractual obligations.

As part of the restatement, we have performed an extensive review of our client contracts and local law to determine the impact of improperly recognizing these media and vendor credits as additional revenue instead of recognizing a liability to our clients. We have determined our exposure to each type of these credits by agency, reviewed our legal obligations considering our client contracts and local law, and

established a liability as necessary. Where it was impractical to review client contracts we have estimated our exposure. If facts change, we may need to adjust our liability.

In order to remediate this issue, we are in the process of issuing a formal policy to require proper transparency in our contracts, and proper handling and accounting for these types of vendor discounts or credits received in the normal course of business.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2002; we have recorded an adjustment of $72.2 to retained earnings at January 1, 2002 related to vendor discounts or credits.

Revenue Recognition Related to Vendor Discounts or Credits	**Impact of Restatement**	
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**
Consolidated Statement of Operations:		
Revenue	(50.6)	(40.2)
Operating Loss	(53.3)	(41.4)
Provision for Income Taxes	(7.9)	(8.5)
Loss from Continuing Operations	(45.4)	(32.9)
Consolidated Balance Sheet:		
Total Assets	9.6	
Total Liabilities	67.7	

Revenue Recognition related to Customer Contracts:

We recognize revenue when persuasive evidence of an arrangement exists, there is fixed and determinable pricing, and upon completion of the earnings process in accordance with the terms of the arrangement with our clients, which is generally as services are performed and/or when the media placements appear.

For project based arrangements, revenue is recognized based upon the agreement that we have in place with our customers. Our fees are generally recognized as earned, based on the proportional performance method of revenue recognition in situations where our fee is reconcilable to the actual hours incurred to service the client, as detailed in a contractual staffing plan, or where the fee is earned on a per hour basis, with the amount of revenue recognized in both situations limited to the amount realizable per the terms of the client contract. Where it is determined that the contractual staffing plan is incomplete or there is no staffing plan, we defer the recognition of revenue until the period in which all work is completed. For retainer-based arrangements, fees are recognized on a straight line or monthly basis when service is provided, essentially on a pro rata basis, and the terms of the contract support that accounting. We require explicit language in the contract evidencing that our obligation to the client for services rendered is satisfied on a monthly basis. We evaluate the termination provisions of the contract for a determination of amounts realizable at an interim date. Where it is determined that the terms of the contract do not clearly support monthly recognition of revenue, we defer the recognition of revenue until the period in which all work is completed.

In certain transactions with our customers the persuasive evidence of the customer arrangement was not always adequate to support revenue recognition, or the timing of revenue recognition did not appropriately follow the specific contract terms. As part of our review, we reviewed significant client contracts to ensure that revenue was recognized in accordance with the terms of the contract and with our policies as outlined above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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We have established the following terms as the specific criteria to be followed consistently across our global operating divisions. For adequate persuasive evidence of arrangements, we required signed contractual agreements or in lieu of a signed contract, other evidence or documentation from our customers was required in the period in which revenue was recognized. This evidence was required to define our compensation, to give a clear indication of how revenue was to be earned, and describe how our obligation to the client was to be satisfied. In the absence of persuasive evidence of an arrangement or detailed invoices indicating the level of services performed were not available, we deferred the recognition of revenue for the entire contract, until we could assure that all internal work was completed and cash was received. Where it was determined that persuasive evidence was lacking or insufficient, we deferred the recognition of revenue until that period in which persuasive evidence was obtained, cash was received accompanied by a detailed customer invoice, or all work was completed.

In connection with the restatement, we have established a formal policy with specific guidelines and tools as to how revenue should be recorded under the following bases: proportional performance, monthly, completed contract, or in accordance with other quantitative or qualitative goals as specified by the contract. We also plan to create a central tracking system that will detail all arrangements with clients which will assist in ensuring that all criteria for proper revenue recognition are met and properly classified.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2002; we have recorded an adjustment of $54.3 to retained earnings at January 1, 2002 related to customer contracts.

Revenue Recognition Related to Customer Contracts	Impact of Restatement	
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**
Consolidated Statement of Operations:		
Revenue	(18.7)	(8.6)
Operating Income (Loss)	(17.2)	(6.7)
Provision for Income Taxes	(1.4)	(2.1)
Income (Loss) from Continuing Operations	(15.8)	(4.5)
Consolidated Balance Sheet:		
Total Assets	(3.9)	
Total Liabilities	21.6	

Accounting for Reimbursement of Out-of-Pocket Expenses:

We incur incidental out-of-pocket expenses in the course of providing services to our clients, for which we are reimbursed by our clients. These relate to travel, meals, and other incidental expenses. Under EITF 01-14, *Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred,* the reimbursements should be recorded as revenue and operating expenses in the Consolidated Statement of Operations.

Prior to 2004, we incorrectly recorded some of these reimbursements of out-of-pocket expenses as a reduction of operating expenses. The effect was to report both revenue and expense net of these out-of-pocket expenses and reimbursements. In 2004, we established a formal policy detailing the proper classification of these expense reimbursements.

We reviewed significant activity for all financial periods prior to 2004 to identify instances in which this error was made. In the restatement, we have reported client reimbursements of out-of-pocket expenses as revenue in all periods. Compared to our previously published Consolidated Financial Statements, the

effect of the restatement is to increase revenue and expense amounts, with no effect on operating income, and to reduce operating margin in percentage terms.

Gross versus Net Revenue Presentation:

We incur and pay certain expenses on behalf of our clients typically relating to the cost of media purchases or production work. We invoice our clients for these expenses in addition to our fees for services provided. EITF 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*, sets forth criteria for the judgment whether revenue should be recognized based on the gross amount billed to the customer or net of amounts paid to suppliers. Because we are broadly considered an advertising agency based on our primary lines of business and only in certain situations would we record revenue other than on a net basis. Accordingly, we generally record revenue net of pass-through charges as we believe the relative strength of the key indicators, taken as a whole, suggest we generally act as an agent on behalf of our clients in our primary lines of business.

We reviewed our lines of business and evaluated our status as a principal or agent, and we reviewed significant transactions to ensure the proper accounting for revenue. We assessed whether the agency or the third-party supplier is the primary obligor for services provided to the client. We evaluated the terms of our client agreements as part of this assessment. In addition we gave appropriate consideration to other key indicators, such as latitude in establishing price and discretion in supplier selection, and less consideration to others, such as credit risk.

We determined that for certain of our businesses, primarily sales promotion, event, sports and entertainment marketing and corporate and brand identity services, the relative strength of the indicators suggests we act as a principal. Accordingly, under EITF 99-19, we accounted for revenue on a net basis in error. In the restatement, for those businesses we have recorded the gross amount billed to the client as revenue consistently on a historical basis. Compared to our previously published Consolidated Financial Statements, the effect of the restatement is to increase revenue and expense by equal amounts, with no effect on operating income or balance sheet accounts, and to reduce operating margin in percentage terms.

We have defined specific criteria which our personnel can use to evaluate whether we are acting as a principal or an agent in their arrangements with clients.

The impact on our Consolidated Financial Statements for the Accounting for Out-of-Pocket Expenses and Gross versus Net Revenue Presentation is presented in the following table:

Revenue Presentation	**Impact of Restatement**	
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**
Consolidated Statement of Operations:		
Revenue	355.6	358.5

Accounting for Acquisitions

Future Obligations related to Prior Acquisitions:

The terms of our acquisitions generally provide for initial payment on the date of sale and contingent amounts over succeeding years, calculated based on the growth and financial performance of the business or the retention of key personnel. As a result, we maintain contingent obligations related to acquisitions made in prior years, such as deferred payments and put options. Deferred payments, or “earn-outs,” generally tie the aggregate price ultimately paid for an acquisition to the business’ performance and are included in the terms of the original purchase to minimize our risk associated with potential future negative changes in the performance of the acquired entity during the post-acquisition transition period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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Earn-outs are typically contingent upon the achievement of projected operating performance targets, as specified in the purchase contract. For those acquisitions where we purchase partial ownership interest in a business, there are often matching put and call options issued. These put and call options are not fixed, rather they are based on a formula that approximates fair value. Put options require us to purchase additional equity interests in the future. Put option amounts to be paid are typically accounted for when the put option is exercised, except in instances where put option payments are specifically contingent upon the future employment of key personnel, in which case compensation expense is accrued prior to when the related put option is exercised. Call options entitle us to acquire additional equity interests in the future. Call option amounts to be paid are contingent upon our decision to exercise our option. Therefore, purchases of additional interests related to call options are accounted for when the related call option is exercised.

In accounting for acquisitions, we recognize deferred payments and purchases of additional interests after the effective date of purchase, as an increase to goodwill and other intangibles, or as compensation expense, depending on the terms of the purchase contract. EITF 95-8, *Accounting for Contingent Consideration Paid to the Shareholders of an Acquired Enterprise in a Purchase Business Combination*, provides criteria for this determination. In some instances, earn-out or put option payments were not properly accounted for as compensation expense. The effect of this error was to understate compensation expense and, in most instances, to overstate goodwill.

We reviewed our acquisitions through 2004, including all contingent future obligations as of December 31, 2004, and we have recorded adjustments to compensation expense and goodwill in periods where contingent acquisition obligations were recorded inappropriately.

We will require that future acquisition-related transactions be approved by our operating management as well as members of our Controllers, Corporate Development and Tax groups prior to execution of the related agreement. Our central repository of related information has been reviewed for completeness and accuracy and updated to ensure that it contains critical files and data. We plan to update our policies concerning the proper accounting for future obligations related to our acquisitions. The restatement also affects periods prior to 2002; we have recorded an adjustment of $29.2 to retained earnings at January 1, 2002.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table:

Future Obligations Related to Prior Acquisitions **Increase (Decrease) for the Years Ended and as of December 31,**	**Impact of Restatement** **2003**	 **2002**
Consolidated Statement of Operations:		
Revenue	—	—
Operating Loss	(23.6)	(13.8)
Provision for Income Taxes	—	—
Loss from Continuing Operations	(24.2)	(13.8)
Consolidated Balance Sheet:		
Total Assets	2.8	
Total Liabilities	27.0	

Pre-Acquisition Earnings:

It was not uncommon during the period 1996 through 2002 for us to account for the revenues and expenses of certain entities acquired from a point in time that was earlier than the date of closing. In those

cases we incorrectly recorded the acquired business' revenues and expenses in our Consolidated Financial Statements for that year as of January 1, although the acquisition closed subsequent to that date, typically in the latter half of the year. This incorrect recognition of revenue and expenses prior to the closing date was recorded either as an adjustment in the month of purchase, or by adjusting prior months' accounting results. As a result of these misstatements of revenues and expenses, we recorded additional goodwill on our balance sheet to offset the increase to income. In doing so, we recorded amortization expense on an inflated goodwill balance until the adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*, at January 1, 2002, when we ceased amortizing goodwill.

As part of the restatement, we reviewed financial books and records associated with the accounting at the time of acquisition and utilized quantitative analytics to understand revenue and expenses recorded related to the acquisition. As a result of our review we identified 142 acquisitions where we had inappropriately recognized earnings prior to our effective legal ownership of the acquired entities.

We have calculated the impact of this incorrect practice through the review of purchase contracts for the substantial majority of acquisitions made since 1996. For those entities identified as having recorded pre-acquisition earnings, we identified the actual closing date of each acquisition and used this as the cutoff date to determine the amount of pre-acquisition earnings improperly recorded. For those entities identified with pre-acquisition earnings recognition, we also adjusted the goodwill balance for the error. Since the goodwill balance was misstated we also recalculated the appropriate amortization of goodwill from the date of acquisition.

We have also created a central repository for acquisition data. Accounting for all future acquisitions will be reviewed and evaluated with the appropriate management oversight prior to the acquisition being finalized and must include members of our Controllers, Treasury, Corporate Development and Tax groups to prevent this type of inappropriate accounting in future periods.

We have recorded adjustments as part of the restatement to reduce our consolidated revenues, expenses and goodwill balances in the years where pre-acquisition earnings were recorded inappropriately. We have also made adjustments to amortization expense that was recorded on our misstated goodwill balance.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2002; we have recorded an adjustment of $30.2 to retained earnings at January 1, 2002 related to pre-acquisition earnings recognition.

Pre-Acquisition Earnings	Impact of Restatement	
Increase (Decrease) for the Years Ended and as of December 31,	2003	2002
Consolidated Statement of Operations:		
Revenue	—	(2.5)
Operating Income (Loss)	—	(1.2)
Provision for Income Taxes	—	(0.1)
Income (Loss) from Continuing Operations	—	(0.7)
Consolidated Balance Sheet:		
Total Assets	(0.4)	
Total Liabilities	(0.0)	

Internal Investigations

Instances of possible employee misconduct have come to our attention through our anti-fraud program, internal and external audit work, and the expanded scope of our work on the restatement. Our

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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corporate risk management group investigates these matters, frequently with the assistance of outside forensic accountants and legal counsel. It prepares a written report documenting the investigation, its findings, and recommended actions. The report is then presented to corporate management and the Audit Committee of the Board of Directors for review. If we conclude that there has been misconduct, we take appropriate personnel action, which may include termination, and if recommended by counsel, we notify the appropriate governmental and regulatory authorities of violations of law, and take legal action if appropriate to recover our losses.

The restatement includes the correction of certain unintentional errors in our accounting that were discovered as a result of these investigations and primarily relate to agencies outside the United States. However, certain of these investigations revealed instances of deliberate falsification of accounting records, evasion of taxes in jurisdictions outside the United States, inappropriate charges to clients, diversion of corporate assets, non-compliance with local laws and regulations, and other improprieties. These errors were not prevented or detected earlier because of material weaknesses in our control environment and decentralized operating structure. In a number of these cases, the activities appear to have had the purpose of improving the reported financial performance of the operating unit involved. In a number of cases, we believe the purpose included reducing the personal tax burdens of the individuals involved.

In an effort to improve our internal control over financial reporting relating to employee misconduct, we have developed an extensive remediation plan. This plan includes specific responses to the findings of each of the internal investigations referred to below, as well as an enhanced, Company-wide compliance program. The remediation plan has been developed by management in consultation with outside advisors and has been approved by the Audit Committee.

The table below sets forth the impact of this element of the restatement on our Consolidated Financial Statements. The restatement also reflects periods prior to 2002; we have recorded an adjustment of $15.7 in our retained earnings at January 1, 2002.

Internal Investigations	**Impact of Restatement**	
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**
Consolidated Statement of Operations:		
Revenue	(7.2)	(6.1)
Operating Loss	(17.3)	(12.7)
Provision for Income Taxes	1.2	1.9
Loss from Continuing Operations	(18.6)	(14.4)
Consolidated Balance Sheet:		
Total Assets	12.6	
Total Liabilities	30.3	

We believe that the liabilities we have recognized relating to the investigations are our best estimate of our ultimate liability based on the facts and documents reviewed to date. While the vast majority of the investigations have yielded adjustments to our prior period financial statements reflected in the restatement, several of them are still continuing, and others may arise in the future. Management has recorded its best estimate of probable exposure based on the facts that it had at the time. We cannot predict what any ongoing investigation may uncover and what, if any, remedial actions may have to be taken. It is possible that we will be required to pay material fines, penalties, interest or other amounts associated with these investigations.

Below is a summary of the cases that we have investigated that have resulted in a restatement of our prior period financial results greater than $5.0. These instances represent approximately 80% of the aggregate cumulative adjustments recorded as a result of our internal investigations.

- We have recorded adjustments with a cumulative impact on net income for the years 2002 through 2004 of $31.8 including taxes, penalties and interest of $10.0 relating to errors we identified at our McCann agency in Turkey. These errors are attributable primarily to the retention of vendor discounts that should have been remitted to clients, the improper valuation of a previously acquired business and over-billing clients for payments to vendors. Our information to date indicates that these activities involved misconduct by local senior management. When the investigation is concluded, we will determine the appropriate personnel actions, which could include terminations of local senior management.
- We have recorded adjustments with a cumulative impact on net income for the years 2002 through 2004 of $14.5 relating to errors identified at our FCB agency in Turkey. These errors were attributable primarily to inappropriate charges to customers and evasion of local taxes. Our information to date indicates that these activities involved misconduct by local senior management. When the investigation is concluded, we will determine the appropriate personnel actions, which could include terminations of local senior management.
- We have recorded adjustments with a cumulative impact on net income for the years 2002 through 2004 of $10.8 relating to errors we identified at Media First in New York City. These errors are attributable primarily to inadequate recordkeeping but also included payment of certain employee salaries through accounts payable and without appropriate tax withholdings. The errors resulted in increased earn-out payments. Some management personnel at the agency involved in this activity have been terminated.
- We have recorded adjustments with a cumulative impact on net income for the years 2002 to 2004 of $10.5 relating to errors we identified at our FCB agency in Spain. These errors are attributable to the use of companies that were formed to account for the production and media volume discounts received from production suppliers on a separate set of books and records. As a result, discounts and rebates to which clients may have been entitled under local law were concealed to prevent detection in the event of a client audit. In addition compensation was paid to an agency executive's personal service company out of these companies without proper withholding for income taxes. At the same location, we have also recorded adjustments with a cumulative impact of $4.2. These errors are attributable to the inappropriate recognition of certain discounts and benefits that should have been remitted to clients. We plan to divest our interest in FCB Spain and sign an affiliation agreement with the management there with an appropriate control structure to assure future business is properly conducted.
- We have recorded adjustments with a cumulative impact on net income for the years 2002 through 2004 of $12.7 relating to errors we identified at our McCann agency in Greece. These errors are attributable primarily to retention of vendor discounts in excess of the level permitted under Greek law and the purchase of prepaid media on a speculative basis without the appropriate client commitment. In addition, we identified inappropriate related-party transactions and evidence of improper gifts. The senior officer and other management personnel at the agency have been terminated and parts of the agency's business have been divested.
- We have recorded adjustments with a cumulative impact on net income for the years 2002 through 2004 of approximately $7.2 relating to errors we identified at our McCann agency in the Netherlands. These errors are attributable to the recognition as revenue of certain discounts and

benefits that should have been returned to clients or vendors. We have terminated and/or replaced financial and operating management.

- We have recorded adjustments with a cumulative impact on net income for the years 2002 through 2004 of $8.6 relating to errors identified at five McCann agencies in Azerbaijan, Ukraine, Uzbekistan, Bulgaria and Kazakhstan. These errors were attributable to failure to record and pay compensation-related taxes, value added taxes and corporate income taxes, and to inadequate record keeping. Management in these jurisdictions paid certain employees as contractors, often in cash, without accounting for the payments. In three of these countries, income and expenses were recorded by a service company located outside those jurisdictions to avoid corporate tax or value added tax. We have sold or are in the process of selling all of these entities. In the case of the Ukraine, we plan on signing an affiliation agreement with the management there with appropriate controls in place to assure our business is properly conducted.

In addition, the other investigations that had an impact of less than $5.0 each have resulted in adjustments with a cumulative impact on net income for the years 2004 through 2002 of $11.9. The errors were similar in nature to those described above. We have terminated, or are in the process of terminating, the employees involved in these occurrences.

Review of International Compensation Arrangements

Over the past 18 months, we have undertaken an extensive review of employment compensation practices across our organization. While most practices were found to be acceptable, we have identified some practices in certain jurisdictions that required additional review. The key areas are as follows:

Personal Service Companies. The advertising industry and many other service industries frequently make use of freelancers, who are typically treated as independent contractors and not subjected to the regulations that apply to an employee-employer relationship. In certain instances, particularly in Europe and Latin America, it is common for individuals to establish a personal service company (“PSC”), in which case the hiring company will normally contract directly with the PSC for the services of the individual. In every jurisdiction that was reviewed, PSC arrangements are legal and often customary and socially acceptable. However, in certain circumstances, if the individual does not meet the established criteria, the PSC structure is not a permissible vehicle and could result in an avoidance of personal income tax and social tax by the individual and, in the case of the company, an avoidance of social tax. We reviewed every situation where one of our agencies had contracted with a PSC and determined that in a number of instances, the use of a PSC was not supportable.

Payment of Personal Expenses Outside the Normal Payroll Mechanism. We have also identified in certain countries, including some in which such a practice was customary and socially acceptable, instances where expenses that can be considered personal in nature were reimbursed to an individual employee outside the payroll mechanism. The practice resulted in the payment not being reported through the normal payroll system and no appropriate tax withholdings being made. We have identified those instances where we believe such practice should have been reported through the payroll system.

Split Salary Payments. We identified certain instances where an individual employee received compensation from a jurisdiction outside the jurisdiction in which he was primarily employed (home country). In such instances, the paying company normally would not report or withhold local income tax on such salary payments, relying on the employee to report and remit the appropriate taxes to the country of employment. We have identified those instances where either the paying entity or the local employing entity had an affirmative obligation to report and withhold personal income and social taxes.

Equity Grants and Retirement Payments. In a number of instances we identified stock option and restricted stock or retirement annuities granted to employees outside the US and upon exercise or vesting,

neither the US company nor the local company reported the compensation arising therefrom or withheld applicable local tax. Instead the agency notified each employee of the employee's obligation to report and withhold in the respective local country of residence or employment. We have identified certain jurisdictions where we or the local employing agency should have withheld on or reported the compensation to the local authorities.

Independent Contractor/ Employees. A common issue in our industry is the retention of services by individuals in the capacity of an independent contractor instead of as an employee. There are specific criteria in every jurisdiction in which we do business which establish whether an individual is to be characterized as an employee or as an independent contractor. In a number of instances we have identified individuals who were classified as independent contractors but should have been considered employees.

As it relates to the five issues, Personal Service Companies, payment of personal expenses outside the normal payroll mechanism, split salary payments, equity grants and retirement payments, and independent contractors/employees, we have recorded adjustments with a cumulative impact on net income for the years 2002 through 2003 of $16.6, of which $6.7 is related to PSCs.

The table below sets forth the impact of this element of the restatement on our Consolidated Financial Statements for the years 2002 through 2004. The restatement also reflects periods prior to 2002; we have recorded an adjustment of $9.0 in our retained earnings at January 1, 2002.

International Compensation Arrangements	**Impact of Restatement**	
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**
Consolidated Statement of Operations:		
Revenue	—	—
Operating Loss	(9.6)	(9.4)
Provision for Income Taxes	(0.7)	(0.9)
Loss from Continuing Operations	(8.8)	(8.5)
Consolidated Balance Sheet:		
Total Assets	0.7	
Total Liabilities	9.6	

Accounting for Lease Related Expenses

Substantially all of our office space is leased from third parties. Certain of our lease contracts contain rent holidays, various escalation clauses, or landlord/tenant incentives. While it is our policy to record leases properly, in some instances we did not account for these lease provisions in accordance with GAAP, specifically, SFAS No. 13, *Accounting for Leases*, FTB 85-3, *Accounting for Operating Leases with Scheduled Rent Increases*, FTB 88-1, *Issues Related to Accounting for Leases*, and SFAS No. 143, *Accounting for Asset Retirement Obligations.* In particular: we recorded rent expense for operating leases on a cash basis, without consideration for rent holidays; we did not appropriately record or amortize landlord/tenant incentives, and in some cases, netted reimbursements with leasehold improvement assets; we did not properly record or amortize leasehold improvements over the appropriate periods, and in some cases, inappropriately amortized leasehold improvement over terms that included assumptions of lease renewals; we did not completely or accurately record asset retirement obligations related to leasehold improvement assets; and for lease properties that were part of either our 2001 or 2003 restructuring programs, these errors also impacted amounts previously recorded for restructuring.

We have reviewed our significant lease arrangements in place as of December 31, 2004. We reviewed rental costs, including costs related to fixed rent escalation clauses and rent holidays, and correctly

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

recorded them on a straight-line basis over the lease term. We ensured that landlord/tenant incentives are recorded as leasehold improvement assets and amortized over the shorter of the economic useful life or the lease term. We ensured that funds received are recorded as deferred rent and amortized as reductions to rent expense over the lease term. For leasehold improvements, we recorded adjustments to amortize the related assets over the shorter of the economic useful life or the lease term, and ensured that the lease renewal is “reasonably assured” as that term is contemplated by SFAS No. 13 when the amortization period includes a renewal period. We ensured that asset retirement obligations are recorded completely and accurately in the period in which they are incurred and a reasonable estimate of fair value can be made, and that the amortization of the asset and accretion of the discounted liability is recognized ratably over the useful life of the leasehold improvement asset. For leased properties that were part of either our 2001 or 2003 restructuring programs, we ensured that prior period rent costs have been recorded on a straight-line basis prior to time of restructuring and that deferred rent credit balances have been appropriately taken into consideration in the calculation of the related restructuring reserve at time of restructuring.

We have established specific guidelines to assist personnel in analyzing and recording lease related expenses in the Consolidated Statement of Operation.

The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2002; we have recorded an adjustment of $31.3 to retained earnings at January 1, 2002 related to lease expenses.

Accounting for Leases	**Impact of Restated**	
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**
Consolidated Statement of Operations:		
Revenue	—	—
Operating Income (Loss)	(0.6)	0.2
Provision for Income Taxes	1.6	0.2
Income (Loss) from Continuing Operations	(2.5)	(0.3)
Consolidated Balance Sheet:		
Total Assets	0.5	(7.8)
Total Liabilities	5.9	(5.9)

Other Adjustments

We have identified other adjustments to our Consolidated Financial Statements which do not conform to GAAP. We had previously not performed account reconciliations timely. As a result of the restatement we reconciled significant balance sheet and income statement accounts and determined that some accounts required adjustment. In our examination of accounts, we have identified a number of matters that require correction, the most significant of which are discussed below.

Tax Provision: We reviewed a global licensing structure in the Octagon Group that it had inherited in an acquisition of a group of foreign entities in 1998, and determined that we had incorrectly reported income for statutory and income tax purposes for all years since acquisition. Based on established transfer pricing principles, we have determined that a portion of that income reported partially within the UK and the US, was subject to higher tax rates. We have disclosed this error to the respective tax authorities in the US and UK. The corrected amount of tax of the years 1998 through 2003 including tax and penalties has been accrued and is shown in Provision for Taxes.

Deconsolidation of Entities: We noted several instances where an entity was fully consolidated in error. In these cases, the entity was erroneously consolidated in financial results for certain years for which

we did not have effective control of the entity, and accordingly in the restatement, we recorded an adjustment to deconsolidate these entities for those years.

Pension Expense associated with Foreign Plans: Adjustments were recorded to properly state the pension expense associated with foreign plans for all years presented. Such adjustments resulted in increased pension expense for previously unidentified plans.

Goodwill and Investment Impairments: Adjustments were necessary to reclass goodwill and investment impairments in the appropriate periods where the triggering event was identified to have occurred. Certain impairments had been recorded in subsequent periods and were accounted for in the appropriate periods.

Foreign Currency Translation Adjustments: Adjustments were made to properly state the foreign currency translation adjustment and the foreign currency gains or losses accounts for all periods. Certain adjustments that had been recorded in wrong periods have now been accounted for in the appropriate periods.

Classification Revisions: Adjustments were made to reclassify certain balance sheet, income and expense account balances for consistent application of GAAP and our policies and procedures. Such reclassification adjustments included the presentation of bank overdrafts as a liability rather than a credit balance in an asset account, intercompany accounts that had been incorrectly recorded as accounts receivable, accounts payable or other non-intercompany accounts, reclassifications of long-term and short-term assets and liabilities and other miscellaneous income and expense account reclassifications. Certain adjustments had been recorded in subsequent periods and were accounted for in the appropriate periods.

Auction rate securities have been reclassified from cash equivalents to short-term marketable securities for each of the periods presented in the accompanying Consolidated Balance Sheet based upon our evaluation of the maturity dates associated with the underlying bonds. Auction rate securities are variable rate bonds tied to short-term interest rates with maturities on the face of the securities in excess of 90 days. Auction rate securities have interest rate resets, at predetermined short-term intervals, usually between 7 and 35 days. They trade at par and are callable at par on any interest payment date at the option of the issuer. Interest paid during a given period is based upon the interest rate determined during the prior auction. Although these securities are issued and rated as long-term bonds, they are priced and traded as short-term instruments because of the significant degree of market liquidity provided through the interest rate resets. We had previously classified these instruments as cash equivalents if the period between interest rate resets was 90 days or less.

Other Adjustments: We also have corrected certain known errors that were previously not recorded because in each such case we believed at the time that the amount of any such error was not material to our consolidated financial statements. Principally, these types of adjustments consist of numerous minor items. We wrote off unsubstantiated balances related to unbillable third party charges, the reversal of over accrued job costs, and fixed asset write-offs for items that should not have been capitalized, could not be accounted for or were not in use.

As part of our remediation of our material control weaknesses, we are in the process of hiring additional personnel with knowledge of GAAP to assist in timely reconciliations of our accounts, to ensure substantiation of amounts recorded, recognition of appropriate cut-off, and management oversight of key accounts.

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The impact on our Consolidated Financial Statements of this element of the restatement is presented in the following table. The restatement also affects periods prior to 2002; we have recorded an adjustment of $34.0 to retained earnings at January 1, 2002 related to these miscellaneous other adjustments.

Other Adjustments	Impact of Restatement	
Increase (Decrease) for the Years Ended and as of December 31,	**2003**	**2002**
Consolidated Statement of Operations:		
Revenue	19.2	20.5
Operating Income (Loss)	38.2	1.8
Provision for Income Taxes	(3.9)	(2.1)
Income (Loss) from Continuing Operations	28.1	(7.7)
Consolidated Balance Sheet:		
Total Assets	74.8	
Total Liabilities	43.6	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The following tables summarize the impact of the restatement on previously reported financial information.

CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2003		
	As Previously Reported	Effect of Restatement	As Restated
REVENUE	$ 5,863.4	$ 298.3	$ 6,161.7
OPERATING EXPENSES:			
Salaries and related expenses	3,451.8	48.8	3,500.6
Office and general expenses	1,896.9	328.8	2,225.7
Restructuring charges	175.6	(2.7)	172.9
Long-lived asset impairment and other charges	286.9	7.1	294.0
Total operating expenses	5,811.2	382.0	6,193.2
OPERATING INCOME (LOSS)	52.2	(83.7)	(31.5)
EXPENSE AND OTHER INCOME:			
Interest expense	(172.8)	(34.2)	(207.0)
Debt prepayment penalty	(24.8)	—	(24.8)
Interest income	38.9	0.4	39.3
Investment impairments	(84.9)	13.4	(71.5)
Litigation charges	(127.6)	—	(127.6)
Other income	50.0	0.3	50.3
Total expense and other income	(321.2)	(20.1)	(341.3)
Loss from continuing operations before provision for income taxes	(269.0)	(103.8)	(372.8)
Provision for income taxes	254.0	(11.3)	242.7
Loss from continuing operations of consolidated companies	(523.0)	(92.5)	(615.5)
Income applicable to minority interests (net of tax)	(30.9)	3.9	(27.0)
Equity in net income of unconsolidated affiliates (net of tax)	1.0	1.4	2.4
Loss from continuing operations	(552.9)	(87.2)	(640.1)
Income from discontinued operations (net of tax)	101.2	(0.2)	101.0
LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (451.7)	$ (87.4)	$ (539.1)
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ (1.43)	$ (0.23)	$ (1.66)
Discontinued operations	0.26	—	0.26
Total	$ (1.17)	$ (0.23)	$ (1.40)
Diluted:			
Continuing operations	$ (1.43)	$ (0.23)	$ (1.66)
Discontinued operations	0.26	—	0.26
Total	$ (1.17)	$ (0.23)	$ (1.40)
Weighted-average shares:			
Basic	385.5	—	385.5
Diluted	385.5	—	385.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2002		
	As Previously Reported	Effect of Restatement	As Restated
REVENUE	$ 5,737.5	$ 321.6	$ 6,059.1
OPERATING EXPENSES:			
Salaries and related expenses	3,350.0	46.7	3,396.7
Office and general expenses	1,889.3	359.4	2,248.7
Restructuring charges	12.1	(4.2)	7.9
Long-lived asset impairment and other charges	127.1	2.9	130.0
Total operating expenses	5,378.5	404.8	5,783.3
OPERATING INCOME	359.0	(83.2)	275.8
EXPENSE AND OTHER INCOME:			
Interest expense	(145.6)	(13.1)	(158.7)
Interest income	29.8	0.8	30.6
Investment impairments	(39.7)	(0.6)	(40.3)
Other income	7.9	0.4	8.3
Total expense and other income	(147.6)	(12.5)	(160.1)
Income from continuing operations before provision for income taxes	211.4	(95.7)	115.7
Provision for income taxes	117.9	(11.5)	106.4
Income from continuing operations of consolidated companies	93.5	(84.2)	9.3
Income applicable to minority interests (net of tax)	(30.5)	0.5	(30.0)
Equity in net income of unconsolidated affiliates (net of tax)	5.0	0.9	5.9
Net income (loss) from continuing operations	68.0	(82.8)	(14.8)
Income from discontinued operations (net of tax)	31.5	—	31.5
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ 99.5	$ (82.8)	$ 16.7
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ 0.18	$ (0.22)	$ (0.04)
Discontinued operations	0.08	—	0.08
Total	$ 0.26	$ (0.22)	$ 0.04
Diluted:			
Continuing operations	$ 0.18	$ (0.22)	$ (0.04)
Discontinued operations	0.08	—	0.08
Total	$ 0.26	$ (0.22)	$ 0.04
Weighted-average shares:			
Basic	376.1	—	376.1
Diluted	381.3	(5.2)	376.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

CONDENSED CONSOLIDATED BALANCE SHEET

	As of December 31, 2003		
	As Previously Reported	Effect of Restatement	As Restated
ASSETS:			
Cash and cash equivalents	$ 2,005.7	$ (133.8)	$ 1,871.9
Short-term marketable securities	—	195.1	195.1
Accounts receivable, net of allowance of $134.1	4,632.4	17.9	4,650.3
Expenditures billable to clients	242.1	61.2	303.3
Deferred income taxes	201.7	78.0	279.7
Prepaid expenses and other current assets	267.8	(35.4)	232.4
Total current assets	7,349.7	183.0	7,532.7
Land, buildings and equipment, net	657.1	40.8	697.9
Deferred income taxes	344.5	33.8	378.3
Investments	248.6	(1.8)	246.8
Goodwill	3,310.6	(42.7)	3,267.9
Other intangible assets, net	42.0	1.0	43.0
Other assets	282.0	(2.7)	279.3
Total non-current assets	4,884.8	28.4	4,913.2
TOTAL ASSETS	$ 12,234.5	$ 211.4	$ 12,445.9
LIABILITIES:			
Accounts payable	$ 5,299.2	$ 315.5	$ 5,614.7
Accrued liabilities	1,042.7	214.0	1,256.7
Short-term debt	282.6	34.3	316.9
Total current liabilities	6,624.5	563.8	7,188.3
Long-term debt	2,191.7	7.0	2,198.7
Deferred compensation and employee benefits	539.8	8.8	548.6
Other non-current liabilities	202.6	124.1	326.7
Minority interests in consolidated subsidiaries	70.0	(5.2)	64.8
Total non-current liabilities	3,004.1	134.7	3,138.8
TOTAL LIABILITIES	9,628.6	698.5	10,327.1
STOCKHOLDERS’ EQUITY	2,605.9	(487.1)	2,118.8
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$ 12,234.5	$ 211.4	$ 12,445.9

Note 3: Earnings (Loss) Per Share

The following sets forth the computation of basic and diluted earnings (loss) per share for income available to common stockholders:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Basic			
Loss from continuing operations	$ (544.9)	$ (640.1)	$ (14.8)
Less: preferred stock dividends	19.8	—	—
Net loss from continuing operations	(564.7)	(640.1)	(14.8)
Income from discontinued operations, net of taxes of $—, $8.5, and $22.4, respectively	6.5	101.0	31.5
Net income (loss) applicable to common stockholders	$ (558.2)	$ (539.1)	$ 16.7
Weighted-average number of common shares outstanding — basic	415.3	385.5	376.1
Loss per share from continuing operations	$ (1.36)	$ (1.66)	$ (0.04)
Earnings per share from discontinued operations	0.02	0.26	0.08
Earnings (loss) per share — basic	$ (1.34)	$ (1.40)	$ 0.04
Diluted(a)			
Loss from continuing operations	$ (544.9)	$ (640.1)	$ (14.8)
Less: preferred stock dividends	19.8	—	—
Net loss from continuing operations	(564.7)	(640.1)	(14.8)
Income from discontinued operations, net of taxes of $—, $8.5, and $22.4, respectively	6.5	101.0	31.5
Net income (loss) applicable to common stockholders	$ (558.2)	$ (539.1)	$ 16.7
Weighted-average number of common shares outstanding — basic	415.3	385.5	376.1
Dilutive effect of convertible securities	—	—	—
Weighted-average number of common shares outstanding — diluted	415.3	385.5	376.1
Loss per share from continuing operations	$ (1.36)	$ (1.66)	$ (0.04)
Earnings per share from discontinued operations	0.02	0.26	0.08
Earnings (loss) per share — diluted	$ (1.34)	$ (1.40)	$ 0.04

(a) The weighted-average number of incremental shares for each of the following have been excluded from the computations of diluted earnings (loss) per share as they were anti-dilutive:

In 2004 and 2003:

- exercise of employee stock options and conversion of non-vested restricted stock awards;
- conversion of the 4.50%, 1.87%, and 1.80% Convertible Notes;
- conversion of the Series A Mandatory Convertible Preferred Stock;

In 2004 only:

- conversion of restricted stock units;
- contingently issuable shares outstanding issued in settlement of the Federal Securities Class Actions as discussed in Note 19;

In 2002 only:

- exercise of employee stock options and the conversion of non-vested restricted stock awards; and
- conversion of the 1.87% and 1.80% Convertible Notes.

The following table presents the weighted-average number of incremental anti-dilutive shares excluded from the computations of diluted earnings (loss) per share for the years ended December 31, 2004, 2003, and 2002:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Contingently issuable shares	1.2	—	—
Stock options, restricted stock and restricted stock units	4.0	4.1	5.1
Convertible Notes	70.9	64.6	13.1
Series A Mandatory Convertible Preferred Stock	26.3	0.8	—
Total	102.4	69.5	18.2

We adopted 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 earnings per share for any period presented, as the holders of the relevant securities do not participate in our net loss.

Note 4: Acquisitions and Dispositions

Acquisitions

The majority of our acquisitions include an initial payment at the time of closing and provide for additional contingent purchase price payments over a specified time. The initial purchase price of an acquisition is allocated to identifiable assets acquired and liabilities assumed based on estimated fair values with any excess being recorded as goodwill. These contingent payments (“earn-outs”) are calculated based on estimates of the future financial performance of the acquired entity, the timing of the exercise of these rights, changes in foreign currency exchange rates and other factors. Earn-out payments are either recorded as an increase to goodwill and other intangibles or expensed as compensation based on the acquisition agreement and the terms of employment for the former owners of the acquired businesses. Earn-out payments are recorded within the financial statements once the contingent acquisition obligations have been met and the consideration is distributable.

Cash paid and stock issued for prior acquisitions are comprised of: (i) contingent payments as described above; (ii) further investments in companies in which we already have an ownership interest; and (iii) other payments related to loan notes and guaranteed deferred payments that had been previously recognized on the balance sheet.

We completed two acquisitions during 2004, two during 2003, and nine during 2002, none of which were significant on an individual basis. The results of operations of these acquired companies were included in our consolidated results from the date of close of the transaction. We made stock payments

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

related to current acquisitions of $1.1 in 2002. We also made stock payments related to acquisitions initiated in prior years of $23.8, $56.2 and $83.2 during 2004, 2003 and 2002, respectively. Details of cash paid for new and prior acquisitions are as follows:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Cash paid for current acquisitions	$ 14.6	$ 4.0	$ 48.2
Cash paid for prior acquisitions	161.7	221.2	240.0
Less: cash acquired	(0.9)	(0.6)	(11.4)
Net cash paid for acquisitions	$ 175.4	$ 224.6	$ 276.8

The following table includes the cash paid and stock issued for prior acquisition that were primarily recorded as an increase to goodwill and other intangibles in 2004 relating to companies acquired during prior periods:

	Year of Original Acquisition						
	1998 and Prior	1999	2000 (Restated)	2001	2002	2003	Total Paid During 2004
Cash payments for prior acquisitions	$ 28.3	$ 20.7	$ 58.1	$ 11.9	$ 42.1	$ 0.6	$ 161.7
Stock issued for prior acquisitions	4.7	5.3	13.6	—	0.2	—	23.8
Total consideration	$ 33.0	$ 26.0	$ 71.7	$ 11.9	$ 42.3	$ 0.6	$ 185.5

Dispositions

Motorsports — On January 12, 2004, we 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 our Brands Hatch subsidiaries, to MotorSport Vision Limited. The consideration for the sale was approximately $26.0. An additional contingent amount of approximately $4.0 may be paid to us depending upon the future financial results of the operations sold. We recognized a fixed asset impairment loss related to the four owned circuits of $38.0 in the fourth quarter of 2003. Additionally, we recognized a fixed asset impairment of $9.6 related to the other Motorsports entities and a capital expenditure impairment of $16.2 for outlays that Motorsports was contractually required to spend to upgrade and maintain certain remaining racing facilities.

On April 19, 2004, we reached an agreement with the Formula One Administration Limited (“FOA”) to terminate and release our respective guarantee and promoter obligations relating to the British Grand Prix held at the Silverstone racetrack in the United Kingdom (“UK”). Under this agreement, we were released from our obligations following the British Grand Prix in July 2004. In exchange for the early termination of the obligations and liabilities, we paid a total of $93.0 to the FOA in two installments of $46.5 each on April 19, 2004 and May 24, 2004. A pre-tax charge of $80.0 was recorded in Motorsports contract termination costs related to this transaction during the second quarter of 2004, net of approximately $13.0 in existing reserves related to the termination of this agreement.

On July 1, 2004, the British Racing Drivers Club (“BRDC”) agreed to vary the terms of the lease agreement relating to the Silverstone race track and we entered into a series of agreements regarding the potential termination of our remaining Motorsports obligations in the UK. These agreements gave us the right to terminate our lease obligations at the Silverstone race track and related agreements, which we

exercised on November 1, 2004. In connection with these agreements, we paid the BRDC approximately $49.0 in three installments. The first installment of approximately $24.5 was paid on July 1, 2004, the second installment of approximately $16.0 was paid on September 30, 2004, and the third installment of approximately $8.5 was paid on October 7, 2004. As a result of these agreements, we recorded a pre-tax charge in the third quarter of 2004 of $33.6 in Motorsports contract termination costs. This charge is net of existing reserves of $9.9. The payments also include $5.5 in office and general expenses reflecting the amount of lease expense associated with our continued use of the leased property through the third and fourth quarters of 2004. We have exited this business and do not anticipate any additional material charges. The table below summarizes the significant Motorsports charges recorded for the years ended 2004, 2003 and 2002:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Long-lived asset impairment and other charges	$ 3.0	$ 63.8	$ 127.1
Motorsports contract termination costs	113.6	—	—
Total	$ 116.6	$ 63.8	$ 127.1

NFO — On July 10, 2003, we completed the sale of NFO, our research unit, to Taylor Nelson Sofres plc ("TNS") for $415.6 in cash ($376.7 net of cash sold and expenses) and approximately 11.7 shares of TNS stock that were sold in December 2003 for net proceeds of approximately $42.0. As a result of this sale, we recognized a pre-tax gain of $99.1 ($89.1, net of tax) in the third quarter of 2003 after certain post closing adjustments. The TNS shares sold resulted in a pre-tax gain of $13.3 recorded in Other income (expense) in the Consolidated Statement of Operations. In July 2004, we received $10.0 from TNS as a final payment with respect to the sale of NFO, which resulted in a $6.5 gain, net of tax. The results of NFO are classified as a discontinued operation 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 have been removed from our results of continuing operations and cash flows for prior periods.

Income from discontinued operations consist of the following:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Revenue	$ —	$ 250.1	$ 466.1
Pre-tax income from discontinued operations	$ —	$ 20.4	$ 53.9
Tax expense	—	(8.5)	(22.4)
Net income	—	11.9	31.5
Gain on sale, net of taxes	6.5	89.1	—
Income from discontinued operations	$ 6.5	$ 101.0	$ 31.5

Note 5: Restructuring Charges

During 2004, 2003 and 2002, we recorded net expense related to lease termination and other exit costs and severance and termination costs for the 2003 and 2001 restructuring programs of $62.2, $172.9 and $7.9, respectively, which included the impact of adjustments resulting from changes in management's estimates as described below. The 2003 program was initiated in response to softness in demand for advertising and marketing services. The 2001 program was initiated following the acquisition of True North Communications Inc. and was designed to integrate the acquisition and improve productivity. Total

inception to date net expense for the 2001 and 2003 programs were $641.5 and $231.0, respectively. The 2003 and 2001 restructuring programs focused on decreasing our overall cost structure mainly through total reductions in head count of approximately 10,300 employees and through downsizing or closing approximately 280 non-strategic or excessive office locations. As of December 31, 2004, substantially all activities under the 2003 and 2001 programs were completed. A summary of the net (income) and expense by segment is as follows:

	Lease Termination and Other Exit Costs			Severance and Termination Costs			
	2003 Program	2001 Program	Total	2003 Program	2001 Program	Total	Total
2004 Net (Income) Expense							
IAN	$ 40.3	$ (7.3)	$ 33.0	$ 14.1	$ (4.3)	$ 9.8	$ 42.8
CMG	8.1	4.0	12.1	5.1	(0.7)	4.4	16.5
Corporate	3.7	(1.0)	2.7	0.3	(0.1)	0.2	2.9
Total	$ 52.1	$ (4.3)	$ 47.8	$ 19.5	$ (5.1)	$ 14.4	$ 62.2
2003 Net (Income) Expense (Restated)							
IAN	$ 23.1	$ 8.8	$ 31.9	$ 106.6	$ (0.1)	$ 106.5	$ 138.4
CMG	12.7	6.1	18.8	15.7	—	15.7	34.5
Motorsports	—	—	—	0.4	—	0.4	0.4
Corporate	(2.2)	(1.3)	(3.5)	3.1	—	3.1	(0.4)
Total	$ 33.6	$ 13.6	$ 47.2	$ 125.8	$ (0.1)	$ 125.7	$ 172.9
2002 Net Expense (Restated)							
IAN	$ —	$ 5.2	$ 5.2	$ —	$ 7.9	$ 7.9	$ 13.1
CMG	—	5.7	5.7	—	(1.2)	(1.2)	4.5
Corporate	—	(4.3)	(4.3)	—	(5.4)	(5.4)	(9.7)
Total	$ —	$ 6.6	$ 6.6	$ —	$ 1.3	$ 1.3	$ 7.9

Lease termination and other exit costs

2003 Program

Net expense related to lease termination and other exit costs of $52.1 recorded for 2004 was comprised of charges of $67.8, partially offset by adjustments to management estimates of $15.7. For 2003, net expense was $33.6, comprised of charges of $41.6 offset by similar adjustments of $8.0. These charges related to vacating 43 and 55 offices in 2004 and 2003, respectively, located primarily in the US and Europe. Charges were recorded at net present value and were net of estimated sublease rental income. The discount related to lease terminations is being amortized over the expected remaining term of the related lease. Given the remaining life of the vacated leased properties, cash payments are expected to be made through 2015.

In addition to amounts recorded as restructuring charges, we recorded charges of $11.1 and $16.5 during 2004 and 2003, respectively, related to the accelerated amortization of leasehold improvements on properties included in the 2003 program. These charges were included in office and general expenses on the Consolidated Statements of Operations.

2001 Program

Net (income) and expense related to lease termination and other exit costs of ($4.3), $13.6 and $6.6, recorded for 2004, 2003 and 2002, respectively, resulted exclusively from the impact of adjustments to management estimates. The 2001 program resulted in approximately 180 offices being vacated worldwide. Given the remaining life of the vacated properties, cash payments are expected to be made through 2024.

Adjustments to Estimates

Lease termination and other exit costs for the 2003 and 2001 restructuring programs included the net impact of adjustments for changes in management estimates to decrease the restructuring reserves by $20.0 in 2004 and increase the reserve by $5.6 and $6.6 in 2003 and 2002, respectively. Adjustments to management estimates of net lease obligations included both increases and decreases to the restructuring reserve balance as a result of several factors. The significant factors were our negotiation of terms upon the exit of leased properties, changes in sublease rental income and utilization of previously vacated properties by certain of our agencies due to improved economic conditions in certain markets, all of which occurred during the period recorded.

Severance and termination costs

2003 Program

Net expense related to severance and termination costs of $19.5 recorded for 2004 was comprised of charges of $26.4, partially offset by adjustments to management estimates of $6.9. For 2003, net expense of $125.8 was comprised of charges of $133.7 offset by adjustments of $7.9. These charges related to a worldwide workforce reduction of approximately 400 employees in 2004 and 2,900 in 2003. The restructuring program affected employee groups across all levels and functions, including executive, regional and account management and administrative, creative and media production personnel. The majority of the severance charges related to the US and Europe, with the remainder in Asia and Latin America.

2001 Program

Net (income) and expense related to severance and termination costs of ($5.1), ($0.1) and $1.3 recorded for 2004, 2003 and 2002, respectively, resulted exclusively from the impact of adjustments to management estimates. The 2001 program related to a worldwide reduction of approximately 7,000 employees.

Adjustments to Estimates

Severance and termination costs associated with the 2003 and 2001 restructuring programs included the net impact of adjustments for changes in management estimates to decrease the restructuring reserves by $12.0 and $8.0 in 2004 and 2003, respectively, and increase the reserve by $1.3 in 2002. Adjustments to management estimates of severance and termination obligations included both increases and decreases to the restructuring reserve balance as a result of several factors. The significant factors were the decrease in the number of terminated employees, change in amounts paid to terminated employees and change in estimates of taxes and restricted stock payments related to terminated employees, all of which occurred during the period recorded.

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A summary of the remaining liability for the 2003 and 2001 restructuring programs is as follows:

	Liability at 12/31/2003 (Restated)	Charges	Payments	Adjustments(1)	Other(2)	Liability at 12/31/04
2003 Program						
Lease termination and other exit costs	$ 37.7	$ 67.8	$ (32.6)	$ (15.7)	$ (6.2)	$ 51.0
Severance and termination costs	39.0	26.4	(52.4)	(6.9)	1.1	7.2
Total	$ 76.7	$ 94.2	$ (85.0)	$ (22.6)	$ (5.1)	$ 58.2
2001 Program						
Lease termination and other exit costs	$ 65.6	$ —	$ (28.0)	$ (4.3)	$ 3.9	$ 37.2
Severance and termination costs	10.2	—	(3.1)	(5.1)	(0.4)	1.6
Total	$ 75.8	$ —	$ (31.1)	$ (9.4)	$ 3.5	$ 38.8

	Liability at 12/31/2002 (Restated)	Charges	Payments	Adjustments(1)	Other(2)	Liability at 12/31/2003 (Restated)
2003 Program						
Lease termination and other exit costs	$ —	$ 41.6	$ (8.5)	$ (8.0)	$ 12.6	$ 37.7
Severance and termination costs	—	133.7	(88.3)	(7.9)	1.5	39.0
Total	$ —	$ 175.3	$ (96.8)	$ (15.9)	$ 14.1	$ 76.7
2001 Program						
Lease termination and other exit costs	$ 92.5	$ —	$ (33.1)	$ 13.6	$ (7.4)	$ 65.6
Severance and termination costs	15.9	—	(10.9)	(0.1)	5.3	10.2
Total	$ 108.4	$ —	$ (44.0)	$ 13.5	$ (2.1)	$ 75.8

(1) Amounts represent adjustments to management estimates, as discussed above.

(2) Amounts represent adjustments to the liability for changes in foreign currency exchange rates as well as liabilities that were previously maintained on the Consolidated Balance Sheet in other balance sheet accounts.

Severance amounts incurred outside the parameters of our restructuring programs are recorded in the financial statements when they become both probable and estimable. With the exception of medical and dental benefits paid to employees who are on long-term disability, we do not establish liabilities associated with severance until reasonably estimable and probable. We have recorded a liability of $6.1 and $5.5 as of December 31, 2004 and 2003, respectively, related to medical and dental benefits for employees who are on long-term disability.

Note 6: Land, Buildings and Equipment

The following table provides a summary of the components of land, buildings and equipment:

	December 31, 2004	December 31, 2003 (Restated)
Land and buildings	$ 111.1	$ 105.2
Furniture and equipment	1,038.6	1,035.1
Leasehold improvements	571.3	563.9
	1,721.0	1,704.2
Less: accumulated depreciation	(998.1)	(1,006.3)
Land, buildings and equipment, net	$ 722.9	$ 697.9

Note 7: Goodwill and Other Intangible Assets

Goodwill

Goodwill is the excess purchase price remaining from an acquisition after an allocation of purchase price has been made to identifiable assets acquired and liabilities assumed based on estimated fair values. In order to determine the fair value of net assets for new agency acquisitions, valuations are performed based on several factors, including the type of service offered, competitive market position, brand reputation and geographic coverage. Considering the characteristics of advertising, specialized marketing and communication services companies, our acquisitions usually do not have significant amounts of tangible and other intangible net assets. As a result, a substantial portion of the purchase price is allocated to goodwill. Changes to goodwill include both current year and deferred payments related to acquisitions. We perform an annual impairment review of goodwill as of September 30th or whenever events or significant changes in circumstances indicate that the carrying value may not be recoverable. See Note 1 for fair value determination and impairment testing methodologies. For more discussion on impairment charges, refer to Note 8.

The changes in the carrying value of goodwill by segment for the years ended December 31, 2004 and 2003 are as follows:

	IAN	CMG	Total
Balance as of December 31, 2002 (Restated)	$ 2,733.7	$ 587.2	$ 3,320.9
Goodwill from dispositions	(140.1)	—	(140.1)
Goodwill from current acquisitions	3.4	—	3.4
Goodwill from prior acquisitions	213.8	48.7	262.5
Impairment charges	(0.4)	(218.0)	(218.4)
Other (primarily currency translation)	34.9	4.7	39.6
Balance as of December 31, 2003 (Restated)	$ 2,845.3	$ 422.6	$ 3,267.9
Goodwill from current acquisitions	10.1	—	10.1
Goodwill from prior acquisitions	93.8	56.6	150.4
Impairment charges	(220.2)	(91.7)	(311.9)
Other (primarily currency translation)	24.5	0.6	25.1
Balance as of December 31, 2004	$ 2,753.5	$ 388.1	$ 3,141.6

Other Intangible Assets

As of December 31, 2004 and 2003, the net carrying value of other intangible assets was $37.6 and $43.0, respectively. Included in other intangible assets are assets with indefinite lives not subject to amortization and assets with definite lives subject to amortization. Other intangible assets include non-compete agreements, license costs, trade names and customer lists. The total amortization expense for the twelve months ended December 31, 2004, 2003 and 2002 was $6.8, $12.1 and $9.2, respectively. These assets are reviewed annually for impairment or whenever events or significant changes in circumstances indicate that the carrying value may not be recoverable. See Note 1 for fair value determination and impairment testing methodologies. For more discussion on impairment charges, refer to Note 8. The following table provides a summary of other intangible assets:

	December 31,	
	2004	2003 (Restated)
Other intangible assets	$ 63.4	$ 72.8
Less: accumulated amortization	(25.8)	(29.8)
Other intangible assets, net	$ 37.6	$ 43.0

Note 8: Long-Lived Asset Impairment and Other Charges

Long-lived assets include land, buildings, equipment, goodwill and other intangible assets. Buildings, equipment and other intangible assets with finite lives are depreciated or amortized on a straight-line basis over their respective estimated useful lives. At least annually, we review all long-lived assets for impairment. When necessary, we record an impairment charge for the amount that the carrying value exceeds the fair value. See Note 1 to the Consolidated Financial Statements for fair value determination and impairment testing methodologies.

The following table summarizes the long-lived asset impairment and other charges:

	For the Years Ended December 31,										
	2004				2003 (Restated)				2002 (Restated)		
	IAN	CMG	Motorsports	Total	IAN	CMG	Motorsports	Total	IAN	Motorsports	Total
Goodwill impairment	$ 220.2	$ 91.7	$ —	$ 311.9	$ 0.4	$ 218.0	$ —	$ 218.4	$ 2.9	$ 82.1	$ 85.0
Fixed asset impairment	2.0	0.4	3.0	5.4	2.3	—	63.8	66.1	—	33.0	33.0
Other	4.9	—	—	4.9	9.1	0.4	—	9.5	—	12.0	12.0
Total	$ 227.1	$ 92.1	$ 3.0	$ 322.2	$ 11.8	$ 218.4	$ 63.8	$ 294.0	$ 2.9	$ 127.1	$ 130.0

2004 Impairments

IAN — During the third quarter of 2004, we recorded goodwill impairment charges of approximately $220.2 at The Partnership reporting unit, which was comprised of, Lowe Worldwide, Draft Worldwide, Mullen, Dailey & Associates and Berenter Greenhouse Webst and $91.7 at our CMG reporting unit, which is comprised of Weber Shandwick, Golin Harris, DeVries Public Relations, and Octagon Worldwide FutureBrand. Our long-term projections showed previously unanticipated declines in discounted future operating cash flows due to recent client losses, reduced client spending and declining industry valuation metrics. These discounted future operating cash flow projections caused the estimated fair values of The Partnership to be less than their book values. The Partnership was subsequently disbanded in the fourth quarter of 2004 and the remaining goodwill was allocated based on the relative fair value of the agencies at the time of disbandment. We considered the possibility of impairment at Lowe and Draft, the two largest

agencies previously within The Partnership. However, at this point we have determined that there is no discernible trigger event for an additional impairment. We will continue to monitor the results and, should operating performance worsen, particularly at Lowe we may conclude that a trigger event has occurred and impairment may then be required.

CMG — As a result of the annual impairment review, a goodwill impairment charge of $91.7 was recorded at the CMG reporting unit. At our CMG reporting unit, which is comprised of Weber Shandwick, Golin Harris, DeVries Public Relations, and Octagon Worldwide FutureBrand, the fair value of CMG was adversely affected by declining industry market valuation metrics, specifically, a decrease in the EBITDA multiples used in the underlying valuation calculations. The impact of the lower EBITDA multiples caused the calculated fair value of CMG goodwill to be less than the related book value.

2003 Impairments

CMG — We recorded an impairment charge of $218.0 to reduce the carrying value of goodwill at Octagon. The Octagon impairment charge reflects the reduction of the unit's fair value due principally to poor financial performance in 2003 and lower than expected future financial performance. Specifically, there was significant pricing pressure in both overseas and domestic TV rights distribution, declining fees from athlete representation, and lower than anticipated proceeds from committed future events, including ticket revenue and sponsorship.

Motorsports — We recorded fixed asset impairment charges of $63.8, consisting of $38.0 in connection with the sale of a business comprised of the four owned auto racing circuits $9.6 related to the sale of other Motorsports entities and fixed asset impairment of $16.2 for outlays that Motorsports was contractually required to spend to improve the racing facilities.

2002 Impairments

Motorsports — Beginning in the second quarter of 2002 and continuing in subsequent quarters, certain Motorsports businesses experienced significant operational difficulties. Some of the impairment indicators included significantly lower than anticipated attendance at the marquee British Grand Prix race in July 2002 and a change in management at Motorsports in the third quarter of 2002. We performed an impairment test and concluded that certain asset groupings of Motorsports had a book value that exceeded their fair market value. As a result, we recognized an impairment loss of $127.1, which was composed of $82.1 of goodwill impairment, $33.0 of fixed asset impairment and $12.0 of other impairment.

Note 9: Expense and Other Income

Investment Impairment

We monitor our investments to determine whether a significant event or changes in circumstances has occurred that may have an adverse effect on the fair value of each investment. When an other than temporary decline in value is deemed to have occurred, an impairment charge is recorded to adjust the carrying value of the investment to the estimated fair value. See Note 1 for further discussion of fair value determination and impairment testing methodologies.

During 2004, we recorded investment impairment charges of $63.4. The principal component of the charges was $50.9 related to the impairment of an unconsolidated investment in a German advertising agency, Springer & Jacoby, as a result of a decrease in projected operating results. Additionally, we recorded impairment charges of $4.7 related to unconsolidated affiliates primarily in Israel, Brazil, Japan and India, and $7.8 related to several other available-for-sale investments.

During 2003, we recorded $71.5 of investment impairment charges related to 20 investments. The charge related principally to investments in Fortune Promo 7 of $9.5 in the Middle East, Koch Tavares of $7.7 in Latin America, Daiko of $10.0 in Japan, Roche Macaulay Partners of $7.9 in Canada, Springer & Jacoby of $6.5 in Germany and Global Hue of $6.9 in the US. The majority of the impairment charges resulted from deteriorating economic conditions in the countries in which the agencies operate, due to the loss of one or several key clients.

During 2002, we recorded $40.3 of investment impairments primarily related to Octagon investments. The largest component of the write-off was a $28.4 impairment charge related to an investment in a German soccer club based on current and projected operating results.

Other Income (Expense)

The following table sets forth the components of other income (expense):

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
(Losses) gains on sales of businesses	$ (18.2)	$ 0.3	$ (0.2)
Gain on sale of Modem Media shares	0.8	30.3	—
Gain on sale of TNS shares	—	13.3	—
Gains on sales of other available-for-sale securities and miscellaneous investment income	6.7	6.4	8.5
Total	$ (10.7)	$ 50.3	$ 8.3

In 2004, we recorded $18.2 of net losses on the sale of 19 agencies. The losses related primarily to the sale of Transworld Marketing, a US-based advertising agency, which resulted in a loss of $8.6, and a $6.2 loss for the final liquidation of the Motorsports investment. See Note 4 for further discussion of the Motorsports disposition.

In December 2003, we sold approximately 11.0 shares of Modem Media for net proceeds of approximately $57.0, resulting in a pre-tax gain of $30.3. Also in December 2003, we sold all of the approximately 11.7 shares of TNS we had acquired through the sale of NFO for approximately $42.0 of net proceeds. A pre-tax gain of $13.3 was recorded.

Note 10: Provision for Income Taxes

The components of income (loss) from continuing operations before provision for (benefit of) income taxes, equity earnings, and minority interest expense are as follows:

	For the Years Ended December 31, Continuing Operations		
	2004	2003 (Restated)	2002 (Restated)
Domestic	(72.4)	(8.8)	335.3
Foreign	(194.6)	(364.0)	(219.6)
Total	$ (267.0)	$ (372.8)	$ 115.7

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The provision for (benefit of) income taxes on continuing operations consists of:

	For the Years Ended December 31, Continuing Operations		
	2004	2003 (Restated)	2002 (Restated)
Federal income taxes (including foreign withholding taxes):			
Current	$ 37.2	$ 16.2	$ 3.6
Deferred	18.2	39.6	116.3
	$ 55.4	$ 55.8	$ 119.9
State and local income taxes:			
Current	$ 12.8	$ 27.0	$ 26.1
Deferred	(22.6)	(9.0)	2.5
	$ (9.8)	$ 18.0	$ 28.6
Foreign income taxes:			
Current	$ 84.0	$ 141.4	$ 46.9
Deferred	132.6	27.5	(89.0)
	$ 216.6	$ 168.9	$ (42.1)
Total	$ 262.2	$ 242.7	$ 106.4

The components of deferred tax assets consist of the following items:

	December 31,	
	2004	2003 (Restated)
Postretirement/postemployment benefits	$ 18.6	$ 20.9
Deferred compensation	234.1	180.9
Pension costs	50.1	59.0
Basis differences in fixed assets	14.8	21.9
Rent	8.8	0.8
Interest	(4.5)	(8.5)
Accruals and reserves	130.5	142.5
Allowance for doubtful accounts	33.3	26.9
Basis differences in intangible assets	(5.3)	18.9
Investments in equity securities	16.2	19.0
Tax loss/tax credit carry forwards	411.6	296.9
Restructuring and other merger-related costs	45.2	51.4
Other	70.4	80.0
Total deferred tax assets, net	1,023.8	910.6
Valuation allowance	(488.6)	(252.6)
Net deferred tax assets	$ 535.2	$ 658.0

The valuation allowance of $488.6 and $252.6 at December 31, 2004 and 2003, respectively, applies to certain deferred tax assets, including US tax credits, capital loss carryforwards and net operating loss carryforwards in certain jurisdictions that, in our opinion, are more likely than not, not to be utilized. The

change during 2004 in the deferred tax valuation allowance primarily relates to uncertainties regarding the utilization of capital loss and net operating loss carryforwards. At December 31, 2004, there are $58.9 of tax credit carryforwards with expiration periods beginning in 2009 and ending in 2013. There are also $334.5 of loss carryforwards, of which $103.7 are US capital and net operating loss carryforwards that expire in the years 2006 through 2024. The remaining $230.8 are non-US net operating loss carryforwards of $219.7 with unlimited carryforward periods and $11.1 with expiration periods from 2010 through 2020. We have concluded that it is more likely than not that the net deferred tax asset balance will be realized.

Effective Tax Rate Reconciliation on Continuing Operations

A reconciliation of the effective income tax rate on continuing operations before equity earnings and minority interest expense as reflected in the Consolidated Statements of Income to the US Federal statutory income tax rate is as follows:

	For the Years Ended December 31, Continuing Operations		
	2004	2003	2002
US Federal statutory income tax rate	35.0%	35.0%	35.0%
Federal income tax provision (benefit) at statutory rate	$ (93.5)	$ (130.5)	$ 40.5
State and local income taxes, net of federal income tax benefit	13.7	11.1	18.4
Impact of foreign operations, including withholding taxes	77.6	114.8	20.3
Change in valuation allowance	236.0	111.4	27.5
Goodwill and other long-lived asset impairment charges	26.3	103.6	7.2
Restructuring and other merger-related costs	(1.2)	15.2	(0.1)
Liquidation of Motorsports	(19.7)	—	—
Other	23.0	17.1	(7.4)
Provision (benefit) for income taxes	$ 262.2	$ 242.7	$ 106.4
Effective tax rate on operations	98.2%	65.1%	92.0%

Our effective tax rate was negatively impacted by the establishment of valuation allowances, as described below, restructuring charges, and non-deductible long-lived asset impairment charges. Our effective tax rate was also impacted by pretax charges and related tax benefits resulting from the Motorsports contract termination costs. The difference between the effective tax rate and the statutory federal rate of 35% is also due to state and local taxes and the effect of non-US operations.

As required by SFAS No. 109, we are required to evaluate on a quarterly basis the realizability of our deferred tax assets. SFAS No. 109, *Accounting for Income Tax,* requires a valuation allowance to 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. We believe that cumulative losses in the most recent three-year period represent sufficient negative evidence under the provisions of SFAS No. 109, *Accounting for Income Tax,* and, as a result, we determined that certain of our deferred tax assets required the establishment of a valuation allowance. The deferred tax assets for which an allowance was established relate primarily to foreign net operating and US capital loss carryforwards. During 2004, a valuation allowance of $236.0 was established in continuing operations on existing deferred tax assets and current year losses with no tax benefits. The total valuation allowance as of December 31, 2004 was $488.6.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The total amount of undistributed earnings of foreign subsidiaries for income tax purposes was $672.3 and $697.9 at December 31, 2004 and 2003, respectively. It is our intention to reinvest undistributed earnings of our foreign subsidiaries indefinitely. After the completion of our evaluation, we have determined that we will not take advantage of the provisions of the Jobs Act which grants a temporary incentive to repatriate foreign earnings. However, we will continue to monitor our circumstances and if there is a change which makes the use of this provision advantageous, we will be able to adopt it prior to December 31, 2005.

On April 21, 2003 the Internal Revenue Service ("IRS") proposed additions to our taxable income for the taxable years 1994 through 1996 that would result in additional income taxes, including conforming state and local tax adjustments, of $41.5 (plus interest). We filed a Protest with the IRS Appeals Office on July 21, 2003, contesting the most significant adjustments proposed by the IRS and claiming a refund in respect of certain business expenses for which we had failed to claim deductions. We have settled one of the protested issues in an amount that does not exceed previously established reserves and therefore will not have a material effect on our financial position and the results of operations. Although the resolution of the remaining issues will likely require us to pay additional taxes, we expect that any such payments also will not have a material effect on our financial position and the results of operations.

The IRS currently has our taxable years 1997-2002 under examination. In addition, we have various tax years under examination by tax authorities in various countries, such as the United Kingdom, and states, such as New York, in which we have significant business operations. It is not yet known whether these examinations will in the aggregate result in us paying additional taxes. We have established tax reserves that we believe to be adequate in relation to the potential for additional assessments in each of the jurisdictions in which it is subject to taxation. We regularly assess the likelihood of additional tax assessments in those jurisdictions and adjust our reserves as additional information or events require.

Although the ultimate resolution of these remaining matters will likely require us to pay additional taxes, we anticipate any such payments will not have a material effect on our financial position and results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

Note 11: Debt

Long-Term Debt

A summary of the carrying amounts and fair values of our long-term debt is as follows:

	December 31,			
	2004		2003	
	Book Value	Fair Value	Book Value	Fair Value
1.80% Convertible Subordinated Notes due 2004 (less unamortized discount of $5.9)	$ —	$ —	$ 244.1	$ 244.5
1.87% Convertible Subordinated Notes due 2006 (less unamortized discount of $23.5)	—	—	337.5	336.6
7.875% Senior Unsecured Notes due 2005	255.0	257.5	522.1	535.0
7.25% Senior Unsecured Notes due 2011	500.0	537.3	500.0	542.5
5.40% Senior Unsecured Notes due 2009 (less unamortized discount of $0.3)	249.7	252.9	—	—
6.25% Senior Unsecured Notes due 2014 (less unamortized discount of $1.0)	347.3	354.3	—	—
4.50% Convertible Senior Notes due 2023	800.0	1,045.0	800.0	1,224.0
Other notes payable and capitalized leases — at interest rates from 4.5% to 22.23%	42.1		42.1	
Total long-term debt	2,194.1		2,445.8	
Less: current portion	258.1		247.1	
Long-term debt, excluding current portion	$ 1,936.0		$ 2,198.7	

Exposure to interest rate movements is reduced by interest rate swap agreements. As a result of these agreements, the effective interest rate for the 6.25% Senior Unsecured Notes differs from its stated rate.

Annual repayments of long-term debt as of December 31, 2004 are scheduled as follows:

2005	$ 258.1
2006	3.9
2007	2.1
2008	1.6
2009	250.5
Thereafter	1,677.9
Total long-term debt	$ 2,194.1

Redemption and Repurchase of Long-Term Debt

In January 2004, we redeemed the 1.80% Convertible Subordinated Notes with an aggregate principal amount of $250.0 at maturity at an aggregate price of approximately $246.0, which included the principal amount of the Notes plus original issue discount and accrued interest to the redemption date. To redeem these Convertible Subordinated Notes, we used approximately $246.0 of the net proceeds from the 2003 Common and Mandatory Convertible Preferred Stock offerings as discussed in Note 12.

In November 2004, we tendered for $250.0 of the $500.0 outstanding face value 7.875% Senior Unsecured Notes at an aggregate price of approximately $263.1, which included the principal amount of

the Notes plus accrued interest to the tender date. A prepayment premium of $9.8 was recorded on the early retirement of $250.0 of these Notes. In December 2004, we redeemed our outstanding 1.87% Convertible Subordinated Notes with an aggregate principal amount of approximately $361.0 at maturity at an aggregate price of approximately $346.8, which included the principal amount of the Notes plus accrued interest to the redemption date. To tender for the 7.875% Senior Unsecured Notes and redeem the 1.87% Convertible Subordinated Notes, we used approximately $250.0 and $350.0, respectively, of the net proceeds from the sale and issuance in November 2004 of the 5.40% Senior Unsecured Notes due November 2009 and 6.25% Senior Unsecured Notes due November 2014.

In August 2005, we redeemed the remainder of the outstanding 7.875% Senior Unsecured Notes with an aggregate principal amount of approximately $250.0 at maturity at an aggregate price of approximately $258.6, which included the principal amount of the Notes plus accrued interest to the redemption date. To redeem these Notes we used the proceeds from the sale and issuance in July 2005 of $250.0 Floating Rate Notes due in July 2008.

Consent Solicitation

In March 2005, we completed a consent solicitation to amend the indentures governing five series of our outstanding public debt to provide, among other things, that our failure to file with the trustee our SEC reports, including our 2004 Annual Report on Form 10-K and Quarterly Reports for the first and second quarter of 2005 on Form 10-Q, would not constitute a default under the indentures until September 30, 2005.

The indenture governing our 4.50% Convertible Senior Notes was also amended to provide for: (1) an extension from March 15, 2005 to September 15, 2009 of the date on or after which we may redeem the 4.50% Notes and (2) an additional “make-whole” adjustment to the conversion rate in the event of a change of control meeting specified conditions.

Convertible Senior Notes

The 4.50% Convertible Senior Notes (“4.50% Notes”) are convertible to common stock at a conversion price of $12.42 per share, subject to adjustment in specified circumstances. They are convertible at any time if the average price of our common stock for 20 trading days immediately preceding the conversion date is greater than or equal to a specified percentage, beginning at 120% in 2003 and declining 0.5% each year until it reaches 110% at maturity, of the conversion price. They are also convertible, regardless of the price of our common stock, if: (i) we call the 4.50% Notes for redemption; (ii) we make specified distributions to shareholders; (iii) we become a party to a consolidation, merger or binding share exchange pursuant to which our common stock would be converted into cash or property (other than securities) or (iv) the credit ratings assigned to the 4.50% Notes by any two of Moody’s Investors Service, Standard & Poor’s and Fitch Ratings are lower than Ba2, BB and BB, respectively, or the 4.50% Notes are no longer rated by at least two of these ratings services. Because of our current credit ratings, the 4.50% Notes are currently convertible into approximately 64.4 shares of our common stock.

We, at the investors’ option, may be required to redeem the 4.50% Notes for cash on March 15, 2008 and may also be required to redeem the 4.50% Notes at the investors’ option on March 15, 2013 and March 15, 2018, for cash or common stock or a combination of both, at our election. Additionally, investors may require us to redeem the 4.50% Notes in the event of certain change of control events that occur prior to March 15, 2008, for cash or common stock or a combination of both, at our election. If at any time on or after March 13, 2003 we pay cash dividends on our common stock, we will pay contingent interest in an amount equal to 100% of the per share cash dividend paid on the common stock multiplied by the number of shares of common stock issuable upon conversion of the 4.50% Notes. At our option, we may redeem the 4.50% Notes on or after September 15, 2009 for cash. The redemption price in each of

these instances is 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any. The 4.50% Notes also provide for an additional "make-whole" adjustment to the conversion rate in the event of a change of control meeting specified conditions.

See Note 17 for a discussion of fair market value of our long-term debt.

Credit Arrangements

We have committed and uncommitted lines of credit with various banks that permit borrowings at variable interest rates. At December 31, 2004 and 2003, there were no borrowings under our committed facilities, however, there were borrowings under the uncommitted facilities made by several of our international subsidiaries totaling $67.8 and $69.8, respectively. We have guaranteed the repayment of some of these borrowings by our subsidiaries. The weighted-average interest rate on outstanding balances under the uncommitted short-term facilities at December 31, 2004 and 2003 was approximately 5% in each year. A summary of our credit facilities is as follows:

	December 31,					
	2004			2003		
	Total Facility	Amount Outstanding	Total Available	Total Facility	Amount Outstanding	Total Available
Committed						
364-Day Revolving Credit Facility	$ 250.0	$ —	$ 250.0	$ 500.0	$ —	$ 339.9**
Three-Year Revolving Credit Facility	450.0	—	284.6*	—	—	—
Five-Year Revolving Credit Facility	—	—	—	375.0	—	375.0
Other Facilities	0.8	—	0.8	0.8	—	0.8
	$ 700.8	$ —	$ 535.4	$ 875.8	$ —	$ 715.7
Uncommitted						
International	$ 738.1	$ 67.8	$ 670.3	$ 744.8	$ 69.8	$ 675.0

* Amount available is reduced by $165.4 of letters of credit issued under the Three-Year Revolving Credit Facility at December 31, 2004.

** Amount available is reduced by $160.1 of letters of credit issued under the 364-Day Revolving Credit Facility at December 31, 2003.

Our primary bank credit agreements are two credit facilities, a 364-day revolving credit facility ("364-Day Revolving Credit Facility") and a three-year revolving credit facility ("Three-Year Revolving Credit Facility" and, together with the 364-Day Revolving Credit Facility, the "Revolving Credit Facilities"). These facilities have been modified three times through waivers and amendments executed as of September 29, 2004, March 31, 2005 and June 22, 2005, and the Three-Year Revolving Credit Facility was amended as of September 27, 2005. The amendment executed on September 29, 2004 only modified the definition of EBITDA. The March 31, June 22, and September 27, 2005 waivers and amendments are discussed in more detail below. We have been in compliance with all covenants under our Revolving Credit Facilities, as amended or waived from time to time.

Upon the expiration of our existing 364-Day Revolving Credit Facility on May 10, 2004, we entered into a new 364-Day Revolving Credit Facility with a syndicate of banks which expired on May 9, 2005, and provided for borrowings of up to $250.0. The May 9, 2005 expiration date was extended to July 11, 2005 and then to September 30, 2005, as a result of the March 31, 2005 and June 22, 2005 waivers and amendments to the 364-Day Revolving Credit Facility, respectively. We will allow the 364-Day Revolving Credit Facility to lapse on September 30, 2005. On May 10, 2004, we replaced our five-year revolving credit facility with the new Three-Year Revolving Credit Facility. The Three-Year Revolving Credit

Facility expires on May 9, 2007 and provides for borrowings of up to $450.0, of which $200.0 is available for the issuance of letters of credit. We reduced the aggregate commitment levels by $175.0 in the Revolving Credit Facilities as compared to the previous revolving credit facilities due to the availability of other sources of liquidity and cash on hand.

Borrowings under the Revolving Credit Facilities are unsecured. Outstanding balances bear interest at variable rates based on either LIBOR or a bank's base rate, at our option. The interest rates on LIBOR loans and base rate loans under the Revolving Credit Facilities are affected by the facilities' utilization levels and our credit ratings.

The terms of the Revolving Credit Facilities restrict our 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 our domestic subsidiaries to incur additional unsecured debt in the ordinary course of business in excess of $25.0. The original terms of the Revolving Credit Facilities limit annual cash consideration paid for acquisitions to $100.0 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 in any calendar year. Annual common stock buybacks and dividend payments on our capital stock are limited to $95.0 in the aggregate for any calendar year, of which $45.0 may be used for dividend payments on our convertible preferred stock and $50.0 may be used for dividend payments on our capital stock (including common stock) and for common stock buybacks. Any unused portion of the permitted amount of $50.0 may be rolled over into successive years; provided that the payments in any calendar year may not exceed $125.0 in the aggregate. Our permitted level of annual capital expenditures is limited to $225.0, provided that amounts unused in any year up to $50.0 may be rolled over to the next year. These terms were subsequently modified with three amendments made to the Revolving Credit Facilities on March 31, June 22 and September 27, 2005.

The March 31, 2005 waiver and amendment to the Revolving Credit Facilities, among other things, (i) required us to maintain an ending balance of $225.0 of cash in domestic accounts with our lenders for the seven days preceding a borrowing, (ii) restricted cash consideration paid for acquisitions to less than $5.0 for the period between March 31, 2005 and July 11, 2005, and (iii) restricted our ability to make certain restricted payments such as dividends until July 11, 2005 to paying dividends on our preferred stock and repurchasing capital stock in connection with employees' exercise of options.

The June 22, 2005 waiver and amendment to the Revolving Credit Facilities, among other things, (i) required us to maintain a daily ending balance of $225.0 of cash and securities in domestic accounts with our lenders, (ii) restricted our ability to make cash acquisitions in excess of $7.5 in the aggregate until September 30, 2005, and (iii) restricted our ability to make certain restricted payments such as dividends until September 30, 2005 to paying dividends on our preferred stock and repurchasing capital stock in connection with employees' exercise of options.

The terms of the September 27, 2005 amendment to the Three-Year Revolving Credit Facility do not permit us: (i) to make cash acquisitions in excess of $50.0 until October 2006, or thereafter in excess of $50.0 until expiration of the agreement in May 2007, subject to increases equal to the net cash proceeds received during the applicable period from any disposition of assets; (ii) to make capital expenditures in excess of $210.0 annually; (iii) to repurchase or to declare or pay dividends on our capital stock (except for any convertible preferred stock, convertible trust preferred instrument or similar security, which includes our outstanding 5.40% Series A Mandatory Convertible Preferred), except that we may repurchase our capital stock in connection with the exercise of options by our employees or with proceeds contemporaneously received from an issue of new shares of our capital stock; and (iv) to incur new debt at our subsidiaries, other than unsecured debt incurred in the ordinary course of business, which may not exceed $10.0 in the aggregate with respect to our US subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The original terms of the Revolving Credit Facilities also included certain financial covenants that set:

(i) debt to EBITDA ratio of not greater than 3.25 to 1;

(ii) minimum levels of EBITDA of not less than $750.0; and

(iii) interest coverage ratio of not less than 3.75 to 1 for the period of four fiscal quarters then ended.

The March 31, 2005 amendment modified the financial covenants to the Revolving Credit Facilities and set:

(i) debt to EBITDA ratio of not greater than 4.25 to 1;

(ii) minimum levels of EBITDA of not less than $550.0; and

(iii) interest coverage ratio of not less than 3.0 to 1 for the four fiscal quarters ended December 31, 2004.

The June 22, 2005 amendment modified the financial covenants to the Revolving Credit Facilities and set:

(i) debt to EBITDA ratios as of the end of the fiscal quarter ended December 31, 2004, at a ratio of not greater than 4.25 to 1, as of the end of the fiscal quarter ended March 31, 2005, at a ratio of not greater than 4.8 to 1, as of the end of the fiscal quarter ended June 30, 2005, at a ratio of not greater than 5.65 to 1, and as of the end of each fiscal quarter thereafter, at a ratio of not greater than 3.25 to 1;

(ii) minimum levels of EBITDA for the period of four fiscal quarters ended December 31, 2004 of not less than $550.0, for the period of four fiscal quarters ended March 31, 2005, of not less than $470.0, for the period of four fiscal quarters ended June 30, 2005, of not less than $400.0 and thereafter for each period of four fiscal quarters then ended of not less than $750.0; and

(iii) interest coverage ratios as of the end of the fiscal quarter ended December 31, 2004, at a ratio of not less than 3.0 to 1, as of the end of the fiscal quarter ended March 31, 2005, at a ratio of not less than 2.4 to 1, as of the end of the fiscal quarter ended June 30, 2005, at a ratio of not less than 2.0 to 1 and as of the end of each fiscal quarter thereafter, at a ratio of not less than 3.75 to 1.

Our Three-Year Revolving Credit Facility was amended and restated as of September 27, 2005. The effectiveness of the amended Three-Year Revolving Credit Facility is subject to certain conditions as described below. The September 27, 2005 amendment to the Three-Year Revolving Credit Facility also sets forth revised financial covenants. These require that, as of the fiscal quarter ended September 30, 2005 and each fiscal quarter thereafter, we maintain:

(i) an interest coverage ratio of not less than that set forth opposite the corresponding quarter in the table below:

Fiscal Quarter Ending	Ratio
September 30, 2005	2.15 to 1
December 31, 2005	1.75 to 1
March 31, 2006	1.85 to 1
June 30, 2006	1.45 to 1
September 30, 2006	1.75 to 1
December 31, 2006	2.15 to 1
March 31, 2007	2.50 to 1

(ii) a debt to EBITDA ratio of not greater than that set forth opposite the corresponding quarter in the table below:

Fiscal Quarter Ending	Ratio
September 30, 2005	5.20 to 1
December 31, 2005	6.30 to 1
March 31, 2006	5.65 to 1
June 30, 2006	6.65 to 1
September 30, 2006	5.15 to 1
December 31, 2006	4.15 to 1
March 31, 2007	3.90 to 1

(iii) minimum levels of EBITDA for the four fiscal quarters ended of not less than that set forth opposite the corresponding quarter in the table below:

Four Fiscal Quarters Ending	Amount
September 30, 2005	$ 435.0
December 31, 2005	$ 360.0
March 31, 2006	$ 400.0
June 30, 2006	$ 340.0
September 30, 2006	$ 440.0
December 31, 2006	$ 545.0
March 31, 2007	$ 585.0

The terms used in these ratios, including EBITDA, interest coverage and debt, are subject to specific definitions set forth in the agreement. Under the definition set forth in the amended Three-Year Revolving Credit Facility, EBITDA is determined by adding to net income or loss the following items: interest expense, income tax expense, depreciation expense, amortization expense, and certain specified cash payments and non-cash charges subject to limitations on time and amount set forth in the agreement. Based on our forcast, we expect to be in compliance with all covenants under our Three-Year Revolving Credit Facility, as amended and restated for the next twelve months.

Before agreeing to the amendments, the lenders reviewed preliminary drafts of the Consolidated Financial Statements included in this Annual Report and in our quarterly reports on Form 10-Q for the first two quarters of 2005. One condition to effectiveness of the amendments is that we have not received, on or before October 4, 2005, notice from the lenders that have a majority in amount of the revolving credit commitments, that the Consolidated Financial Statements in this Annual Report and our quarterly reports, and the financial data contained in the notes thereto, are not substantially similar to the preliminary consolidated financial statements we provided to them. If we receive such a notice, the amended agreement will not become effective. In that event, we will continue to be subject to the financial covenants that were previously applicable under the Three-Year Revolving Credit Facility, as amended in June 2005 with respect to periods through the second quarter of 2005. We were in compliance with those covenants through June 30, 2005, but there can be no assurance that we will be in compliance when we report financial information the third quarter of 2005.

Note 12: Convertible Preferred Stock

On December 16, 2003, we sold 25.8 shares of common stock and issued 7.5 shares of Preferred Stock. The total net proceeds received from the concurrent offerings were approximately $693.0. The Preferred Stock carries a dividend yield of 5.375%. On the automatic conversion date in December, 2006,

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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 our common stock, representing a conversion premium of approximately 22% over the stock offering price of $13.50 per share. Under certain circumstances, the Preferred Stock may be converted prior to maturity at our option or at the option of the holders. The common and preferred stock were issued under our existing shelf registration statement.

We are required to pay annual dividends on each share of the Series A Mandatory Convertible Preferred Stock in the amount of $2.6875 in quarterly installments on March 15th, June 15th, September 15th and December 15th. Dividends are cumulative from the date of issuance and are payable on each payment date to the extent that dividends are not restricted under our credit facilities and assets are legally available to pay dividends.

In addition to the stated annual dividend, if at any time on or before December 2006, we pay a cash dividend on our common stock, the holders of Preferred Stock participate in such distributions via adjustments to the conversion ratio, thereby increasing the number of common shares into which the Preferred Stock will ultimately convert.

Note 13: Incentive Plans

We issue stock and cash based incentive awards to our employees under a plan established by the Compensation Committee of the Board of Directors and approved by our shareholders. Common stock may be granted under the current plan, up to a maximum 4.5 shares for stock options and 14.0 shares for awards other than stock options, however there are limits as to the number of shares available for certain awards and to any one participant. At December 31, 2004, there were 2.9 shares for stock options and 9.1 shares for awards other than stock options that were available under the plan. During the year ended December 31, 2004, the expiration of unexercised options and forfeitures of shares for awards other than stock options previously granted under old plans resulted in an additional 2.8 shares available to be issued under the new plan.

Stock Options

Stock options are granted at the fair market value of our common stock on the date of grant and are generally exercisable between two and five years after the date of grant and expire ten years from the grant date.

Following is a summary of stock option transactions during the three-year period ended December 31:

	2004		2003		2002	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Stock options, beginning of year	41.9	$ 26.60	42.3	$ 29.35	38.3	$ 28.82
Options granted	2.2	$ 14.14	6.4	$ 10.60	7.8	$ 26.43
Options exercised	(0.7)	$ 10.64	(0.1)	$ 10.49	(2.8)	$ 14.24
Options cancelled, forfeited and expired	(3.9)	$ 25.40	(6.7)	$ 29.23	(1.0)	$ 28.78
Stock options, end of year	39.5	$ 26.36	41.9	$ 26.60	42.3	$ 29.35
Options exercisable at year-end	21.1	$ 28.94	20.8	$ 27.49	19.8	$ 25.16

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2004:

	Options Outstanding			Options Exercisable	
	Number of Options Outstanding at 12/31/04	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number of Options Exercisable at 12/31/04	Weighted-Average Exercise Price
Range of Exercise Prices					
$ 9.64 to $14.99	8.9	7.71	$ 11.57	1.1	$ 12.15
$15.00 to $24.99	6.8	3.12	$ 17.85	5.9	$ 17.84
$25.00 to $34.99	13.3	5.43	$ 30.33	7.1	$ 31.03
$35.00 to $56.28	10.5	5.55	$ 39.44	7.0	$ 38.94
	39.5			21.1	
Exercisable at December 31, 2004 through:					
December 31, 2005				0.8	$ 11.94
December 31, 2006				3.0	$ 15.93
December 31, 2007				1.5	$ 18.93
December 31, 2008				6.3	$ 30.82
December 31, 2009				2.9	$ 34.61
December 31, 2010				3.4	$ 38.49
December 31, 2011				2.7	$ 33.35
December 31, 2012				0.4	$ 15.92
December 31, 2013				0.1	$ 9.64
Total				21.1	$ 28.94

Restricted Stock

Restricted stock is granted to certain key employees and is subject to certain restrictions and vesting requirements as determined by the Compensation Committee. The vesting period is generally two to five years. No monetary consideration is paid by a recipient for a restricted stock award and the fair value of the shares on the grant date is amortized over the vesting period. At December 31, 2004 and 2003, there were 7.5 and 5.5 shares of restricted stock outstanding, respectively. During 2004, 2003 and 2002, we awarded 4.1 shares, 0.5 shares and 1.5 shares of restricted stock with a weighted-average grant date fair value of $13.72, $11.51 and $29.11, respectively. The expense recorded for restricted stock awards in 2004, 2003 and 2002 was $37.6, $38.8 and $50.0, respectively.

Restricted Stock Units

Restricted stock units are granted to employees and generally vest in three years. The grantee is entitled to receive a payment in cash or in shares of common stock based on the fair market value of the corresponding number of shares of common stock upon completion of the vesting period. The holder of restricted stock units has no ownership interest in the underlying shares of common stock until the restricted stock units vest and the shares of common stock are issued. During 2004, we awarded 1.0 shares of restricted stock units with a weighted-average grant date fair value of $13.41. Restricted stock units were first issued in 2004.

Performance Units

Before December 2003, performance units had been awarded to certain key employees. The payout for these performance units was contingent upon the annual growth in profits (as defined) over the performance periods. The awards are generally paid in cash. The projected value of these units is accrued and charged to expense over the performance period. We expensed approximately $12.1, $19.7 and $15.0 in 2004, 2003 and 2002, respectively. In December 2003, the Compensation Committee terminated the existing Performance Units Plan. Final payments under this plan totaling approximately $29.4 are expected to be made over 2005 and 2006.

Note 14: Employee Benefits

Pension Plans

Through March 31, 1998, we had a defined benefit plan ("Domestic Plan") which covered substantially all regular domestic employees. In 1992, the Domestic Plan was amended to offer new plan participants a cash balance benefit as opposed to a career pay benefit which was the previous plan formula prior to the amendment. Under this arrangement, participants were credited with an annual allocation of their compensation, ranging from 1.5% to 5.0%, based on the participant's age and years of service. For pre-1992 participants, the benefit is the greater of the cash balance account or the career pay formula benefit. Under the career pay formula, annual accruals were earned based on 1.0% of compensation up to $15,000 plus 1.3% of compensation above $15,000. Participants are eligible to receive their benefit in the form of a lump sum payment or as an annuity. Effective April 1, 1998, plan participation and benefit accruals for this Domestic Plan were frozen and participants with five or less years of service became fully vested. As of December 31, 2004, there were approximately 5,000 participants in the Domestic Plan.

Participants with five or more years of participation in the Domestic Plan as of March 31, 1998 retained their vested balances in the Domestic Plan and also became eligible for payments under a new compensation arrangement (see the Supplemental Compensation Plan described below).

One of our agencies has an additional domestic plan covering approximately 200 employees. This plan is frozen to new participants.

We also have numerous foreign pension plans in which benefits are based primarily on years of service and employee compensation. It is our policy to fund these plans in accordance with local laws and income tax regulations.

The primary investment goal for our plan assets is to maximize total asset returns while ensuring the plans' assets are available to fund the plans' liabilities as they become due. The plans' assets in aggregate and at the individual portfolio level are invested so that total portfolio risk exposure and risk-adjusted returns best meet this objective.

For the Domestic Plan, we develop the long-term rate of return assumptions which we use to model and determine overall asset allocations. Our outside advisors make recommendations regarding asset class allocations and assumptions, which are then subject to review, modification and approval by the Treasurer and Finance Committee. Expected return on plan assets is based on a combination of historical returns, current market conditions and capital market forecasts. Factors included in the analysis of returns include historical trends of asset class index returns over various market cycles and economic conditions.

Most of the foreign plan assets are part of the UK Pension Plan. The UK Pension Plan's statement of investment principles specifies benchmark allocations by asset category for each investment manager employed, with specified ranges around the central benchmark allocation. The remainder of the foreign assets is invested predominantly in equity securities based on local managements' assessment of market conditions. The expected rate of return on foreign plan assets was determined, based on actuarial advice,

by a process that takes the current long-term rates of return available on government bonds and applies to these rates suitable risk premiums that take account of available historical market returns and current market expectations.

Postretirement Benefit Plans

Some of our subsidiaries provide postretirement health and life insurance benefits to eligible employees who were hired as of a certain date. For domestic employees to be eligible for postretirement health benefits, an employee had to be hired prior to January 1, 1988. To be eligible for life insurance, an employee had to be hired prior to December 1, 1961. Additionally, certain domestic employees of the former True North Communications companies acquired in June 2001 are eligible for postretirement health and life insurance benefits.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was enacted. The Act established a prescription drug benefit under Medicare, known as "Medicare Part D," and a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. We believe that benefits provided to certain participants will be at least actuarially equivalent to Medicare Part D, and, accordingly, we will be entitled to a subsidy. As described in Note 1, we adopted FSP 106-2 prospectively from July 1, 2004. The expected subsidy reduced the accumulated postretirement benefit obligation ("APBO") by $5.0, and the net periodic cost by $0.3, as compared with the amount calculated without considering the effects of the subsidy.

Pension and Postretirement Net Periodic Cost

We use a measurement date of December 31 for all material plans. The following table identifies the components of net periodic cost for the Domestic Plan, for the principal foreign pension plans, and for the post retirement plans.

For the Years Ended December 31,	Domestic Pension Plans			Foreign Pension Plans			Postretirement Benefits		
	2004	2003 (Restated)	2002 (Restated)	2004	2003 (Restated)	2002 (Restated)	2004	2003 (Restated)	2002 (Restated)
Service cost for benefits earned	$ 0.7	$ 0.7	$ 0.7	$ 17.1	$ 15.6	$ 11.1	$ 0.4	$ 0.6	$ 0.7
Interest accrued on benefit obligation	8.7	9.7	10.1	18.1	14.7	11.7	3.9	3.1	3.5
Expected return on plan assets	(9.9)	(7.3)	(9.6)	(11.6)	(9.0)	(9.8)	—	—	—
Amortization of:									
Transition obligation	—	—	—	—	1.4	0.5	0.2	0.2	0.1
Prior service cost	(0.1)	(0.2)	(0.3)	—	0.1	0.5	—	—	—
Unrecognized actuarial losses (gains)	4.1	6.1	3.3	4.9	3.5	0.3	0.4	(0.1)	—
Net periodic cost	$ 3.5	$ 9.0	$ 4.2	$ 28.5	$ 26.3	$ 14.3	$ 4.9	$ 3.8	$ 4.3

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The weighted-average assumptions used to determine the net periodic cost are as follows:

For the Years Ended December 31,	Domestic Pension Plans 2004	2003	2002	Foreign Pension Plans 2004	2003	2002	Postretirement Benefits 2004	2003	2002
Discount rate	6.15%	6.60%	7.10%	5.20%	5.40%	5.70%	6.25%	6.75%	7.25%
Rate of compensation increase	N/A	N/A	N/A	3.50%	3.10%	3.20%	N/A	N/A	N/A
Expected return on plan assets	8.65%	8.65%	8.90%	6.35%	6.50%	6.90%	N/A	N/A	N/A

Pension and Postretirement Benefit Obligation

We use a measurement date of December 31 for all material plans. The change in the benefit obligation, the change in plan assets, the funded status and amounts recognized for the Domestic Plan, principal foreign pension plans, and postretirement plans are as follows:

For the Years Ended December 31,	Domestic Pension Plans 2004	2003 (Restated)	Foreign Pension Plans 2004	2003 (Restated)	Postretirement Benefits 2004	2003 (Restated)
Change in projected benefit obligation						
Projected benefit obligation at January 1	$ 154.8	$ 164.5	$ 356.6	$ 276.3	$ 62.1	$ 52.0
Service cost	0.7	0.7	17.1	15.6	0.4	0.6
Interest cost	8.7	9.7	18.1	14.7	3.9	3.1
Benefits paid	(14.2)	(14.8)	(16.3)	(17.4)	(7.0)	(6.1)
Plan participant contributions	—	—	2.7	2.4	1.3	1.1
Plan amendments	—	0.4	—	—	—	—
Actuarial losses	17.6	7.8	38.8	21.2	11.5	15.0
Foreign currency effect	—	—	28.8	40.7	—	—
Discontinued operations — NFO	—	(13.5)	—	—	—	(3.6)
Other	—	—	1.7	3.1	—	—
Projected benefit obligation at December 31	$ 167.6	$ 154.8	$ 447.5	$ 356.6	$ 72.2	$ 62.1
Change in fair value of plan assets						
Fair value of plan assets at January 1	$ 93.6	$ 97.9	$ 179.0	$ 136.4	$ —	$ —
Actual return on plan assets	7.7	15.3	20.7	23.8	—	—
Employer contributions	32.1	1.8	15.1	18.5	5.7	5.0
Plan participant contributions	—	—	2.7	2.4	1.3	1.1
Benefits paid	(14.2)	(14.8)	(16.3)	(17.4)	(7.0)	(6.1)
Foreign currency effect	—	—	13.1	15.1	—	—
Discontinued operations — NFO	—	(6.6)	—	—	—	—
Other	—	—	(0.7)	0.2	—	—
Fair value of plan assets at December 31	$ 119.2	$ 93.6	$ 213.6	$ 179.0	$ —	$ —

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For the Years Ended December 31,	Domestic Pension Plans 2004	Domestic Pension Plans 2003 (Restated)	Foreign Pension Plans 2004	Foreign Pension Plans 2003 (Restated)	Postretirement Benefits 2004	Postretirement Benefits 2003 (Restated)
Reconciliation of funded status to total amount recognized						
Funded status of the plans	$ (48.4)	$ (61.2)	$ (233.9)	$ (177.6)	$ (72.2)	$ (62.1)
Unrecognized net actuarial losses	78.4	62.8	112.4	77.3	21.0	10.1
Unrecognized prior service cost	0.3	0.2	0.4	0.4	—	—
Unrecognized transition cost	—	—	3.2	3.3	1.2	1.4
Net asset (liability) recognized	$ 30.3	$ 1.8	$ (117.9)	$ (96.6)	$ (50.0)	$ (50.6)
Amounts recognized in consolidated balance sheet						
Accrued benefit liability	$ (43.9)	$ (57.6)	$ (201.1)	$ (150.4)	$ (50.0)	$ (50.6)
Intangible asset	0.3	0.4	2.9	3.0	—	—
Currency translation adjustment	—	—	0.7	5.1	—	—
Accumulated other comprehensive income	73.9	59.0	79.6	45.7	—	—
Net asset (liability) recognized	$ 30.3	$ 1.8	$ (117.9)	$ (96.6)	$ (50.0)	$ (50.6)
Accumulated benefit obligation	$ 163.1	$ 151.3	$ 411.2	$ 319.9		

Differences between the aggregate balance sheet amounts listed above and the totals reported in our Consolidated Balance Sheet and our Consolidated Statement of Stockholders' Equity and Comprehensive Income relate to the non-material foreign plans.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for domestic pension plans with accumulated benefit obligations in excess of plan assets were $167.6, $163.1 and 119.2, respectively, at December 31, 2004 and $154.8, $151.3 and $93.6, respectively, at December 31, 2003.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for foreign pension plans with accumulated benefit obligations in excess of plan assets were $445.3, $409.0 and $211.3, respectively, at December 31, 2004 and $354.8, $318.1 and $177.2, respectively, at December 31, 2003. The countries where such plans reside in include the United Kingdom, Germany and Japan.

The weighted-average assumptions used in determining the actuarial present value of our benefit obligations are as follows:

At December 31,	Domestic Pension Plans 2004	Domestic Pension Plans 2003	Foreign Pension Plans 2004	Foreign Pension Plans 2003	Postretirement Benefits 2004	Postretirement Benefits 2003
Discount rate	5.45%	6.15%	5.00%	5.35%	5.50%	6.25%
Rate of compensation increase	N/A	N/A	3.55%	3.50%	N/A	N/A
Healthcare cost trend rate assumed for next year Initial rate (weighted-average)					9.00%	9.50%
Year ultimate rate is reached					2012	2012
Ultimate rate					5.50%	5.50%

Asset Allocation

As of December 31, 2004, our domestic and foreign (primarily the UK) pension plan target asset allocations for 2005, as well as the actual asset allocations at December 31, 2004 and 2003, are as follows:

	2005 Target Allocation		Plan Assets at December 31,			
			Domestic		Foreign	
Asset category	Domestic	Foreign	2004	2003	2004	2003
Equity securities	50%	73%	54%	61%	73%	73%
Fixed income	25%	21%	21%	14%	18%	18%
Real estate	10%	4%	6%	10%	4%	4%
Other	15%	2%	19%	15%	5%	5%
Total	100%	100%	100%	100%	100%	100%

The aggregate amount of our own stock shares held as investment for our pension funds would be considered negligible relative to the total fund assets.

Healthcare Cost Trend

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the postretirement health and life insurance plans. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect of a one percentage point change in assumed healthcare cost trend		
-on total service and interest cost components	$ 0.2	$ (0.2)
-on postretirement benefit obligation	$ 3.3	$ (3.2)

Cash Flows

Contributions

For 2005, we do not expect to make any contributions to fund our postretirement benefits plan or our Domestic Pension Plans, but do expect to contribute $24.3 to our foreign plans. We made contributions of $30.0 to fund our principal domestic retirement plan in 2004.

Estimated Future Payments

The following estimated future payments, which reflect future service, as appropriate, are expected to be paid in the years indicated:

Years	Domestic Pension Plans	Foreign Pension Plans	Postretirement Benefits
2005	$ 15.3	$ 14.2	$ 6.2
2006	$ 11.1	$ 14.2	$ 6.2
2007	$ 10.9	$ 16.4	$ 6.3
2008	$ 10.8	$ 14.9	$ 6.3
2009	$ 10.5	$ 22.5	$ 6.4
2010-2014	$ 53.3	$ 92.5	$ 31.1

The expected benefit payments for our postretirement benefit plans are before any estimated federal subsidies expected to be received under the Act. Federal subsidies are estimated to range from $0 in 2005, to $0.7 in 2009 and are estimated to be $3.2 for the period 2010-2014. For the Domestic Pension Plans, the cash outflow for 2005 assumes that all previously terminated vested employees eligible for a payment elect the lump sum payment option.

Supplemental Compensation Plan

As discussed above, participants with five or more years of participation in the Domestic Plan as of March 31, 1998 became eligible for payments under the Supplemental Compensation Plan. Under the Supplemental Compensation Plan, each participant is eligible for an annual allocation, which approximates the projected discontinued pension benefit accrual (formerly made under the cash balance formula in the Domestic Plan) plus interest, while they continue to work for us. Participants in active service are eligible to receive up to ten years of allocations coinciding with the number of years of plan participation in the Domestic Plans as of March 31, 1998. After five years of plan participation, a participant starts to receive an annual cash payment equal to 50% of the accumulated plan balance. Participants must be employed with us as of the scheduled payment date to receive a payment. However, a participant is entitled to 100% of the accumulated plan balance at termination of employment if certain age and service requirements are met. Payments began in 2003 and are scheduled to end in 2008. As of December 31, 2004 and 2003, the Supplemental Compensation Plan liability recorded on our Consolidated Balance Sheet was approximately $9.7 and $8.8, respectively. Amounts expensed for the Supplemental Compensation Plan in 2004, 2003, and 2002 were $5.4, $3.4 and $3.4, respectively.

Savings Plan

We sponsor a defined contribution plan (“Savings Plan”) that covers substantially all domestic employees. The Savings Plan permits participants to make contributions on a pre-tax and/or after-tax basis. The Savings Plan allows participants to choose among various investment alternatives. We match a portion of participant contributions based upon their years of service. We contributed $28.0, $26.9 and $27.1 to the Savings Plan in 2004, 2003 and 2002, respectively.

Deferred Compensation and Benefit Arrangements

We have deferred compensation arrangements which (i) permit certain of our key officers and employees to defer a portion of their salary or incentive compensation, or (ii) result in us contributing an amount to the participant’s account. The arrangements typically provide that the participant will receive the amounts deferred plus interest upon attaining certain conditions, such as completing a certain number of years of service or upon retirement or termination. As of December 31, 2004 and 2003, the deferred compensation liability balance recorded on our Consolidated Balance Sheet was approximately $159.8 and $152.3, respectively. Amounts expensed for deferred compensation arrangements in 2004, 2003, and 2002 were $6.3, $5.0 and $7.5, respectively.

Additionally, we have deferred benefit arrangements with certain key officers and employees which provide participants with an annual payment, payable when the participant attains a certain age and after the participant’s employment has terminated. The deferred benefit arrangement liability recorded on our Consolidated Balance Sheet at December 31, 2004 and 2003 was approximately $128.3 and $116.6, respectively. Amounts expensed for deferred benefit arrangements in 2004, 2003, and 2002 were $17.1, $12.7 and $23.0, respectively.

We have purchased life insurance policies on participants’ lives to assist in the funding of the related deferred benefit liability. As of December 31, 2004 and 2003, the cash surrender value of these policies was approximately $141.4 and $137.0, respectively. In addition to the life insurance policies, certain

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investments are held for the purpose of paying the deferred compensation liability. These investments, along with the life insurance policies, are held in a separate trust and are restricted for the purpose of paying the deferred compensation liability. As of December 31, 2004 and 2003, the value of such restricted assets was approximately $80.4 and $87.9, respectively. The cash surrender value of the policies and the investments in the trust are included in Other Assets on our Consolidated Balance Sheet.

Employee Stock Purchase Plan

Under the ESPP, employees may purchase our common stock through payroll deductions not exceeding 10% of their compensation. The price an employee pays for a share of stock under the ESPP is 85% of the average market price on the last business day of each month. In 2004, 2003 and 2002, we issued 0.7 shares, 0.9 shares and 0.9 shares, respectively, purchased by employees under the ESPP. An additional 11.7 shares were reserved for issuance under the ESPP at December 31, 2004. Shares issued to employees under the ESPP have no impact on the Consolidated Statement of Operations. See Note 1 for further discussion of SFAS No. 123R.

Note 15: Accumulated Other Comprehensive Loss

Comprehensive income (loss) is included on the Consolidated Statement of Stockholders' Equity and Comprehensive Income (loss). Accumulated other comprehensive loss, net of tax, is reflected in the Consolidated Balance Sheet as follows:

	December 31,		
	2004	2003 (Restated)	2002 (Restated)
Foreign currency translation adjustment	$ (145.8)	$ (197.3)	$ (319.3)
Adjustment for minimum pension liability	(112.8)	(65.2)	(69.2)
Unrealized holding gain (loss) on securities	10.0	3.4	(6.7)
Accumulated other comprehensive loss, net of tax	$ (248.6)	$ (259.1)	$ (395.2)

Note 16: Derivative and Hedging Instruments

We periodically enter into interest rate swap agreements and forward contracts to manage exposure to interest rate fluctuations and to mitigate foreign exchange volatility.

Interest Rate Swaps

During the fourth quarter of 2004, we executed three interest rate swaps which synthetically converted $350.0 of fixed rate debt to floating rates, to hedge a portion of our floating rate exposure on our cash investments. The interest rate swaps effectively converted the $350.0, 6.25% Senior Unsecured Notes due November 2014 to floating rate debt and mature on the same day the debt is due. As of December 31, 2004, the floating rate was approximately 4.2%. Under the terms of the interest rate swap agreement we pay a floating interest rate, based on one-month LIBOR plus an average spread of 176.6 basis points, and receive the fixed interest rate of the underlying bond being hedged. Fair value adjustments decreased the carrying amount of our debt outstanding at December 31, 2004 by approximately $1.7.

In January 2005, we executed an interest rate swap which synthetically converted an additional $150.0 of fixed rate debt to floating rates. The interest rate swap effectively converted $150.0 of the $500.0, 7.25% Senior Unsecured Notes due August 2011 to floating rate debt and matures on the same day the debt is due. Under the terms of the interest rate swap agreement we pay a floating interest rate, based on

one-month LIBOR plus a spread of 297.0 basis points, and receive the fixed interest rate of the underlying bond being hedged.

We account for interest rate swaps related to our existing long-term debt as fair value hedges. As a result, the incremental interest payments or receipts from the swaps will be recorded as adjustments to interest expense in the Consolidated Statement of Operations. The interest rate swaps settle on the underlying bond interest payment dates until maturity. There is no assumed hedge ineffectiveness as the interest rate swap terms match the terms of the hedged bond.

On May 25, 2005, we terminated all of our long-term interest rate swap agreements covering the $350.0, 6.25% Notes due November 2014 and $150.0 of the $500.0, 7.25% Notes due August 2011. In connection with the interest rate swap termination, our net cash receipts were approximately $1.1, which will be recorded as an offset to interest expense over the remaining life of the related debt.

As of December 31, 2003, we had no outstanding interest rate swap agreements.

Forward Contracts

We have entered into foreign currency transactions in which various foreign currencies are bought or sold forward. These contracts were entered into to meet currency requirements arising from specific transactions. The changes in value of these forward contracts were reflected in our Consolidated Statement of Operations. As of December 31, 2004 and 2003, we had contracts covering approximately $1.8 and $2.4, respectively, of notional amount of currency and the fair value of the forward contracts was negligible.

Other

The terms of the 4.50% Convertible Senior Notes include two embedded derivative instruments. The fair value of the two derivatives on December 31, 2004 was negligible.

As discussed in Note 4, we have entered into various put and call options related to acquisitions. The exercise price of such options is generally based upon the achievement of projected operating performance targets and approximates fair value.

Note 17: Financial Instruments

The following table presents the carrying amounts and fair values of our financial instruments at December 31, 2004 and 2003. The carrying amounts reflected in our Consolidated Balance Sheet for cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximated their respective fair values at December 31, 2004 and 2003.

	December 31,			
	2004		2003	
	Book Value	Fair Value	Book Value	Fair Value
			(Restated)	
Investment securities:				
— Marketable securities	$ 420.0	$ 420.0	$ 195.1	$ 195.1
— Cost investments	121.6	121.6	126.7	126.7
— Other investments	47.1	47.1	120.1	120.1
Long-term debt	(2,152.0)	(2,447.0)	(2,403.7)	(2,882.6)
Financial commitments:				
— Other forward contracts	(4.0)	(4.0)	(3.1)	(3.1)
— Put option obligations	(10.1)	(10.1)	(9.3)	(9.3)

Investment Securities

Marketable securities consisted primarily of available-for-sale equity securities that are publicly traded and have been reported at fair value with net unrealized gains and losses reported as a component of other comprehensive income. Cost investments consisted primarily of non-public available-for-sale equity securities accounted for under the cost method. Other investments consisted primarily of investments in unconsolidated affiliated companies accounted for under the equity method and have been carried at cost, which approximates fair value. The estimated fair values of financial assets have been determined using available market information and appropriate valuation methodologies. Judgment is required in interpreting market information to develop the estimated fair value amounts, and accordingly, changes in assumptions and valuation methodologies may affect these amounts. Net unrealized holding gains (losses) of our investments were $10.0, $3.4 and $(6.7) at December 31, 2004, 2003 and 2002, respectively.

Long-Term Debt

Long-term debt included variable and fixed rate debt as discussed in Note 11. The fair value of our long-term debt instruments was based on market prices for debt instruments with similar terms and maturities. During 2004, we executed three interest rate swaps to hedge a portion of our floating rate debt exposure. The fair value of the interest rate swap agreements was estimated based on quotes from the financial institutions of these instruments and represents the estimated amounts that we would expect to receive or pay to terminate the agreements at the reporting date. Fair value adjustments decreased the carrying value of our debt outstanding at December 31, 2004 by approximately $1.7 as discussed in Note 16.

Financial Commitments

Financial commitments included other forward contracts and put option obligations. Other forward contracts related primarily to an obligation to repurchase 49% of the minority-owned equity shares of a consolidated subsidiary, valued pursuant to SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristic of Both Liabilities and Equity.* Fair value measurement of the obligation was based upon the amount payable as if the forward contract was settled at December 31, 2004 and 2003. Changes in the fair value of the obligation have been recorded as interest expense or income in the Consolidated Statement of Operations. Put option obligations consisted of a written put option representing an obligation to repurchase 40% of the minority-owned equity shares of a consolidated subsidiary, valued pursuant to SFAS No. 150. The put option obligation has been marked-to-market by assessing the fair value of the 40% interest as compared to the amount payable if the put option was exercised at December 31, 2004 and 2003. Changes in the fair value of the put option obligation have been recorded as long-lived asset impairment and other charges in the Consolidated Statement of Operations.

Note 18: Segment Information

As of December 31, 2004, we are organized into five global operating divisions and a group of leading stand-alone agencies. In accordance with SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, our operating divisions are grouped into three reportable segments. The IAN reportable segment is comprised of McCann, FCB, Lowe, Draft and our stand-alone agencies. CMG comprises our second reportable segment. Our third reportable segment is comprised of our Motorsports operations, which was sold during 2004.

Prior to the fourth quarter of 2004, Lowe and Draft were included in a single global operating division called The Partnership. During the fourth quarter of 2004, The Partnership was dissolved; Lowe and Draft became separate global operating divisions and the remaining agencies previously included in the Partnership became stand-alone agencies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

As of December 31, 2003, we had an additional global operating division, The Sports & Entertainment Group (“SEG”). SEG included Octagon, Jack Morton and certain other businesses. During the second quarter of 2004, SEG was disbanded and its component parts were either reallocated to one of the then four global operating divisions or became a stand-alone agency. During the fourth quarter of 2004, we re-organized our CMG segment to include Octagon and Jack Morton. Prior year information has been restated to reflect the current year segment structure. Future changes to our organizational structure may result in changes to the reportable segment disclosure.

Within the IAN segment, McCann, FCB, Lowe, Draft and our stand-alone agencies provide a comprehensive array of global communications and marketing services, each offering a distinctive range of solutions for our clients. Our leading stand-alone agencies, including Deutsch, Campbell-Ewald, Hill Holliday, and The Martin Agency, provide a full range of advertising, marketing communications services and/or marketing services and partner with our global operating divisions as needed. Each of IAN’s operating divisions share economic characteristics, specifically related to the nature of their respective services, the manner in which the services are provided and the similarity of their respective customers. The annual margins of each of the operating divisions may vary due to global economic conditions, client spending and specific circumstances such as our restructuring activities. However, based on the respective future prospects of the operating divisions, we believe that the long-term average gross margin of each of these divisions will converge over time and, given the similarity of their operations, they have been aggregated into a single reportable segment. IAN also includes our media agencies, Initiative Media and MAGNA Global which are part of our leading stand-alone agencies, and Universal McCann which is part of McCann. Our media offering creates integrated communications solutions, with services that cover the full spectrum of communication needs, including channel strategy, planning and buying, consulting, production, and post-campaign analysis.

CMG, which includes Weber Shandwick, FutureBrand, DeVries, Golin Harris, Jack Morton, and Octagon Worldwide (“Octagon”), provides clients with diversified services, including public relations, meeting and event production, sports and entertainment marketing, corporate and brand identity and strategic marketing consulting. CMG shares some similarities to other service lines offered by IAN, however, on a stand-alone basis, its economic characteristics and expected margin performance are sufficiently different to support CMG as a separate reportable segment. Specifically, CMG’s businesses, on an aggregate basis, have a higher proportion of arrangements for which it acts as principal, have a greater proportion of non-global clients and have slightly lower margins.

During 2004, we exited our Motorsports business, which owned and operated venue-based motorsports businesses. Motorsports had its own management structure and reported to senior management on the basis of this structure. Motorsports derived revenue from ticket sales and rentals of its various owned and leased tracks. Generally the cost structure of Motorsports was based on direct operating costs, as opposed to pass through costs that characterize the rest of the businesses. Accordingly, Motorsports had different economic characteristics and was reflected as its own reportable segment. Other than the recording of long-lived asset impairment and contract termination costs, the operating results of Motorsports during 2004 were not material, and therefore not discussed in detail.

The profitability measure employed by our chief operating decision makers for allocating resources to operating divisions and assessing operating division performance is operating profit. For this purpose, amounts reported as segment operating profit exclude the impact of restructuring and impairment charges, as we do not consider these charges when assessing operating division performance or when allocating resources. The impact of restructuring and impairment charges to each reporting segment are reported separately in Notes 5 and 8, respectively. Segment profit excludes interest income and expense, debt repayment penalties, investment impairments, litigation charges and other non-operating income. With the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

exception of excluding certain amounts for reportable segment operating profit, all segments follow the same accounting policies as those described in Note 1.

Certain corporate and other charges are reported as a separate line within total segment operating income and include corporate office expenses and shared service center expenses, as well as certain other centrally managed expenses which are not allocated to operating divisions, as shown in the table below. Salaries and related expenses include salaries, pension, bonus and insurance expenses, including medical and dental, for corporate office employees. Professional fees include costs related to preparation for compliance with the Sarbanes-Oxley Act, cost of restatement efforts financial statement audits, legal, information technology and other consulting fees, which are engaged and managed through the corporate office. Rent and depreciation includes rental expense and depreciation of leasehold improvements for properties occupied by corporate office employees. Bank fees relates to debt and credit facilities managed by the corporate office. The amounts allocated to operating divisions are calculated monthly based on a formula that uses the weighted average net revenues of the operating unit. The majority of the Corporate cost including most of the costs associated to internal control remediation and compliance are not allocated back to operating segments. The following expenses are included in Corporate and Other:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Salaries, benefits and related expenses	$ 151.2	$ 129.0	$ 131.1
Professional fees	143.4	49.8	28.5
Rent and depreciation	38.0	30.5	26.5
Corporate insurance	29.7	26.5	12.5
Bank fees	2.8	1.6	3.7
Other	11.4	9.4	17.7
Expenses allocated to operating divisions	(133.3)	(118.1)	(117.7)
Total corporate and other	$ 243.2	$ 128.6	$ 102.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

Summarized financial information concerning our reportable segments is shown in the following table:

	For the Years Ended December 31, 2004	2003 (Restated)	2002 (Restated)
Revenue:(1)			
IAN	$ 5,399.2	$ 5,140.5	$ 4,994.7
CMG	935.8	942.4	970.8
Motorsports	52.0	78.8	93.6
Consolidated revenue	$ 6,387.0	$ 6,161.7	$ 6,059.1
Segment operating income:			
IAN	$ 577.2	$ 551.9	$ 550.7
CMG	83.7	55.7	47.5
Motorsports	(14.0)	(43.6)	(82.2)
Corporate and other	(243.2)	(128.6)	(102.3)
Total segment operating income	$ 403.7	$ 435.4	$ 413.7
Reconciliation to income (loss) before taxes:			
Restructuring charges	(62.2)	(172.9)	(7.9)
Long-lived asset impairment and other charges	(435.8)	(294.0)	(130.0)
Interest expense	(172.0)	(207.0)	(158.7)
Debt prepayment penalty	(9.8)	(24.8)	—
Interest income	50.7	39.3	30.6
Investment impairments	(63.4)	(71.5)	(40.3)
Litigation charges	32.5	(127.6)	—
Other income (expense)	(10.7)	50.3	8.3
Income (loss) before income taxes	$ (267.0)	$ (372.8)	$ 115.7
Total assets:			
IAN	$ 9,901.0	$ 9,876.6	$ 9,137.5
CMG	928.6	998.0	1,193.8
Motorsports	—	61.1	176.0
Corporate and other	1,442.7	1,510.2	1,397.7
Total assets	$ 12,272.3	$ 12,445.9	$ 11,905.0
Depreciation and amortization:			
IAN	$ 146.5	$ 171.2	$ 159.2
CMG	22.1	28.5	25.7
Motorsports	—	3.7	8.8
Corporate and other	16.5	13.1	13.1
Total depreciation and amortization	$ 185.1	$ 216.5	$ 206.8
Capital expenditures:			
IAN	$ 133.7	$ 104.0	$ 114.7
CMG	27.1	12.3	12.1
Motorsports	—	25.7	36.4
Corporate and other	33.2	17.6	8.2
Total capital expenditures	$ 194.0	$ 159.6	$ 171.4

(1) Amounts disclosed as revenue from unaffiliated customers include immaterial amounts of intersegment revenues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

Long-lived assets and revenue are presented below by major geographic area:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Long-Lived Assets:			
US	$ 2,721.7	$ 2,436.2	$ 2,495.0
International:			
UK	296.9	410.8	589.1
All Other Europe	852.5	1,084.7	1,227.0
Asia Pacific	127.7	184.4	189.6
Latin America	139.4	146.0	192.8
Other	223.2	272.8	202.9
Total international	1,639.7	2,098.7	2,401.4
Total consolidated	$ 4,361.4	$ 4,534.9	$ 4,896.4
Revenue:			
US	$ 3,509.2	$ 3,459.3	$ 3,478.1
International:			
UK	654.1	662.6	666.5
All Other Europe	1,219.3	1,130.5	1,034.0
Asia Pacific	474.7	429.4	397.5
Latin America	240.8	233.3	266.1
Other	288.9	246.6	216.9
Total international	2,877.8	2,702.4	2,581.0
Total consolidated	$ 6,387.0	$ 6,161.7	$ 6,059.1

Revenue is attributed to geographic areas based on where the services are performed. Property and equipment is allocated based upon physical location. Intangible assets, other assets and investments are allocated based on the location of the related operation.

Our largest client contributed approximately 7% in 2004, 8% in 2003 and 8% in 2002 to revenue. Our second largest client contributed approximately 3% in 2004, 3% in 2003 and 3% in 2002 to revenue. The IAN segment reported the majority of the revenue for both clients in all periods.

Note 19: *Commitments and Contingencies*

Restatement Related Matters

As a result of the restatement review (discussed more fully in Note 2, the Company has recorded additional liabilities with regard to Vendor Discounts or Credits, Internal Investigations and International Compensation Agreements which amount to $242.3, $114.8 (including $37.5 of additional vendor discounts or credits) and $40.3, respectively, as of December 31, 2004. The Company believes that these amounts represent our best estimates of our ultimate liabilities in each of these cases based on facts and documents reviewed and are sufficient to cover any obligations that we may have to our clients, vendors, and various governmental organizations in the jurisdictions involved. The Company estimates it will pay approximately $250.0 related to these liabilities over the next 24 months.

Leases

We lease certain facilities and equipment. Where leases contain escalation clauses or concessions, such as rent holidays and landlord/tenant incentives or allowances, the impact of such adjustments is recognized on a straight-line basis over the minimum lease period. Certain leases provide for renewal options and require the payment of real estate taxes or other occupancy costs, which are also subject to escalation clauses. Rent expense was as follows:

	For the Years Ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
Gross rent expense	$ 433.0	$ 440.2	$ 432.0
Third-party sublease rental income	(24.6)	(31.6)	(24.7)
Net rent expense	$ 408.4	$ 408.6	$ 407.3

Future minimum lease commitments for office premises and equipment under non-cancelable leases, along with minimum sublease rental income to be received under non-cancelable subleases, are as follows:

Period	Gross Rent Expense	Sublease Rental Income	Net Rent Expense
2005	$ 319.1	$ (49.2)	$ 269.9
2006	289.1	(45.6)	243.5
2007	252.7	(39.8)	212.9
2008	220.1	(33.6)	186.5
2009	185.9	(30.4)	155.5
2010 and thereafter	924.1	(95.7)	828.4
Total	$ 2,191.0	$ (294.3)	$ 1,896.7

Contingent Acquisition Obligations

We have structured certain acquisitions with additional contingent purchase price obligations in order to reduce the potential risk associated with negative future performance of the acquired entity. In addition, we have entered into agreements that may require us to purchase additional equity interests in certain consolidated and unconsolidated subsidiaries. The amounts relating to these transactions are based on estimates of the future financial performance of the acquired entity, the timing of the exercise of these rights, changes in foreign currency exchange rates and other factors. In accordance with GAAP, we have not recorded a liability for these items on the balance sheet since the definitive amounts payable are not determinable or distributable. When the contingent acquisition obligations have been met and consideration is distributable, we will record the fair value of this consideration as an additional cost of the acquired entity. The following table details the estimated liability and the estimated amount that would be paid under such options, in the event of exercise at the earliest exercise date. All payments are contingent upon achieving projected operating performance targets and satisfying other conditions specified in the related agreements and are subject to revisions as the earn-out periods progress.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The following contingent acquisition obligations are net of compensation expense, except as noted below, as defined by the terms and conditions of the respective acquisition agreements and employment terms of the former owners of the acquired businesses. This future expense will not be allocated to the assets and liabilities acquired. As of December 31, 2004, our estimated contingent acquisition obligations are as follows:

	2005	2006	2007	2008	2009	Thereafter	Total
Deferred Acquisition Payments							
Cash	$ 48.0	$ 5.7	$ 2.1	$ 0.9	$ 4.3	$ —	$ 61.0
Stock	12.4	5.4	—	—	—	—	17.8
Put Options with Consolidated Affiliates*							
Cash	30.2	1.8	9.5	3.4	3.0	7.3	55.2
Stock	0.1	0.1	—	—	—	—	0.2
Put Options with Unconsolidated Affiliates*							
Cash	5.4	3.4	3.9	3.0	2.2	1.4	19.3
Stock	0.8	0.9	—	0.9	—	0.3	2.9
Call Options with Consolidated Affiliates*							
Cash	4.2	1.1	—	—	—	4.8	10.1
Stock	—	0.5	—	—	—	—	0.5
Subtotal — Cash	$ 87.8	$ 12.0	$ 15.5	$ 7.3	$ 9.5	$ 13.5	$ 145.6
Subtotal — Stock	$ 13.3	$ 6.9	$ —	$ 0.9	$ —	$ 0.3	$ 21.4
Total Contingent Acquisition Payments	$ 101.1	$ 18.9	$ 15.5	$ 8.2	$ 9.5	$ 13.8	$ 167.0

In accounting for acquisitions, we recognize deferred payments and purchases of additional interests after the effective date of purchase that are contingent upon the future employment of owners as compensation expense in our Consolidated Statement of Operations. As of December 31, 2004, our estimated contingent acquisition payments with associated compensation expense impacts are as follows:

Compensation Expense-Related Payments							
Cash	$ 34.1	$ 4.9	$ 2.1	$1.4	$ —	$ 1.3	$ 43.8
Stock	$ 1.8	$ 0.2	$ —	$ —	$ —	$ —	$ 2.0
Subtotal	$ 35.9	$ 5.1	$ 2.1	$1.4	$ —	$ 1.3	$ 45.8
Total Payments	$ 137.0	$ 24.0	$ 17.6	$9.6	$9.5	$ 15.1	$ 212.8

* We have entered into certain acquisitions that contain both put and call options with similar terms and conditions. In such instances, we have included the related estimated contingent acquisition obligations with Put Options.

The 2005 obligations relate primarily to acquisitions that were completed prior to December 31, 2001.

Legal Matters

Federal Securities Class Actions

During the fourth quarter of 2004, the settlement of thirteen class actions under the federal securities laws became final. The class actions were filed against the Company and certain of our present and former directors and officers on behalf of a purported class of purchasers of our stock shortly after our August 13, 2002 announcement regarding the restatement of our 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 15, 2002. On December 2, 2003, we reached an agreement in principle to settle the consolidated class action shareholder suits in federal district court in New York. Under the terms of the settlement, we agreed to pay $115.0, comprised of $20.0 in cash and $95.0 in shares of our common stock at a value of $14.50 per share. On November 4, 2004, the court entered an order granting final approval of the settlement. The term of appeal for the settlement expired on December 6, 2004. During the fourth quarter of 2004, the $20.0 cash portion of the settlement was paid into escrow and 0.8 of the settlement shares were issued to the plaintiffs' counsel as payment of their fee.

In 2003, we recorded litigation charges of $115.0 related to the settlement of the shareholder suits discussed above. During the fourth quarter of 2004, the settlement was approved and the litigation charges were reduced by $20.0 due to insurance proceeds received as reimbursement for the cash component of the settlement from our Directors and Officers insurance policies (which a receivable has not previously been accounted for) and by $12.5 relating to a decrease in the share price between the tentative settlement date and the final settlement date as the share settlement amount was fixed.

Derivative Actions

In the fourth quarter of 2004, the settlement of a shareholder derivative suit became final. The 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 our auditors. This suit alleged a breach of fiduciary duties to our 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. On January 26, 2004, we reached an agreement in principle to settle these derivative actions, agreeing to institute certain corporate governance procedures prescribed by the court. On June 11, 2004, the court entered an order granting preliminary approval to the proposed settlement. These governance procedures have been adopted as part of our Corporate Governance Guidelines (which can be found on our website). The court held a final approval and fairness hearing on October 22, 2004, and on November 4, 2004, the court entered an order granting final approval of the settlement.

SEC Investigation

In January 2003, the SEC issued a formal order of investigation related to our restatements of earnings for periods dating back to 1997. On April 20, 2005, we received a subpoena from the SEC under authority of the order of investigation requiring production of additional documents relating to the potential restatement we announced in March 2005. The SEC is investigating the restatement detailed in Note 2 to the Consolidated Financial Statements. We are cooperating fully with the investigation.

Other Legal Matters

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

Note 20: *Results by Quarter (Unaudited)*

The first set of tables below presents unaudited quarterly financial information for 2004 and 2003. The amounts presented have been restated from those previously reported on Form 10-Q for the applicable periods and in our 2003 annual report on Form 10-K. The second set of tables below sets forth, for each of the quarters and for each of the interim balance sheet dates presented, the amounts of the restatement adjustments and a reconciliation from previously reported amounts to restated amounts.

The restatement adjustments are attributable to the same matters that are discussed in depth in Note 2, Restatement of Previously Issued Financial Statements, and we refer you to that discussion. The third set of tables below summarizes, for each of the quarters and for each of the interim balance sheet dates presented, the impact of each category of adjustment on previously reported revenue; net income (loss) from continuing operations and earnings per share; and assets, liabilities and stockholders' equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

Results by Quarter
(Unaudited)

	Three Months Ended March 31,		Three Months Ended June 30,		Three Months Ended September 30,		Three Months Ended December 31,	
	2004(1) (Restated)	2003(1) (Restated)	2004(1) (Restated)	2003(1) (Restated)	2004(1) (Restated)	2003(1) (Restated)	2004	2003(1) (Restated)
REVENUE	$ 1,389.4	$ 1,310.0	$ 1,512.8	$ 1,542.8	$ 1,519.1	$ 1,452.2	$ 1,965.7	$ 1,856.7
OPERATING EXPENSES:								
Salaries and related expenses	886.7	868.4	898.5	890.7	925.3	824.1	1,023.0	917.4
Office and general expenses	510.7	507.4	552.8	563.0	556.3	578.7	630.0	576.6
Restructuring charges (reversals)	61.6	0.4	3.9	94.5	1.1	47.8	(4.4)	30.2
Long-lived asset impairment and other charges	5.7	11.1	3.1	11.0	307.6	227.0	5.8	44.9
Motorsports contract termination costs	—	—	80.0	—	33.6	—	—	—
Total operating expenses	1,464.7	1,387.3	1,538.3	1,559.2	1,823.9	1,677.6	1,654.4	1,569.1
OPERATING INCOME (LOSS)	(75.3)	(77.3)	(25.5)	(16.4)	(304.8)	(225.4)	311.3	287.6
EXPENSE AND OTHER INCOME:								
Interest expense	(43.9)	(49.6)	(42.0)	(55.4)	(42.7)	(50.1)	(43.4)	(51.9)
Debt prepayment penalty	—	—	—	—	—	(24.8)	(9.8)	—
Interest income	9.8	8.1	10.4	10.2	11.1	9.6	19.4	11.4
Investment impairments	(3.2)	(2.7)	—	(9.8)	(33.8)	(17.0)	(26.4)	(42.0)
Litigation charges	—	—	—	—	—	(127.6)	32.5	—
Other income (expense)	1.3	(0.2)	2.2	0.6	(0.7)	1.4	(13.5)	48.5
Total expense and other income	(36.0)	(44.4)	(29.4)	(54.4)	(66.1)	(208.5)	(41.2)	(34.0)
Income (loss) from continuing operations before provision for income taxes	(111.3)	(121.7)	(54.9)	(70.8)	(370.9)	(433.9)	270.1	253.6
Provision for income taxes	(29.0)	(30.5)	30.6	4.7	130.0	20.9	130.6	247.6
Income (loss) from continuing operations of consolidated companies	(82.3)	(91.2)	(85.5)	(75.5)	(500.9)	(454.8)	139.5	6.0
Income applicable to minority interests (net of tax)	(2.6)	1.5	(4.2)	(6.5)	(4.4)	(8.5)	(10.3)	(13.5)
Equity in net income of unconsolidated affiliates (net of tax)	1.1	(3.2)	1.3	1.8	2.3	(0.1)	1.1	3.9
Income (loss) from continuing operations	(83.8)	(92.9)	(88.4)	(80.2)	(503.0)	(463.4)	130.3	(3.6)
Dividends on preferred stock	4.8	—	5.0	—	5.0	—	5.0	—
Net income (loss) from continuing operations	(88.6)	(92.9)	(93.4)	(80.2)	(508.0)	(463.4)	125.3	(3.6)
Income from discontinued operations (net of tax)	—	2.5	—	9.5	6.5	89.0	—	—
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ (88.6)	$ (90.4)	$ (93.4)	$ (70.7)	$ (501.5)	$ (374.4)	$ 125.3	$ (3.6)
Earnings (loss) per share of common stock:								
Basic:								
Continuing operations	$ (0.21)	$ (0.24)	$ (0.23)	$ (0.21)	$ (1.22)	$ (1.20)	$ 0.25**	$ (0.01)
Discontinued operations	—	0.01	—	0.02	0.02	0.23	—	—
Total*	$ (0.21)	$ (0.24)*	$ (0.23)	$ (0.18)*	$ (1.21)*	$ (0.97)	$ 0.25	$ (0.01)
Diluted:								
Continuing operations	$ (0.21)	$ (0.24)	$ (0.23)	$ (0.21)	$ (1.22)	$ (1.20)	$ 0.22**	$ (0.01)
Discontinued operations	—	0.01	—	0.02	0.02	0.23	—	—
Total*	$ (0.21)	$ (0.24)*	$ (0.23)	$ (0.18)*	$ (1.21)*	$ (0.97)	$ 0.22	$ (0.01)
Weighted-average shares:								
Basic	413.3	381.8	414.6	384.3	415.4	385.8	417.8	390.3
Diluted	413.3	381.8	414.6	384.3	415.4	385.8	518.9	390.3

* Does not add due to rounding.

** Due to the existence of income from continuing operations, basic and diluted EPS have been calculated using the two-class method pursuant to EITF Issue 03-6 for the quarter ended December 31, 2004. This resulted in a decrease of $22.6 and $12.2 in net income (numerator) for the basic and diluted EPS calculations, respectively, for the quarter ended December 31, 2004.

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RESTATED BALANCE SHEET BY QUARTER

(Unaudited)

	As of March 31,		As of June 30,		As of September 30,	
	2004	2003	2004	2003	2004	2003
ASSETS:						
Cash and cash equivalents	$ 1,172.7	$ 1,210.2	$ 999.0	$ 760.7	$ 1,064.0	$ 736.1
Short-term marketable securities	295.0	14.6	532.6	19.6	398.2	15.5
Accounts receivable, net of allowances	4,604.1	4,279.0	4,952.5	4,709.3	4,583.9	4,500.9
Expenditures billable to clients	370.9	437.6	384.2	447.2	385.2	422.3
Deferred income taxes	273.6	127.4	268.4	141.4	262.9	116.7
Prepaid expenses and other current assets	211.5	381.1	201.9	418.5	194.2	385.0
Assets held for sale	—	414.6	—	452.2	—	—
Total current assets	6,927.8	6,864.5	7,338.6	6,948.9	6,888.4	6,176.5
Land, buildings and equipment, net	682.3	763.4	669.3	775.3	673.3	747.9
Deferred income taxes	439.0	554.8	453.0	580.4	350.6	676.3
Investments	241.0	340.8	236.2	332.5	190.0	374.3
Goodwill	3,288.8	3,251.7	3,374.1	3,353.3	3,087.0	3,200.6
Other intangible assets, net of amortization	44.6	7.6	41.3	43.4	40.0	40.6
Other assets	268.0	308.8	276.2	271.7	270.2	279.5
Total non-current assets	4,963.7	5,227.1	5,050.1	5,356.6	4,611.1	5,319.2
TOTAL ASSETS	$ 11,891.5	$ 12,091.6	$ 12,388.7	$ 12,305.5	$ 11,499.5	$ 11,495.7
LIABILITIES:						
Accounts payable	$ 5,449.2	$ 5,034.1	$ 6,174.1	$ 5,702.3	5,728.1	$ 5,350.8
Accrued liabilities	1,183.6	1,148.4	1,083.3	1,178.5	1,100.4	1,252.4
Short-term debt	133.2	666.7	97.6	172.8	77.3	353.4
Liabilities held for sale	—	121.1	—	149.0	—	—
Total current liabilities	6,766.0	6,970.3	7,355.0	7,202.6	6,905.8	6,956.6
Long-term debt	2,197.3	2,623.5	2,194.8	2,593.4	2,194.2	2,197.9
Deferred compensation and employee benefits	518.1	534.5	506.7	557.4	517.7	586.2
Other non-current liabilities	336.9	220.0	350.4	176.5	378.6	307.0
Minority interests in consolidated subsidiaries	59.7	60.1	52.9	57.0	51.3	58.5
Total non-current liabilities	3,112.0	3,438.1	3,104.8	3,384.3	3,141.8	3,149.6
TOTAL LIABILITIES	$ 9,878.0	$ 10,408.4	$ 10,459.8	$ 10,586.9	$ 10,047.6	$ 10,106.2
Commitments and contingencies (Note 19)						
STOCKHOLDERS' EQUITY:						
Preferred stock, no par value, shares authorized: 20.0	373.7	—	373.7	—	373.7	—
shares issued and outstanding: 2004 — 7.5; 2003 — 7.5						
Common stock, $0.10 par value, shares authorized: 800.0	41.8	39.0	42.2	39.1	42.3	39.2
shares issued: 2004 — 424.9; 2003 — 418.4						
shares outstanding: 2004 — 424.5; 2003 — 418.2						
Additional paid-in capital	2,065.5	1,766.5	2,119.1	1,743.6	2,116.1	1,753.3
Retained earnings (deficit)	(123.6)	408.9	(212.0)	338.2	(708.5)	(36.2)
Accumulated other comprehensive loss, net of tax	(279.8)	(377.9)	(296.8)	(309.5)	(281.4)	(283.9)
	2,077.6	1,836.5	2,026.2	1,811.4	1,542.2	1,472.4
Less:						
Treasury stock, at cost: 2004 — 0.4 shares; 2003 — 0.3 shares	(14.0)	(65.0)	(14.0)	(11.3)	(14.0)	(11.3)
Unamortized deferred compensation	(50.1)	(88.3)	(83.3)	(81.5)	(76.3)	(71.6)
TOTAL STOCKHOLDERS' EQUITY	$ 2,013.5	$ 1,683.2	$ 1,928.9	$ 1,718.6	$ 1,451.9	$ 1,389.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,891.5	$ 12,091.6	$ 12,388.7	$ 12,305.5	$ 11,499.5	$ 11,495.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

RESTATED STATEMENT OF CASH FLOWS BY QUARTER

(Unaudited)

	Three Months Ended March 31,		Six Months Ended June 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003	2004	2003
Net cash used in operating activities from continuing operations	$ (342.0)	$ (276.5)	$ (101.4)	$ (23.4)	$ (115.2)	$ (153.0)
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:						
Acquisitions, including deferred payments, net of cash acquired	(39.0)	(43.5)	(136.3)	(130.4)	(143.8)	(193.3)
Capital expenditures	(37.8)	(29.6)	(77.5)	(72.1)	(119.3)	(94.2)
Proceeds from sales of businesses and fixed assets	17.4	6.9	29.2	3.9	28.1	17.4
Proceeds from sales of investments	3.9	14.2	10.6	21.3	22.9	25.2
Purchases of investments	(7.2)	(20.2)	(10.2)	(37.6)	(15.9)	(30.9)
Maturities of short-term marketable securities	371.0	11.2	575.8	28.9	865.0	39.6
Purchases of short-term marketable securities	(470.5)	(5.7)	(912.9)	(27.8)	(1,067.5)	(34.3)
Proceeds from the sale of discontinued operations, net of cash sold	—	—	—	—	10.0	376.7
Net cash provided by investing activities from continuing operations	(162.2)	(66.7)	(521.3)	(213.8)	(420.5)	106.2
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:						
Increase (decrease) in short-term bank borrowings	60.3	(181.9)	23.4	(186.5)	3.1	(238.7)
Payments of long-term debt	(244.4)	(0.7)	(244.7)	(581.4)	(245.1)	(741.3)
Proceeds from long-term debt	0.5	800.7	0.5	800.9	1.0	800.8
Debt issuance costs	—	(22.6)	(2.3)	(26.9)	(2.3)	(27.5)
Preferred stock issuance costs	(0.8)	—	—	—	—	—
Preferred stock dividends	(4.8)	—	(9.8)	—	(14.8)	—
Issuance of common stock	(2.3)	2.9	0.1	8.0	0.7	3.1
Distributions to minority interests	(2.7)	(0.2)	(10.9)	(7.4)	(17.3)	(12.5)
Contributions from unconsolidated affiliates	4.9	1.0	6.1	0.5	6.8	0.5
Net cash (used in) provided by financing activities from continuing operations	(189.3)	599.2	(237.6)	7.2	(267.9)	(215.6)
Effect of exchange rates on cash and cash equivalents	(5.7)	13.9	(12.6)	50.9	(4.3)	58.7
Net cash (used in) provided by discontinued operations	—	(12.9)	—	(13.4)	—	(13.4)
Increase (decrease) in cash and cash equivalents	(699.2)	257.0	(872.9)	(192.5)	(807.9)	(217.1)
Cash and cash equivalents at beginning of year	1,871.9	953.2	1,871.9	953.2	1,871.9	953.2
Cash and cash equivalents at end of period	$ 1,172.7	$ 1,210.2	$ 999.0	$ 760.7	$ 1,064.0	$ 736.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The following tables set forth, for each of the quarters and for each of the interim balance sheet dates presented, the amounts of the restatement adjustments and a reconciliation from previously reported amounts to restated amounts.

	Three Months Ended March 31, 2004		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
REVENUE	$ 1,395.1	$ (5.7)	$ 1,389.4
OPERATING EXPENSES:			
Salaries and related expenses	874.0	12.7	886.7
Office and general expenses	463.3	47.4	510.7
Restructuring charges	62.6	(1.0)	61.6
Long-lived asset impairment and other charges	5.6	0.1	5.7
Total operating expenses	1,405.5	59.2	1,464.7
OPERATING INCOME (LOSS)	(10.4)	(64.9)	(75.3)
EXPENSE AND OTHER INCOME:			
Interest expense	(39.1)	(4.8)	(43.9)
Interest income	9.7	0.1	9.8
Investment impairments	(3.2)	—	(3.2)
Other income (expense)	1.1	0.2	1.3
Total expense and other income	(31.5)	(4.5)	(36.0)
Loss before provision for income taxes	(41.9)	(69.4)	(111.3)
Provision for income taxes	(26.8)	(2.2)	(29.0)
Loss of consolidated companies	(15.1)	(67.2)	(82.3)
Income applicable to minority interests (net of tax)	(2.4)	(0.2)	(2.6)
Equity in net income of unconsolidated affiliates (net of tax)	0.6	0.5	1.1
Loss	(16.9)	(66.9)	(83.8)
Dividends on preferred stock	4.8	—	4.8
Net Loss	(21.7)	(66.9)	(88.6)
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (21.7)	$ (66.9)	$ (88.6)
Loss per share of common stock:			
Basic	$ (0.05)	$ (0.16)	$ (0.21)
Diluted	$ (0.05)	$ (0.16)	$ (0.21)
Weighted-average shares:			
Basic	413.3		413.3
Diluted	413.3		413.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Three Months Ended June 30, 2004		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
REVENUE	$ 1,544.1	$ (31.3)	$ 1,512.8
OPERATING EXPENSES:			
Salaries and related expenses	893.8	4.7	898.5
Office and general expenses	506.8	46.0	552.8
Restructuring charges	2.0	1.9	3.9
Long-lived asset impairment and other charges	3.0	0.1	3.1
Motorsports contract termination costs	80.0	—	80.0
Total operating expenses	1,485.6	52.7	1,538.3
OPERATING INCOME (LOSS)	58.5	(84.0)	(25.5)
EXPENSE AND OTHER INCOME:			
Interest expense	(38.4)	(3.6)	(42.0)
Interest income	10.4	—	10.4
Other income (expense)	2.3	(0.1)	2.2
Total expense and other income	(25.7)	(3.7)	(29.4)
Income (loss) from continuing operations before provision for income taxes	32.8	(87.7)	(54.9)
Provision for income taxes	33.4	(2.8)	30.6
Loss of consolidated companies	(0.6)	(84.9)	(85.5)
Income applicable to minority interests	(5.6)	1.4	(4.2)
Equity in net income of unconsolidated affiliates	0.8	0.5	1.3
Loss	(5.4)	(83.0)	(88.4)
Dividends on preferred stock	5.0	—	5.0
Net Loss	(10.4)	(83.0)	(93.4)
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (10.4)	$ (83.0)	$ (93.4)
Loss per share of common stock:			
Basic	$ (0.03)	$ (0.20)	$ (0.23)
Diluted	$ (0.03)	$ (0.20)	$ (0.23)
Weighted-average shares:			
Basic	414.6		414.6
Diluted	414.6		414.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Three Months Ended September 30, 2004		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
REVENUE	$ 1,508.8	$ 10.3	$ 1,519.1
OPERATING EXPENSES:			
Salaries and related expenses	924.8	0.5	925.3
Office and general expenses	519.5	36.8	556.3
Restructuring charges	1.0	0.1	1.1
Long-lived asset impairment and other charges	450.1	(142.5)	307.6
Motorsports contract termination costs	33.6	—	33.6
Total operating expenses	1,929.0	(105.1)	1,823.9
OPERATING INCOME (LOSS)	(420.2)	115.4	(304.8)
EXPENSE AND OTHER INCOME:			
Interest expense	(39.8)	(2.9)	(42.7)
Interest income	11.1	—	11.1
Investment impairments	(33.8)	—	(33.8)
Other income (expense)	(0.7)	—	(0.7)
Total expense and other income	(63.2)	(2.9)	(66.1)
Loss from continuing operations before provision for income taxes	(483.4)	112.5	(370.9)
Provision for income taxes	98.6	31.4	130.0
Loss from continuing operations of consolidated companies	(582.0)	81.1	(500.9)
Income applicable to minority interests	(5.1)	0.7	(4.4)
Equity in net income of unconsolidated affiliates	2.2	0.1	2.3
Loss from continuing operations	(584.9)	81.9	(503.0)
Dividends on preferred stock	5.0	—	5.0
Net loss from continuing operations	(589.9)	81.9	(508.0)
Income from discontinued operations (net of tax)	6.5	—	6.5
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (583.4)	$ 81.9	$ (501.5)
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ (1.42)	$ 0.20	$ (1.22)
Discontinued operations	0.02	—	0.02
Total*	$ (1.40)	$ 0.19	$ (1.21)
Diluted:			
Continuing operations	$ (1.42)	$ 0.20	$ (1.22)
Discontinued operations	0.02	—	0.02
Total*	$ (1.40)	$ 0.19	$ (1.21)
Weighted-average shares:			
Basic	415.4		415.4
Diluted	415.4		415.4

* Does not add due to rounding.

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	Three Months Ended March 31, 2003		
	As Previously Reported	Effect of Restatement (Unaudited)	As Restated
REVENUE	$ 1,315.7	$ (5.7)	$ 1,310.0
OPERATING EXPENSES:			
Salaries and related expenses	854.7	13.7	868.4
Office and general expenses	429.1	78.3	507.4
Restructuring charges	—	0.4	0.4
Long-lived asset impairment and other charges	11.1	—	11.1
Total operating expenses	1,294.9	92.4	1,387.3
OPERATING INCOME (LOSS)	20.8	(98.1)	(77.3)
EXPENSE AND OTHER INCOME:			
Interest expense	(38.8)	(10.8)	(49.6)
Interest income	7.9	0.2	8.1
Investment impairments	(2.7)	—	(2.7)
Litigation charges	—	—	—
Other income (expense)	(0.2)	—	(0.2)
Total expense and other income	(33.8)	(10.6)	(44.4)
Loss from continuing operations before provision for income taxes	(13.0)	(108.7)	(121.7)
Provision for income taxes	(5.6)	(24.9)	(30.5)
Loss from continuing operations of consolidated companies	(7.4)	(83.8)	(91.2)
Income applicable to minority interests	(0.6)	2.1	1.5
Equity in net income of unconsolidated affiliates	(3.2)	—	(3.2)
Net loss from continuing operations	(11.2)	(81.7)	(92.9)
Income from discontinued operations (net of tax)	2.6	(0.1)	2.5
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (8.6)	$ (81.8)	$ (90.4)
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ (0.03)	$ (0.21)	$ (0.24)
Discontinued operations	0.01	—	0.01
Total*	$ (0.02)	$ (0.22)	$ (0.24)
Diluted:			
Continuing operations	$ (0.03)	$ (0.21)	$ (0.24)
Discontinued operations	0.01	—	0.01
Total*	$ (0.02)	$ (0.22)	$ (0.24)
Weighted-average shares:			
Basic	381.8	—	381.8
Diluted	381.8	—	381.8

* Does not add due to rounding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Three Months Ended June 30, 2003		
	As Previously Reported	Effect of Restatement (Unaudited)	As Restated
REVENUE	$ 1,499.4	$ 43.4	$ 1,542.8
OPERATING EXPENSES:			
Salaries and related expenses	878.4	12.3	890.7
Office and general expenses	463.7	99.3	563.0
Restructuring charges	94.4	0.1	94.5
Long-lived asset impairment and other charges	11.0	—	11.0
Total operating expenses	1,447.5	111.7	1,559.2
OPERATING INCOME (LOSS)	51.9	(68.3)	(16.4)
EXPENSE AND OTHER INCOME:			
Interest expense	(46.1)	(9.3)	(55.4)
Interest income	10.2	—	10.2
Investment impairments	(9.8)	—	(9.8)
Other income (expense)	0.3	0.3	0.6
Total expense and other income	(45.4)	(9.0)	(54.4)
Income (loss) from continuing operations before provision for income taxes	6.5	(77.3)	(70.8)
Provision for income taxes	22.4	(17.7)	4.7
Loss from continuing operations of consolidated companies	(15.9)	(59.6)	(75.5)
Income applicable to minority interests	(8.4)	1.9	(6.5)
Equity in net income of unconsolidated affiliates	1.3	0.5	1.8
Net loss from continuing operations	(23.0)	(57.2)	(80.2)
Income from discontinued operations (net of tax)	9.5	—	9.5
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (13.5)	$ (57.2)	$ (70.7)
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ (0.06)	$ (0.15)	$ (0.21)
Discontinued operations	0.02	—	0.02
Total*	$ (0.04)	$ (0.14)	$ (0.18)
Diluted:			
Continuing operations	$ (0.06)	$ (0.15)	$ (0.21)
Discontinued operations	0.02	—	0.02
Total*	$ (0.04)	$ (0.14)	$ (0.18)
Weighted-average shares:			
Basic	384.3		384.3
Diluted	384.3		384.3

* Does not add due to rounding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Three Months Ended September 30, 2003		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
REVENUE	$ 1,418.9	$ 33.3	$ 1,452.2
OPERATING EXPENSES:			
Salaries and related expenses	810.9	13.2	824.1
Office and general expenses	508.4	70.3	578.7
Restructuring charges	48.0	(0.2)	47.8
Long-lived asset impairment and other charges	222.7	4.3	227.0
Total operating expenses	1,590.0	87.6	1,677.6
OPERATING INCOME (LOSS)	(171.1)	(54.3)	(225.4)
EXPENSE AND OTHER INCOME:			
Interest expense	(43.5)	(6.6)	(50.1)
Debt prepayment penalty	(24.8)	—	(24.8)
Interest income	9.5	0.1	9.6
Investment impairments	(29.7)	12.7	(17.0)
Litigation charges	(127.6)	—	(127.6)
Other income (expense)	1.2	0.2	1.4
Total expense and other income	(214.9)	6.4	(208.5)
Loss from continuing operations before provision for income taxes	(386.0)	(47.9)	(433.9)
Provision for income taxes	19.5	(1.4)	20.9
Loss from continuing operations of consolidated companies	(405.5)	(49.3)	(454.8)
Income applicable to minority interests	(10.4)	1.9	(8.5)
Equity in net income of unconsolidated affiliates	(0.3)	0.2	(0.1)
Net loss from continuing operations	(416.2)	(47.2)	(463.4)
Income from discontinued operations (net of tax)	89.1	(0.1)	89.0
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (327.1)	$ (47.3)	$ (374.4)
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ (1.08)	$ (0.12)	$ (1.20)
Discontinued operations	0.23	—	0.23
Total	$ (0.85)	$ (0.12)	$ (0.97)
Diluted:			
Continuing operations	$ (1.08)	$ (0.12)	$ (1.20)
Discontinued operations	0.23	—	0.23
Total	$ (0.85)	$ (0.12)	$ (0.97)
Weighted-average shares:			
Basic	385.8		385.8
Diluted	385.8		385.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Three Months Ended December 31, 2003		
	As Previously Reported	Effect of Restatement (Unaudited)	As Restated
REVENUE	$ 1,629.4	$ 227.3	$ 1,856.7
OPERATING EXPENSES:			
Salaries and related expenses	907.8	9.6	917.4
Office and general expenses	495.7	80.9	576.6
Restructuring charges	33.2	(3.0)	30.2
Long-lived asset impairment and other charges	42.1	2.8	44.9
Total operating expenses	1,478.8	90.3	1,569.1
OPERATING INCOME (LOSS)	150.6	137.0	287.6
EXPENSE AND OTHER INCOME:			
Interest expense	(44.4)	(7.5)	(51.9)
Interest income	11.3	0.1	11.4
Investment impairments	(42.7)	0.7	(42.0)
Other income (expense)	48.7	(0.2)	48.5
Total expense and other income	(27.1)	(6.9)	(34.0)
Income before provision for income taxes	123.5	130.1	253.6
Provision for income taxes	217.7	29.9	247.6
Income (loss) of consolidated companies	(94.2)	100.2	6.0
Income applicable to minority interests	(11.5)	(2.0)	(13.5)
Equity in net income of unconsolidated affiliates	3.2	0.7	3.9
Net income (loss)	(102.5)	98.9	(3.6)
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ (102.5)	$ 98.9	$ (3.6)
Earnings (loss) per share of common stock:			
Basic:			
Continuing operations	$ (0.26)	$ 0.27	$ (0.01)
Discontinued operations	—	—	—
Total	$ (0.26)	$ 0.27	$ (0.01)
Diluted:			
Continuing operations	$ (0.26)	$ 0.27	$ (0.01)
Discontinued operations	—	—	—
Total	$ (0.26)	$ 0.27	$ (0.01)
Weighted-average shares:			
Basic	390.3		390.3
Diluted	390.3		390.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	As of March 31, 2004		
	As Previously Reported	Effect of Restatement (Unaudited)	As Restated
ASSETS:			
Cash and cash equivalents	$ 1,395.3	$ (222.6)	$ 1,172.7
Short-term marketable securities	—	295.0	295.0
Accounts receivable, less allowance of $133.9	4,584.3	19.8	4,604.1
Expenditures billable to clients	316.8	54.1	370.9
Deferred income taxes	201.1	72.5	273.6
Prepaid expenses and other current assets	249.7	(38.2)	211.5
Total current assets	6,747.2	180.6	6,927.8
Land, buildings and equipment, net	656.3	26.0	682.3
Deferred income taxes	397.2	41.8	439.0
Investments	240.3	0.7	241.0
Goodwill	3,345.4	(56.6)	3,288.8
Other intangible assets, net of amortization	42.0	2.6	44.6
Other assets	272.1	(4.1)	268.0
Total non-current assets	4,953.3	10.4	4,963.7
TOTAL ASSETS	$ 11,700.5	$ 191.0	$ 11,891.5
LIABILITIES:			
Accounts payable	$ 5,050.4	$ 398.8	$ 5,449.2
Accrued liabilities	990.3	193.3	1,183.6
Short-term debt	98.2	35.0	133.2
Total current liabilities	6,138.9	627.1	6,766.0
Long-term debt	2,190.6	6.7	2,197.3
Deferred compensation and employee benefits	512.6	5.5	518.1
Other non-current liabilities	226.8	110.1	336.9
Minority interests in consolidated subsidiaries	64.5	(4.8)	59.7
Total non-current liabilities	2,994.5	117.5	3,112.0
TOTAL LIABILITIES	$ 9,133.4	$ 744.6	$ 9,878.0
Commitments and contingencies (Note 19)			
STOCKHOLDERS' EQUITY:			
Preferred stock, no par value, shares authorized: 20.0 shares issued and outstanding: 2004 — 7.5	373.7	—	373.7
Common stock, $0.10 par value, shares authorized: 800.0 shares issued: 2004 — 418.3 shares outstanding: 2004 — 417.9	41.8	—	41.8
Additional paid-in capital	2,069.5	(4.0)	2,065.5
Retained earnings (deficit)	384.6	(508.2)	(123.6)
Accumulated other comprehensive loss, net of tax	(236.3)	(43.5)	(279.8)
	2,633.3	(555.7)	2,077.6
Less:			
Treasury stock, at cost: 2004 — 0.4 shares	(14.0)	—	(14.0)
Unamortized deferred compensation	(52.2)	2.1	(50.1)
TOTAL STOCKHOLDERS' EQUITY	$ 2,567.1	$ (553.6)	$ 2,013.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,700.5	$ 191.0	$ 11,891.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	As of June 30, 2004		
	As Previously Reported	Effect of Restatement (Unaudited)	As Restated
ASSETS:			
Cash and cash equivalents	$ 1,434.3	$ (435.3)	$ 999.0
Short-term marketable securities	—	532.6	532.6
Accounts receivable, net of allowance of $133.2	4,937.7	14.8	4,952.5
Expenditures billable to clients	330.9	53.3	384.2
Deferred income taxes	201.4	67.0	268.4
Prepaid expenses and other current assets	223.0	(21.1)	201.9
Total current assets	7,127.3	211.3	7,338.6
Land, buildings and equipment, net	643.0	26.3	669.3
Deferred income taxes	404.1	48.9	453.0
Investments	235.0	1.2	236.2
Goodwill	3,428.9	(54.8)	3,374.1
Other intangible assets, net of amortization	38.9	2.4	41.3
Other assets	279.0	(2.8)	276.2
Total non-current assets	5,028.9	21.2	5,050.1
TOTAL ASSETS	$ 12,156.2	$ 232.5	$ 12,388.7
LIABILITIES:			
Accounts payable	$ 5,724.4	$ 449.7	$ 6,174.1
Accrued liabilities	838.5	244.8	1,083.3
Short-term debt	34.8	62.8	97.6
Total current liabilities	6,597.7	757.3	7,355.0
Long-term debt	2,189.3	5.5	2,194.8
Deferred compensation and employee benefits	501.4	5.3	506.7
Other non-current liabilities	249.1	101.3	350.4
Minority interests in consolidated subsidiaries	56.3	(3.4)	52.9
Total non-current liabilities	2,996.1	108.7	3,104.8
TOTAL LIABILITIES	$ 9,593.8	$ 866.0	$ 10,459.8
Commitments and contingencies (Note 19)			
STOCKHOLDERS' EQUITY:			
Preferred stock, no par value, shares authorized: 20.0 shares issued and outstanding: 2004 — 7.5	373.7	—	373.7
Common stock, $0.10 par value, shares authorized: 800.0 shares issued: 2004 — 422.4 shares outstanding: 2004 — 422.0	42.2	—	42.2
Additional paid-in capital	2,129.1	(10.0)	2,119.1
Retained earnings (deficit)	374.2	(586.2)	(212.0)
Accumulated other comprehensive loss, net of tax	(257.4)	(39.4)	(296.8)
	2,661.8	(635.6)	2,026.2
Less:			
Treasury stock, at cost: 2004 — 0.4 shares	(14.0)	—	(14.0)
Unamortized deferred compensation	(85.4)	2.1	(83.3)
TOTAL STOCKHOLDERS' EQUITY	$ 2,562.4	$ (633.5)	$ 1,928.9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,156.2	$ 232.5	$ 12,388.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	As of September 30, 2004		
	As Previously Reported	Effect of Restatement (Unaudited)	As Restated
ASSETS:			
Cash and cash equivalents	$ 1,438.5	$ (374.5)	$ 1,064.0
Short-term marketable securities	—	398.2	398.2
Accounts receivable, net of allowance of $143.4	4,578.7	5.2	4,583.9
Expenditures billable to clients	315.2	70.0	385.2
Deferred income taxes	201.4	61.5	262.9
Prepaid expenses and other current assets	203.4	(9.2)	194.2
Total current assets	6,737.2	151.2	6,888.4
Land, buildings and equipment, net	646.3	27.0	673.3
Deferred income taxes	325.7	24.9	350.6
Investments	183.8	6.2	190.0
Goodwill	2,998.7	88.3	3,087.0
Other intangible assets, net of amortization	37.6	2.4	40.0
Other assets	273.0	(2.8)	270.2
Total non-current assets	4,465.1	146.0	4,611.1
TOTAL ASSETS	$ 11,202.3	$ 297.2	$ 11,499.5
LIABILITIES:			
Accounts payable	$ 5,247.3	$ 480.8	$ 5,728.1
Accrued liabilities	849.4	251.0	1,100.4
Short-term debt	74.5	2.8	77.3
Total current liabilities	6,171.2	734.6	6,905.8
Long-term debt	2,188.9	5.3	2,194.2
Deferred compensation and employee benefits	512.8	4.9	517.7
Other non-current liabilities	272.2	106.4	378.6
Minority interests in consolidated subsidiaries	55.4	(4.1)	51.3
Total non-current liabilities	3,029.3	112.5	3,141.8
TOTAL LIABILITIES	$ 9,200.5	$ 847.1	$ 10,047.6
Commitments and contingencies (Note 19)			
STOCKHOLDERS' EQUITY:			
Preferred stock, no par value, shares authorized: 20.0 shares issued and outstanding: 2004 — 7.5	373.7	—	373.7
Common stock, $0.10 par value, shares authorized: 800.0 shares issued: 2004 — 422.8 shares outstanding: 2004 — 422.4	42.3	—	42.3
Additional paid-in capital	2,131.0	(14.9)	2,116.1
Retained earnings (deficit)	(209.2)	(499.3)	(708.5)
Accumulated other comprehensive loss, net of tax	(243.6)	(37.8)	(281.4)
	2,094.2	(552.0)	1,542.2
Less:			
Treasury stock, at cost: 2004 — 0.4 shares	(14.0)	—	(14.0)
Unamortized deferred compensation	(78.4)	2.1	(76.3)
TOTAL STOCKHOLDERS' EQUITY	$ 2,001.8	$ (549.9)	$ 1,451.9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,202.3	$ 297.2	$ 11,499.5

Goodwill Impairments

During the third quarter of 2004, prior to the restatement, we recorded goodwill impairment charges of approximately $310.0 at The Partnership reporting unit, which is comprised of, Lowe Worldwide, Draft Worldwide, Mullen, Dailey & Associates and Berenter Greenhouse Webst and $132.0 at our CMG reporting unit, which is comprised of Weber Shandwick, Golin Harris, DeVries Public Relations, Octagon Worldwide FutureBrand. We have historically performed our annual impairment test of goodwill as of September 30 each year. We also perform an impairment test of goodwill when certain trigger events occur, such as the loss of major clients or other significant changes in the business environment. Impairment tests are performed in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, which requires a two-step process. Step 1 requires a determination to be made of the fair value of each of our reporting units. We utilize an independent third party valuation firm to assist us in developing this fair value estimate. The fair value is then compared to the book value of the reporting unit and if the book value is greater than the fair value, Step 2 is required to be performed.

Step 2 requires a comparison of the implied fair value of goodwill with the reporting unit's book value. An impairment loss is measured by the excess of the book value of goodwill over its implied fair value. The implied fair value of goodwill is determined in the same manner that goodwill is measured in a business combination under SFAS No. 141, *Business Combinations*. We allocate the fair value of a reporting unit to its assets and liabilities, including any unrecognized intangible assets, as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. In our industry the most typical unrecognized intangible assets are trade names and customer relationships.

During our Step 2 analysis we omitted the deferred tax liabilities arising from the book and tax basis differences of the unrecognized intangibles established for trade names and customer relationships as part of the fair value estimate in determining the implied fair value of goodwill. EITF 02-13, *Deferred Income Tax Considerations in Applying the Goodwill Impairment Test in FASB Statement No. 142*, notes that an entity should use the income tax basis of a reporting unit's assets and liabilities implicit in the tax structure assumed in its determination of fair value of the reporting unit in Step 1. According to this standard, an entity should use its existing income tax basis if the assumed structure used to estimate the fair value of the reporting unit was a nontaxable transaction, and it should use new income tax basis if the assumed structure was a taxable transaction. Based on our analysis we determined that a non-taxable transaction had the highest economic value to us.

In computing the implied fair value of goodwill we did not establish a deferred tax liability for the basis difference of the unrecognized intangible assets associated with the trade names and customer relationships valued within the reporting unit. In the restatement, we re-performed the Step 2 analysis at both The Partnership and CMG reporting units taking into account goodwill adjustments at The Partnership and CMG of approximately $17.8 and $6.9, respectively, as a result of restatement issues with accounting for acquisitions. The resulting implied fair value of goodwill reduced the impairment charge by approximately $103.6 and $41.6 at The Partnership and CMG, respectively from what had previously been recorded in the interim unaudited consolidated financial statements as of September 30, 2004. We have recorded adjustments as part of the restatement to reduce our impairment charge recorded during the third quarter of 2004 at the same time increasing our goodwill balances at The Partnership and CMG reporting units.

We are implementing a policy that will detail the process of how we perform impairment testing at our reporting units. As part of the testing we will document the tax structure assumed in the transaction. The determination of whether a reporting unit could be sold in a non-taxable transaction versus a taxable transaction depends on the relevant facts and circumstances and will be evaluated on an individual basis. In making this determination we will consider whether the assumption is consistent with those that

marketplace participants would incorporate into their estimates of fair value, the feasibility of the assumed structure and whether the assumed structure results in the highest economic value for the reporting unit. Accounting for all future Step 2 analyses will be reviewed and evaluated with the appropriate management oversight prior to the analysis being finalized and will include members of our Controllers and Tax groups to prevent this type of inappropriate accounting in future periods.

The Partnership was subsequently disbanded in the fourth quarter of 2004 and the remaining goodwill was allocated based on the relative fair value of the agencies at the time of disbandment. Based on the correction of the goodwill impairment charge in accordance with EITF No. 02-13, we considered the possibility of impairment at Lowe and Draft, the two largest agencies previously within The Partnership. However, at this point we have determined that there is no discernible trigger event for an additional impairment. We will continue to monitor the results and, should operating performance worsen, particularly at Lowe we may conclude that a trigger event has occurred and impairment may then be required.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	As of March 31, 2003		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
ASSETS:			
Cash and cash equivalents	$ 1,188.2	$ 22.0	$ 1,210.2
Short-term marketable securities	—	14.6	14.6
Accounts receivable, net of allowance of $142.5	4,254.1	24.9	4,279.0
Expenditures billable to clients	390.4	69.0	437.6
Deferred income taxes	58.4	—	127.4
Prepaid expenses and other current assets	413.6	(32.5)	381.1
Assets held for sale	414.6	—	414.6
Total current assets	6,719.3	145.2	6,864.5
Land, buildings and equipment, net	727.5	35.9	763.4
Deferred income taxes	508.5	46.3	554.8
Investments	388.8	(48.0)	340.8
Goodwill	3,300.6	(48.9)	3,251.7
Other intangible assets, net of amortization	6.5	1.1	7.6
Other assets	311.9	(3.1)	308.8
Total non-current assets	5,243.8	(16.7)	5,227.1
TOTAL ASSETS	$ 11,963.1	$ 128.5	$ 12,091.6
LIABILITIES:			
Accounts payable	$ 4,677.4	$ 356.7	$ 5,034.1
Accrued liabilities	1,020.8	127.6	1,148.4
Short-term debt	662.6	4.1	666.7
Liabilities held for sale	121.1	—	121.1
Total current liabilities	6,481.9	488.4	6,970.3
Long-term debt	2,618.0	5.5	2,623.5
Deferred compensation and employee benefits	525.6	8.9	534.5
Other non-current liabilities	121.6	98.4	220.0
Minority interests in consolidated subsidiaries	64.5	(4.4)	60.1
Total non-current liabilities	3,329.7	108.4	3,438.1
TOTAL LIABILITIES	$ 9,811.6	$ 596.8	$ 10,408.4
Commitments and contingencies (Note 19)			
STOCKHOLDERS' EQUITY:			
Common stock, $0.10 par value, shares authorized: 550.0 shares issued: 2003 — 389.6 shares outstanding: 2003 — 388.0	39.0	—	39.0
Additional paid-in capital	1,765.7	0.8	1,766.5
Retained earnings (deficit)	849.4	(440.5)	408.9
Accumulated other comprehensive loss, net of tax	(347.2)	(30.7)	(377.9)
	2,306.9	(470.4)	1,836.5
Less:			
Treasury stock, at cost: 2003 — 1.6 shares	(65.0)	—	(65.0)
Unamortized deferred compensation	(90.4)	2.1	(88.3)
TOTAL STOCKHOLDERS' EQUITY	$ 2,151.5	$ (468.3)	$ 1,683.2
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,963.1	$ 128.5	$ 12,091.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	As of June 30, 2003		
	As Previously Reported	Effect of Restatement (Unaudited)	As Restated
ASSETS:			
Cash and cash equivalents	$ 700.1	$ 60.6	$ 760.7
Short-term marketable securities	—	19.6	19.6
Accounts receivable, net of allowance of $157.9	4,681.4	27.9	4,709.3
Expenditures billable to clients	414.8	32.4	447.2
Deferred income taxes	69.4	72.0	141.4
Prepaid expenses and other current assets	452.5	(34.0)	418.5
Assets held for sale	452.2	—	452.2
Total current assets	6,770.4	178.5	6,948.9
Land, buildings and equipment, net	740.0	35.3	775.3
Deferred income taxes	516.3	64.1	580.4
Investments	352.2	(19.7)	332.5
Goodwill	3,399.3	(46.0)	3,353.3
Other intangible assets, net of amortization	43.6	(0.2)	43.4
Other assets	274.9	(3.2)	271.7
Total non-current assets	5,326.3	30.3	5,356.6
TOTAL ASSETS	$ 12,096.7	$ 208.8	$ 12,305.5
LIABILITIES:			
Accounts payable	$ 5,282.7	$ 419.6	$ 5,702.3
Accrued liabilities	1,036.6	141.9	1,178.5
Short-term debt	129.5	43.3	172.8
Liabilities held for sale	149.0	—	149.0
Total current liabilities	6,597.8	604.8	7,202.6
Long-term debt	2,587.1	6.3	2,593.4
Deferred compensation and employee benefits	547.4	10.0	557.4
Other non-current liabilities	75.9	100.6	176.5
Minority interests in consolidated subsidiaries	63.0	(6.0)	57.0
Total non-current liabilities	3,273.4	110.9	3,384.3
TOTAL LIABILITIES	$ 9,871.2	$ 715.7	$ 10,586.9
Commitments and contingencies (Note 19)			
STOCKHOLDERS' EQUITY:			
Common stock, $0.10 par value, shares authorized: 800.0			
shares issued: 2003 — 391.1	—	—	—
shares outstanding: 2003 — 391.0	39.1	—	39.1
Additional paid-in capital	1,742.9	0.7	1,743.6
Retained earnings (deficit)	835.9	(497.7)	338.2
Accumulated other comprehensive loss, net of tax	(297.5)	(12.0)	(309.5)
	2,320.4	(509.0)	1,811.4
Less:			
Treasury stock, at cost: 2003 — 0.1 shares	(11.3)	—	(11.3)
Unamortized deferred compensation	(83.6)	2.1	(81.5)
TOTAL STOCKHOLDERS' EQUITY	$ 2,225.5	$ (506.9)	$ 1,718.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,096.7	$ 208.8	$ 12,305.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	As of September 30, 2003		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
ASSETS:			
Cash and cash equivalents	$ 695.5	$ 40.6	$ 736.1
Short-term marketable securities	—	15.5	15.5
Accounts receivable, net of allowance of $163.6	4,474.9	26.0	4,500.9
Expenditures billable to clients	389.1	33.2	422.3
Deferred income taxes	41.7	75.0	49.2
Prepaid expenses and other current assets	411.9	(26.9)	385.0
Total current assets	6,013.1	95.9	6,176.5
Land, buildings and equipment, net	713.8	34.1	747.9
Deferred income taxes	610.5	65.8	676.3
Investments	371.0	3.3	374.3
Goodwill	3,241.1	(40.5)	3,200.6
Other intangible assets, net of amortization	40.1	0.5	40.6
Other assets	282.5	(3.0)	279.5
Total non-current assets	5,259.0	60.1	$ 5,319.2
TOTAL ASSETS	$ 11,272.1	$ 223.6	$ 11,495.7
LIABILITIES:			
Accounts payable	$ 4,889.0	$ 461.8	$ 5,350.8
Accrued liabilities	1,092.1	160.3	1,252.4
Short-term debt	326.9	26.5	353.4
Total current liabilities	6,308.0	648.6	6,956.6
Long-term debt	2,191.0	6.9	2,197.9
Deferred compensation and employee benefits	576.8	9.4	586.2
Other non-current liabilities	190.5	116.5	307.0
Minority interests in consolidated subsidiaries	64.7	(6.2)	58.5
Total non-current liabilities	3,023.0	126.6	3,149.6
TOTAL LIABILITIES	$ 9,331.0	$ 775.2	$ 10,106.2
Commitments and contingencies (Note 19)			
STOCKHOLDERS' EQUITY:			
Common stock, $0.10 par value, shares authorized: 800.0			
shares issued: 2003 — 392.0			
shares outstanding: 2003 — 391.7	39.2	—	39.2
Additional paid-in capital	1,752.6	0.7	1,753.3
Retained earnings (deficit)	508.8	(545.0)	(36.2)
Accumulated other comprehensive loss, net of tax	(274.5)	(9.4)	(283.9)
	2,026.1	(553.7)	1,473.4
Less:			
Treasury stock, at cost: 2003 — 0.3 shares	(11.3)	—	(11.3)
Unamortized deferred compensation	(73.7)	2.1	(71.6)
TOTAL STOCKHOLDERS' EQUITY	$ 1,941.1	$ (551.6)	$ 1,390.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,272.1	$ 223.6	$ 11,495.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Three Months Ended March 31, 2004		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash used in operating activities	$ (347.1)	$ 4.8	$ (342.3)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions, including deferred payments, net of cash acquired	(39.0)	—	(39.0)
Capital expenditures	(37.8)	—	(37.8)
Proceeds from sales of businesses and fixed assets	17.1	0.3	17.4
Proceeds from sales of investments	3.9	—	3.9
Purchases of investments	(7.2)	—	(7.2)
Maturities of short-term marketable securities	13.0	358.0	371.0
Purchases of short-term marketable securities	(14.8)	(455.7)	(470.5)
Proceeds from the sale of discontinued operations, net of cash sold	—	—	—
Net cash used in investing activities	(64.8)	(97.4)	(162.2)
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:			
Increase (decrease) in short-term bank borrowings	59.8	0.5	60.4
Payments of long-term debt	(244.4)	—	(244.4)
Proceeds from long-term debt	0.5	—	0.5
Preferred stock issuance costs	(0.8)	—	(0.8)
Preferred stock dividends	(4.8)	—	(4.8)
Common stock transaction	(2.3)	—	(2.3)
Distributions to minority interests	(2.7)	—	(2.7)
Contributions from unconsolidated affiliates	4.9	—	4.9
Net cash used in financing activities from continuing operations	(189.8)	0.5	(189.2)
Effect of exchange rates on cash and cash equivalents	(8.7)	3.1	(5.7)
Decrease in cash and cash equivalents	(610.4)	(89.0)	(699.4)
Cash and cash equivalents at beginning of year	2,005.7	(133.8)	1,871.9
Cash and cash equivalents at end of period	$ 1,395.3	$ (222.8)	$ 1,172.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Six Months Ended June 30, 2004		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash used in operating activities	$ (116.8)	$ 15.5	$ (101.3)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions, including deferred payments, net of cash acquired	(136.3)	—	(136.3)
Capital expenditures	(77.5)	—	(77.5)
Proceeds from sales of businesses and fixed assets	28.9	0.3	29.2
Proceeds from sales of investments	10.6	—	10.6
Purchases of investments	(10.3)	0.1	(10.2)
Maturities of short-term marketable securities	43.2	532.6	575.8
Purchases of short-term marketable securities	(35.4)	(877.5)	(912.9)
Net cash used in investing activities	(176.8)	(344.5)	(521.3)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank borrowings	(5.1)	28.5	23.4
Payments of long-term debt	(244.7)	—	(244.7)
Proceeds from long-term debt	0.5	—	0.5
Debt issuance costs	(2.3)	—	(2.3)
Preferred stock dividends	(9.8)	—	(9.8)
Issuance of common stock	0.9	(0.8)	0.1
Distributions to minority interests	(10.9)	—	(10.9)
Contributions from unconsolidated affiliates	6.1	—	6.1
Net cash (used in) financing activities	(265.3)	27.7	(237.6)
Effect of exchange rates on cash and cash equivalents	(12.5)	(0.2)	(12.7)
Decrease in cash and cash equivalents	(571.4)	(301.5)	(872.9)
Cash and cash equivalents at beginning of year	2,005.7	(133.8)	1,871.9
Cash and cash equivalents at end of period	$ 1,434.3	$ (435.3)	$ 999.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Nine Months Ended September 30, 2004		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash used in by operating activities	$ (126.3)	11.1	(115.2)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions, including deferred payments, net of cash acquired	(143.8)	—	(143.8)
Capital expenditures	(119.3)	—	(119.3)
Proceeds from sales of businesses and fixed assets	28.2	(0.1)	28.1
Proceeds from sales of investments	22.9	—	22.9
Purchases of investments	(15.8)	(0.1)	(15.9)
Maturities of short-term marketable securities	56.8	808.2	865.0
Purchases of short-term marketable securities	(39.9)	(1,027.6)	(1,067.5)
Proceeds from the sale of discontinued operations, net of cash sold	10.0	—	10.0
Net cash used in investing activities	(200.9)	(219.6)	(420.5)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank borrowings	34.5	(31.4)	3.1
Payments of long-term debt	(245.1)	—	(245.1)
Proceeds from long-term debt	1.0	—	1.0
Debt issuance costs	(2.3)	—	(2.3)
Preferred stock dividends	(14.8)	—	(14.8)
Issuance of common stock	1.5	(0.8)	0.7
Distributions to minority interests	(17.3)	—	(17.3)
Contributions from unconsolidated affiliates	6.8	—	6.8
Net cash (used in) financing activities from continuing operations	(235.7)	(32.2)	(267.9)
Effect of exchange rates on cash and cash equivalents	(4.3)	—	(4.3)
Decrease in cash and cash equivalents	(567.2)	(240.7)	(807.9)
Cash and cash equivalents at beginning of year	2,005.7	(133.8)	1,871.9
Cash and cash equivalents at end of period	$ 1,438.5	$ (374.5)	$ 1,064.0

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	Three Months Ended March 31, 2003		
	As Previously Reported	Effect of Restatement (Unaudited)	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS:			
Net cash used in operating activities from continuing operations	$ (278.1)	$ 1.6	$ (276.5)
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:			
Acquisitions, including deferred payments, net of cash acquired	(52.9)	9.4	(43.5)
Capital expenditures	(29.6)	—	(29.6)
Proceeds from sales of businesses and fixed assets	6.9	—	6.9
Proceeds from sales of investments	14.2	—	14.2
Purchases of investments	(17.0)	(3.2)	(20.2)
Maturities of short-term marketable securities	11.2	—	11.2
Purchases of short-term marketable securities	(18.7)	13.0	(5.7)
Net cash used in investing activities from continuing operations	(85.9)	19.2	(66.7)
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:			
Decrease in short-term bank borrowings	(164.3)	(17.6)	(181.9)
Payments of long-term debt	(0.7)	—	(0.7)
Proceeds from long-term debt	800.7		800.7
Debt issuance costs and consent fees	(22.6)	—	(22.6)
Issuance of common stock	2.9	—	2.9
Distributions to minority interests	(0.2)	—	(0.2)
Contributions from unconsolidated affiliates	1.0	—	1.0
Net cash provided by financing activities from continuing operations	616.8	(17.6)	599.2
Effect of exchange rates on cash and cash equivalents	15.3	(1.4)	13.9
Net cash used in discontinued operations	(12.9)	—	(12.9)
Increase in cash and cash equivalents	255.2	1.8	257.0
Cash and cash equivalents at beginning of year	933.0	20.2	953.2
Cash and cash equivalents at end of period	$ 1,188.2	$ 22.0	$ 1,210.2

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	Six Months Ended June 30, 2003		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS:			
Net cash used in operating activities from continuing operations	$ (19.8)	$ (3.6)	$ (23.4)
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:			
Acquisitions, including deferred payments, net of cash acquired	(141.3)	10.9	(130.4)
Capital expenditures	(72.1)		(72.1)
Proceeds from sales of businesses and fixed assets	3.9		3.9
Proceeds from sales of investments	21.3		21.3
Purchases of investments	(37.6)		(37.6)
Maturities of short-term marketable securities	17.2	11.7	28.9
Purchases of short-term marketable securities	(27.8)	—	(27.8)
Net cash used in investing activities from continuing operations	(236.4)	22.6	(213.8)
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:			
Decrease in short-term bank borrowings	(209.1)	22.6	(186.5)
Payments of long-term debt	(581.4)	—	(581.4)
Proceeds from long-term debt	800.9	—	800.9
Proceeds from termination of interest rate swaps	—	—	—
Debt issuance costs	(26.9)	—	(26.9)
Issuance of common stock	8.0	—	8.0
Distributions to minority interests	(7.4)	—	(7.4)
Contributions from unconsolidated affiliates	0.5	—	0.5
Net cash (used in) provided by financing activities from continuing operations	(15.4)	22.6	7.2
Effect of exchange rates on cash and cash equivalents	52.1	(1.2)	50.9
Net cash used in discontinued operations	(13.4)	—	(13.4)
Decrease in cash and cash equivalents	(232.9)	40.4	(192.5)
Cash and cash equivalents at beginning of year	933.0	20.2	953.2
Cash and cash equivalents at end of period	$ 700.1	$ 60.6	$ 760.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Nine Months Ended September 30, 2003		
	As Previously Reported	Effect of Restatement	As Restated
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS:			
Net cash used in operating activities from continuing operations	$ (154.0)	$ 1.0	$ (153.0)
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:			
Acquisitions, including deferred payments, net of cash acquired	(194.0)	0.7	(193.3)
Capital expenditures	(94.2)	—	(94.2)
Proceeds from sales of businesses and fixed assets	17.4	—	17.4
Proceeds from sales of investments	25.2	—	25.2
Purchases of investments	(30.9)	—	(30.9)
Maturities of short-term marketable securities	26.3	13.3	39.6
Purchases of short-term marketable securities	(34.3)	—	(34.3)
Proceeds from the sale of discontinued operations, net of cash sold	376.7	—	376.7
Net cash provided by investing activities from continuing operations	92.2	14.0	106.2
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:			
Decrease in short-term bank borrowings	(243.4)	4.7	(238.7)
Payments of long-term debt	(743.4)	2.1	(741.3)
Proceeds from long-term debt	800.8	—	800.8
Debt issuance costs	(27.5)	—	(27.5)
Issuance of common stock	3.1	—	3.1
Distributions to minority interests	(12.5)	—	(12.5)
Contributions from unconsolidated affiliates	0.5	—	0.5
Net cash (used in) financing activities from continuing operations	(222.4)	6.8	(215.6)
Effect of exchange rates on cash and cash equivalents	60.1	(1.4)	58.7
Net cash (used in) discontinued operations	(13.4)	—	(13.4)
Decrease in cash and cash equivalents	(237.5)	20.4	(217.1)
Cash and cash equivalents at beginning of year	933.0	20.2	953.2
Cash and cash equivalents at end of period	$ 695.5	$ 40.6	$ 736.1

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

The following tables summarize, for each of the quarters and for each of the interim balance sheet dates presented, the impact of each category of adjustment on previously reported revenue; net income (loss) from continuing operations and earnings per share; and assets, liabilities and retained earnings.

	Impact of Adjustments on Revenue						
	3/31/2004	6/30/2004	9/30/2004	3/31/2003	6/30/2003	9/30/2003	12/31/2003
As previously reported	$ 1,395.1	$ 1,544.1	$ 1,508.8	$ 1,315.7	$ 1,499.4	$ 1,418.9	$ 1,629.4
Revenue Recognition Related to Vendor Discounts or Credits	(7.2)	(11.6)	(8.7)	(0.1)	(3.5)	(4.5)	(42.5)
Revenue Recognition related to Customer Contracts	(48.6)	(71.4)	(27.9)	(96.5)	(61.6)	(45.2)	184.6
Accounting for Out-of-Pocket Expenses	—	—	—	—	—	—	—
Gross versus Net Revenue Presentation	47.9	51.5	38.6	84.7	104.2	80.4	86.3
Internal Investigations	(1.9)	(3.3)	0.2	(0.8)	(0.8)	(1.1)	(4.5)
Other Adjustments	4.1	3.5	8.1	7.0	5.1	3.7	3.4
Total Adjustments	(5.7)	(31.3)	10.3	(5.7)	43.4	33.3	227.3
As restated	$ 1,389.4	$ 1,512.8	$ 1,519.1	$ 1,310.0	$ 1,542.8	$ 1,452.2	$ 1,856.7

	Impact of Adjustments on Net Income (Loss) from Continuing Operations and Earnings per Share					
	For the Quarter Ended March 31, 2004			For the Quarter Ended March 31, 2003		
	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock
As previously reported	$ (21.7)	$ (0.05)	$ (0.05)	$ (11.2)	$ (0.03)	$ (0.03)
Revenue Recognition Related to Vendor Discounts or Credits	(6.3)	(0.02)	(0.02)	(1.1)	—	—
Revenue Recognition Related to Customer Contracts	(46.8)	(0.11)	(0.11)	(99.7)	(0.26)	(0.26)
Future Obligations Related to Prior Acquisitions	(3.1)	(0.01)	(0.01)	(3.3)	(0.01)	(0.01)
Internal Investigations	(4.2)	(0.01)	(0.01)	(2.3)	(0.01)	(0.01)
International Compensation Arrangements	(2.5)	—	—	(2.5)	—	—
Accounting for Leases	1.8	—	—	(5.0)	(0.01)	(0.01)
Other Adjustments	(5.8)	(0.01)	(0.01)	32.2	0.08	0.08
Total Restatement Adjustments	(66.9)	(0.16)	(0.16)	(81.7)	(0.21)	(0.21)
As restated	$ (88.6)	$ (0.21)	$ (0.21)	$ (92.9)	$ (0.24)	$ (0.24)
Weighted-average shares:		413.3	413.3		381.8	381.8

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	Impact of Adjustments on Net Income (Loss) from Continuing Operations and Earnings per Share					
	For the Quarter Ended June 30, 2004			For the Quarter Ended June 30, 2003		
	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock
As previously reported	$ (10.4)	$ 0.03	$ 0.03	$ (23.0)	$ (0.06)	$ (0.06)
Revenue Recognition Related to Vendor Discounts or Credits	(13.0)	—	—	(4.2)	(0.01)	(0.01)
Revenue Recognition Related to Customer Contracts	(72.2)	(0.2)	(0.2)	(61.0)	(0.16)	(0.16)
Future Obligations Related to Prior Acquisitions	0.7	—	—	(3.3)	(0.01)	(0.01)
Pre-Acquisition Earnings	—	—	—	—	—	—
Internal Investigations	(5.6)	—	—	(2.5)	(0.01)	(0.01)
International Compensation Arrangements	(2.4)	—	—	(2.4)	(0.01)	(0.01)
Accounting for Leases	(0.6)	—	—	(4.4)	(0.01)	(0.01)
Other Adjustments	10.12	0.02	0.02	20.60	0.05	0.05
Goodwill and Investment Impairment	—	—	—	—	—	—
Total Restatement Adjustments	(83.0)	(0.2)	(0.2)	(57.2)	(0.15)	(0.15)
As restated	$ (93.4)	$ (0.23)	$ (0.23)	$ (80.2)	$ (0.21)	$ (0.21)
Weighted-average shares:		414.6	414.6		384.3	384.3

	Impact of Adjustments on Net Income (Loss) from Continuing Operations and Earnings per Share					
	For the Quarter Ended September 30, 2004			For the Quarter Ended September 30, 2003		
	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock
As previously reported	$ (589.9)	$ (1.42)	$ (1.42)	$ (416.2)	$ (1.08)	$ (1.08)
Revenue Recognition Related to Vendor Discounts or Credits	(14.7)	—	—	(3.8)	(0.01)	(0.01)
Revenue Recognition Related to Customer Contracts	(35.2)	(0.1)	(0.1)	(40.7)	(0.11)	(0.11)
Future Obligations Related to Prior Acquisitions	(0.6)	—	—	(15.1)	(0.04)	(0.04)
Pre-Acquisition Earnings	—	—	—	—	—	—
Internal Investigations	2.6	—	—	(2.8)	(0.01)	(0.01)
International Compensation Arrangements	(2.1)	—	—	(2.3)	(0.01)	(0.01)
Accounting for Leases	(2.4)	—	—	2.5	0.01	0.01
Other Adjustments	(10.9)	—	—	15.0	—4	—4
Goodwill and Investment Impairment	145.2	0.3	0.3	—	—	—
Total Restatement Adjustments	81.9	0.2	0.2	(47.2)	(0.12)	(0.12)
As restated	$ (508.0)	$ (1.22)	$ (1.22)	$ (463.4)	$ (1.20)	$ (1.20)
Weighted-average shares:		415.4	415.4		385.8	385.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Amounts in Millions, Except Per Share Data)

	Impact of Adjustments on Net Income (Loss) from Continuing Operations and Earnings per Share For the Quarter Ended December 31, 2003		
	Net Income (Loss)	Basic Earnings (Loss) Per Share of Common Stock	Diluted Earnings (Loss) Per Share of Common Stock
As previously reported	$ (102.5)	$ (0.26)	$ (0.26)
Revenue Recognition Related to Vendor Discounts or Credits	(36.3)	(0.09)	(0.09)
Revenue Recognition Related to Customer Contracts	185.5	0.47	0.47
Future Obligations Related to Prior Acquisitions	(2.4)	(0.01)	(0.01)
Internal Investigations	(10.9)	(0.03)	(0.03)
International Compensation Arrangements	(1.6)	(0.00)	(0.00)
Accounting for Leases	4.3	0.01	0.01
Other Adjustments	(39.7)	(0.10)	(0.10)
Total Restatement Adjustments	98.9	0.25	0.25
As restated	$ (3.6)	(0.01)	(0.01)
Weighted-average shares:		390.3	390.3

	Impact of Adjustments on Consolidated Balance Sheet Accounts					
	As of March 31, 2004			As of March 31, 2003		
	Total Assets	Total Liabilities	Stockholders' Equity	Total Assets	Total Liabilities	Stockholders' Equity
As previously reported	$ 11,700.5	$ 9,133.4	$ 2,567.1	$ 11,963.1	$ 9,811.6	$ 2,151.5
Revenue Recognition Related to Vendor Discounts or Credits	37.2	207.2	(170.0)	25.6	131.2	(105.6)
Revenue Recognition Related to Customer Contracts	36.4	172.1	(135.7)	32.2	196.6	(164.4)
Future Obligations Related to Prior Acquisitions	(2.4)	67.1	(69.5)	(5.0)	40.6	(45.5)
Pre-Acquisition Earnings	(38.5)	(2.6)	(36.0)	(38.3)	(2.6)	(35.7)
Internal Investigations	(0.5)	55.5	(56.0)	(3.5)	30.2	(33.7)
International Compensation Arrangements	2.7	31.6	(28.9)	2.0	22.0	(20.0)
Accounting for Leases	37.7	64.8	(27.2)	48.2	76.9	(28.6)
Other Adjustments	118.4	148.9	(30.3)	67.3	101.9	(34.8)
Total Adjustments	191.0	744.6	(553.6)	128.5	596.8	(468.3)
As restated	$ 11,891.5	$ 9,878.0	$ 2,013.5	$ 12,091.6	$ 10,408.4	$ 1,683.2

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Impacts of Adjustments on Consolidated Balance Sheet Accounts

	As of June 30, 2004			As of June 30, 2003		
	Total Assets	Total Liabilities	Stockholders' Equity	Total Assets	Total Liabilities	Stockholders' Equity
As previously reported	$ 12,156.2	$ 9,593.8	$ 2,562.4	$ 12,096.7	$ 9,871.2	$ 2,225.5
Revenue Recognition Related to Vendor Discounts or Credits	36.4	217.6	(181.2)	25.4	139.5	(114.0)
Revenue Recognition Related to Customer Contracts	32.2	238.6	(206.3)	28.7	258.3	(229.5)
Future Obligations Related to Prior Acquisitions	(1.0)	68.6	(69.6)	(5.0)	43.9	(48.9)
Pre-Acquisition Earnings	(38.5)	(2.6)	(35.9)	(38.4)	(2.6)	(35.8)
Internal Investigations	3.5	64.4	(60.9)	(3.4)	33.6	(37.0)
International Compensation Arrangements	—	34.1	(34.1)	2.0	24.4	(22.4)
Accounting for Leases	37.4	64.8	(27.4)	47.3	81.1	(33.8)
Other Adjustments	162.1	180.5	(18.1)	152.2	137.6	14.5
Goodwill and Investment Impairment	—	—	—	—	—	—
Total Adjustments	232.5	866.0	(633.5)	208.8	715.7	(506.9)
As restated	$ 12,388.7	$ 10,459.8	$ 1,928.9	$ 12,305.5	$ 10,586.9	$ 1,718.6

Impacts of Adjustments on Consolidated Balance Sheet Accounts

	As of September 30, 2004			As of September 30, 2003		
	Total Assets	Total Liabilities	Stockholders' Equity	Total Assets	Total Liabilities	Stockholders' Equity
As previously reported	$ 11,202.3	$ 9,200.5	$ 2,001.8	$ 11,272.1	$ 9,331.0	$ 1,941.1
Revenue Recognition Related to Vendor Discounts or Credits	31.7	228.4	(196.7)	26.1	144.3	(118.3)
Revenue Recognition Related to Customer Contracts	21.3	264.7	(243.4)	26.7	299.6	(272.9)
Future Obligations Related to Prior Acquisitions	(1.4)	68.8	(70.2)	(2.3)	61.7	(64.0)
Pre-Acquisition Earnings	(38.5)	(2.6)	(36.0)	(38.4)	(2.6)	(35.8)
Internal Investigations	12.2	71.1	(58.9)	(0.2)	39.7	(39.9)
International Compensation Arrangements	—	36.6	(36.6)	2.0	26.8	(24.7)
Accounting for Leases	32.1	62.0	(29.9)	45.9	77.6	(31.7)
Other Adjustments	94.7	118.2	(23.5)	163.9	128.2	35.7
Goodwill and Investment Impairment	145.2	—	145.2	—	—	—
Total Adjustments	297.2	847.1	(549.9)	223.6	775.2	(551.6)
As restated	$ 11,499.5	$ 10,047.6	$ 1,451.9	$ 11,495.7	$ 10,106.2	$ 1,389.5

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

For the Three Years Ended December 31, 2004

Column A	Column B	Column C	Column D	Column E	Column F
		Additions/(Deductions)			
Description	Balance at Beginning of Period	Charged to Costs & Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(Amounts in millions)		
Allowance for Doubtful Accounts — deducted from Accounts Receivable in the Consolidated Balance Sheet:					
2004	$ 134.1	$ 36.7	$ — (1)	$ (3.0)(4)	$ 136.1
			$ (0.8) (2)	$ (45.6) (5)	
			$ 6.8 (3)	$ 7.9 (6)	
2003 (Restated)	$ 138.3	$ 32.6	$ 8.5 (1)	$ (2.3)(4)	$ 134.1
			$ (2.1) (2)	$ (34.0) (5)	
				$ (6.9)(6)	
2002 (Restated)	$ 89.0	$ 74.7	$ 0.1 (1)	$ (45.4) (5)	$ 138.3
			$ 1.8 (2)	$ 0.9 (6)	
			$ 17.2 (3)		

(1) Allowance for doubtful accounts of acquired and newly consolidated companies.

(2) Miscellaneous.

(3) Reclassifications.

(4) Dispositions.

(5) Principally amounts written off.

(6) Foreign currency translation adjustment.

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THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

For the Three Years Ended December 31, 2004

Column A	Column B	Column C	Column D	Column E	Column F
		Additions			
Description	Balance at Beginning of Period	Charged to Costs & Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
		(Amounts in millions)			
Valuation Allowance — deducted from Deferred Income Taxes on the Consolidated Balance Sheet:					
2004	$ 252.6	$ 236.0	$ —	$ —	$ 488.6
2003 (Restated)	$ 123.9	$ 111.4	$ 17.3(1)	$ —	$ 252.6
2002 (Restated)	$ 96.4	$ 27.5	$ —	$ —	$ 123.9

(1) Included in discontinued operations related to NFO.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A. ***Controls and Procedures***

Management's Assessment on Internal Control Over Financial Reporting and the Report of Independent Registered Public Accounting Firm located in Item 8 are incorporated by reference herein.

Disclosure controls and procedures

We have carried out an evaluation under the supervision of, and with the participation of, our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2004. Our evaluation has disclosed numerous material weaknesses in our internal control over financial reporting as noted in Management's Assessment on Internal Control over Financial Reporting located in Item 8. Material weaknesses in internal controls may also constitute deficiencies in our disclosure controls. Based on an evaluation of these material weaknesses, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are not effective. However, based on significant work performed to date, management believes that there are no material inaccuracies or omissions of material fact in this 2004 annual report. Management, to the best of its knowledge, believes that the financial statements contained in the 2004 annual report 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.

Changes in internal control over financial reporting

We have assessed our internal control over financial reporting as of December 31, 2004 and reported on our assessment in Item 8 of this report. In connection with that assessment, we have begun to implement a plan to extensively change our internal controls, as described in Management's Assessment on Internal Control Over Financial Reporting located in Item 8.

PART III

Item 10. ***Directors and Executive Officers of Interpublic***

Below follows the information disclosed in accordance with Item 401 of Regulation S-K of the SEC as required by Item 10 of Form 10-K with respect to our directors and executive officers as of August 31, 2005.

Directors of Interpublic

The following information with respect to the principal occupation or employment, recent employment history, age and directorships in other companies is as of August 31, 2005, and has been furnished or confirmed to us by the respective directors. The information provided also identifies the committees of the Board of Directors on which each director serves. Our directors will hold office until our next Annual Meeting of Stockholders and until their successors are elected and qualify or until their earlier death, resignation or removal.

DAVID A. BELL became Co-Chairman of Interpublic, effective January 19, 2005. Prior to that time, Mr. Bell served as our President and Chief Executive Officer, effective July 13, 2004. Mr. Bell was Chairman of the Board, President and Chief Executive Officer of Interpublic from February 2003 through July 2004. Prior to that time, he was our Vice Chairman from June 2001 to February 2003. Mr. Bell also served as one of our directors between June 2001 and February 2002. Mr. Bell served as Chairman and Chief Executive Officer of True North Communications, Inc. (“True North”) from April 1999 through June 2001. Mr. Bell has been a member of the Board of Directors since February 2003. He is a director of Primedia Inc. and Warnaco Inc. Age 62.

Chairman of the Executive Committee.

FRANK J. BORELLI has been a Senior Adviser to MMC Capital, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc. (“Marsh & McLennan”) since his retirement on January 2, 2001. Prior to that time he was Senior Vice President of Marsh & McLennan from January through December 2000 and was Senior Vice President and Chief Financial Officer from 1984 through 1999. He is a director of Express Scripts, Inc. and was a director of Marsh & McLennan until September 30, 2000. Mr. Borelli is past Chairman and director of the Financial Executives International and is also a member of the Board of Trustees of the National Multiple Sclerosis Society, a Trustee of St. Thomas Aquinas College and Chairman of the Nyack Hospital. Mr. Borelli has been a member of the Board of Directors since 1995. Age 68.

Presiding Director. Member of the Executive Committee.

REGINALD K. BRACK is the Former Chairman and Chief Executive Officer of Time, Inc. From September 1994 to June 1997, Mr. Brack was Chairman of Time, Inc. and was its Chairman, President and Chief Executive Officer from December 1986 until August 1994. Mr. Brack is also a director of Quebecor World, Inc. Mr. Brack has been a member of the Board of Directors since 1996. Age 66.

Chairman of the Compensation Committee. Member of the Audit, Executive and Corporate Governance Committees.

JILL M. CONSIDINE has been Chairman and Chief Executive Officer of The Depository Trust & Clearing Corporation since 1999. The Depository Trust & Clearing Corporation is a holding company that is the parent of various securities clearing corporations and The Depository Trust Company, which is a large securities depository limited purpose trust company and clearing corporation. She was President of the New York Clearing House Association from 1993 to 1998. Ms. Considine served as Managing Director, Chief Administrative Officer and a member of the Board of Directors of American Express Bank, Ltd. from 1991 to 1993. She is a trustee of Atlantic Mutual Insurance Companies. She also is a

director of Ambac Financial Group, Inc. Ms. Considine has been a member of the Board of Directors since February 1997. Age 60.

Chairman of the Corporate Governance Committee. Member of the Audit and Finance Committees.

JOHN J. DOONER, JR. became Chairman and Chief Executive Officer of Interpublic's McCann-Erickson WorldGroup, effective February 27, 2003. Prior to that time, Mr. Dooner served as Chairman of the Board, President and Chief Executive Officer of Interpublic from December 2000 to February 2003. Mr. Dooner was President and Chief Operating Officer of Interpublic from April 1, 2000 through December 14, 2000. Mr. Dooner was Chairman and Chief Executive Officer of McCann-Erickson WorldGroup from 1995 through March 2000 and previously was Chief Executive Officer of McCann-Erickson Advertising Worldwide from 1994 to 1995. From 1992 to 1994, Mr. Dooner was President of McCann-Erickson Advertising Worldwide. He served as President of McCann-Erickson North America from 1988 to 1992. Mr. Dooner has been a member of the Board of Directors since 1995. Age 57.

Member of the Finance Committee.

RICHARD A. GOLDSTEIN became Chairman and Chief Executive Officer of International Flavors & Fragrances Inc. in June 2000. He served as Business Group President of Unilever North American Foods from 1996 to June 2000 and as President and Chief Executive Officer of Unilever United States, Inc. from 1989 to June 2000. Prior to that time, Mr. Goldstein served as Chairman and Chief Executive Officer of Unilever Canada Limited from 1984 to 1989. He also is a director of Fiduciary Trust Company International and Continuum Health Partners. Mr. Goldstein has been a member of the Board of Directors since 2001. Age 63.

Chairman of the Finance and Audit Committees. Member of the Corporate Governance Committee.

H. JOHN GREENIAUS has been President of G-Force, Inc. since 1998. He was Chairman and Chief Executive Officer of Nabisco, Inc. from 1993 through 1997. Mr. Greeniaus has been a member of the Board of Directors since December 2001. He is a director of Primedia Inc. Age 60.

Member of the Audit, Compensation and Finance Committees.

MICHAEL I. ROTH became our Chairman of the Board and Chief Executive Officer, effective January 19, 2005. Prior to that time Mr. Roth served as our Chairman of the Board from July 13, 2004 to January 2005. Mr. Roth served as Chairman and Chief Executive Officer of The MONY Group Inc. from February 1994 to June 2004. Mr. Roth has been a member of the Board of Directors since February 2002. He is also a director of Pitney Bowes Inc. and Gaylord Entertainment Company. Age 59.

J. PHILLIP SAMPER has been Founding Partner of Gabriel Venture Partners L.L.C. since December 1998 and was Chief Executive Officer and President of Avistar Systems Corp. from 1997 to October 1998. Prior to that time, Mr. Samper was Chairman, Chief Executive Officer and President of Quadlux, Inc. from 1996 to 1997. He was Chairman and Chief Executive Officer of Cray Research, Inc. during 1995 and was President of Sun Microsystems Computer Corporation from 1994 to 1995. Mr. Samper was Vice Chairman and Executive Officer of the Eastman Kodak Company from 1986 to 1989 and a member of the Board of Directors from 1983 to 1989. He was President and Chief Executive Officer of Kinder-Care Learning Centers from 1990 to 1991. Mr. Samper has been a member of the Board of Directors since 1990. Age 70.

Member of the Audit, Compensation and Corporate Governance Committees.

DAVID M. THOMAS has been the Executive Chairman of IMS Health Inc. ("IMS") since January 2005. From November 2000 until January 2005, Mr. Thomas served as Chairman and Chief Executive Officer of IMS. Prior to joining IMS, Mr. Thomas was Senior Vice President and Group Executive of IBM from January 1998 to July 2000. Mr. Thomas is a director of Fortune Brands Inc. Mr. Thomas has been a member of the Board of Directors since October 2004. Age 55.

Member of the Audit and Corporate Governance Committees.

Executive Officers of Interpublic

Name	Age	Office
Michael I. Roth(1)	59	Chairman of the Board and Chief Executive Officer
David A. Bell(1)	62	Co-Chairman
Nicholas J. Camera	58	Senior Vice President, General Counsel and Secretary
Albert S. Conte	55	Senior Vice President, Taxes and General Tax Counsel
Nicholas S. Cyprus	52	Senior Vice President, Controller and Chief Accounting Officer
Thomas A. Dowling	54	Senior Vice President, Chief Risk Officer
Stephen Gatfield	47	Executive Vice President, Global Operations and Innovation
Philippe Krakowsky	43	Senior Vice President, Director of Corporate Communications
Frank Mergenthaler	44	Executive Vice President and Chief Financial Officer
Timothy A. Sompolski	53	Executive Vice President, Chief Human Resources Officer

(1) Also a Director

On January 19, 2005, we announced that Michael Roth has succeeded David Bell as President and Chief Executive Officer. Mr. Roth had been Executive Chairman at Interpublic since July 2004. We also announced that Mr. Bell would serve as Co-Chairman and that Mr. Bell would retain his seat on our Board of Directors.

There is no family relationship among any of the executive officers.

For the employment histories for the past five years of Messrs. Roth and Bell, see Item 10. Directors and Executive Officers of Interpublic — Directors of Interpublic in this Annual Report.

Mr. Camera was hired in May 1993. He was elected Vice President, Assistant General Counsel and Assistant Secretary in June 1994, Vice President, General Counsel and Secretary in December 1995, and Senior Vice President, General Counsel and Secretary in February 2000.

Mr. Conte was hired in March 2000 as Senior Vice President, Taxes and General Tax Counsel. Prior to joining us, Mr. Conte served as Vice President, Senior Tax Counsel for Revlon Consumer Products Corporation from September 1987 to February 2000.

Mr. Cyprus was hired in May 2004 as Senior Vice President, Controller and Chief Accounting Officer. Prior to joining us, Mr. Cyprus served as Vice President and Controller of AT&T from January 1999 to May 2004.

Mr. Dowling was hired in January 2000 as Vice President and General Auditor. He was elected Senior Vice President, Financial Administration of Interpublic in February 2001, and Senior Vice President, Chief Risk Officer in November 2002. Prior to joining us, Mr. Dowling served as Vice President and General Auditor for Avon Products, Inc. from April 1992 to December 1999.

Mr. Gatfield was hired in April 2004 as Executive Vice President, Global Operations and Innovation. Prior to joining us, he served as Chief Operating Officer from 2001 to 2004 and as Regional Managing Director for the Asia Pacific region from 1997 to 2000 for Leo Burnett Worldwide.

Mr. Krakowsky was hired in January 2002 as Senior Vice President, Director of Corporate Communications. Prior to joining us, he served as Senior Vice President, Communications Director for Young & Rubicam from August 1996 to December 2000. During 2001, Mr. Krakowsky was complying with the terms of a non-competition agreement entered into with Young & Rubicam.

Mr. Mergenthaler was hired in August 2005 as Executive Vice President and Chief Financial Officer. Prior to joining us, he served as Executive Vice President and Chief Financial Office for Columbia House Company from July 2002 to July 2005. Mr. Mergenthaler served as Senior Vice President and Deputy Chief Financial Officers for Vivendi Universal from December 2001 to March 2002. Prior to that time Mr. Mergenthaler was an executive at Seagram Company Ltd. from November 1996 to December 2001.

Mr. Sompolski was hired in July 2004 as Executive Vice President, Chief Human Resources Officer. Prior to joining us, he served as Senior Vice President of Human Resources and Administration for Altria Group from November 1996 to January 2003.

The table below provides membership information for our audit committee:

Name	Audit
Richard A. Goldstein	Chair
Reginald K. Brack	Member
Jill M. Considine	Member
H. John Greeniaus	Member
J. Phillip Samper	Member
David M. Thomas	Member

The Board of Directors has determined that each member of the Audit Committee (i) qualifies as an “audit committee financial expert” within the meaning of applicable SEC rules and (ii) is independent under the independence standards set forth in Interpublic’s Corporate Governance Guidelines, and under the applicable rules of the SEC and the NYSE listing standards. The Audit Committee held seven meetings in 2004.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act) requires our directors and executive officers, and persons who beneficially own more than 10 percent of a registered class of our equity securities, to file with the SEC and the NYSE initial reports of beneficial ownership and reports of changes in beneficial ownership of our equity securities.

To our knowledge, based upon the reports filed or written statements that no such reports were required to be filed during the fiscal year ended December 31, 2004, none of our directors or executive officers failed to file on a timely basis reports required by Section 16(a) of the Exchange Act.

Code of Conduct

We have adopted a code of ethics, known as the Code of Conduct, which applies to all of our employees and employees of our affiliates. Our Corporate Governance Guidelines provide that members of the Board of Directors and officers (which includes our Chief Executive Officer, Chief Financial Officer, Controller and other persons performing similar functions) must comply with the Code of Conduct. In addition, the Corporate Governance Guidelines state that the Board will not waive any provision of the Code of Conduct for any Director or executive officer. The Code of Conduct, including future amendments, is available free of charge on our website at *http://www.interpublic.com* or by writing to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036, Attention: Secretary.

NYSE Certification

In 2004, our CEO provided the Annual CEO Certification to the NYSE, as required under Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

Report of the Compensation Committee of the Board of Directors

Compensation Governance

As the Compensation Committee, we are responsible for approving compensation awarded to senior corporate and operating executives, including the named executive officers, and authorizing all awards under Interpublic's 2004 Performance Incentive Plan. We operate under a written charter adopted by the Board of Directors and available on Interpublic's web site, and include three non-employee directors in accordance with the Committee's Charter. Each Committee member qualifies as an independent director as defined by the New York Stock Exchange listing standards, a "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934 and an "outside director" under Section 162(m) of the Internal Revenue Code.

As a Committee, we approve policies under which compensation is paid or awarded to Interpublic's executives, and individually review the performance and compensation levels of, and all compensation actions pertaining to, Interpublic's senior executive group, including the Chairman and Chief Executive Officer. Annually, we evaluate and revise, as necessary, Interpublic's compensation philosophy and approaches, including the fixed and variable elements of total compensation, and the design of incentive compensation programs.

During 2004, we engaged Hewitt Associates to provide independent counsel to the Committee and Board on executive compensation and talent management matters, both generally and specific to our industry. Hewitt Associates' selection was the result of a review of proposals from three highly-regarded firms, and represented a change from prior consulting relationships. We will assess this relationship annually.

Working with the Committee and management, Hewitt Associates has provided valuable input to the Committee in the form of latest trends and policies noted in other world-class compensation committees and has provided independent perspectives on a wide variety of talent-related topics. Early in 2005, we completed a self-assessment of the Committee's capabilities and performance and we intend to repeat this process annually.

Policy on Deductibility of Compensation

Section 162(m) of the Internal Revenue Code limits to $1 million the tax deduction for compensation paid to the executive officers listed in Item 11 "Executive Compensation-Compensation of Executive Officers-Summary Compensation Table" of this annual report (the "named executive officers"). Compensation in excess of $1 million is deductible only if requirements are met that qualify the compensation as performance-based. Our policy is to comply with the requirements of Section 162(m) except where we determine that compliance is not in the best interests of Interpublic and its shareowners. Interpublic's stock option grants currently meet the performance-based requirements under Section 162(m). Interpublic's 2004 restricted stock grants do not meet the performance-based requirements under Section 162(m).

The February 2005 grant of performance-based restricted shares, discussed below, to Mr. Roth exceeded the individual award limit under the 2004 Performance Incentive Plan, resulting in a portion of this award being non-tax deductible under 162(m). The Committee nevertheless concluded that this award was appropriate in light of Mr. Roth's promotion, the degree of stretch inherent in the related performance objectives, and its preference for using performance-based restricted shares rather than time-vested restricted stock.

Compensation Philosophy

Interpublic's executive compensation programs have been designed to attract, retain and motivate the executive resources necessary to Interpublic's long-term success and the creation of shareholder value. In evaluating and administering Interpublic's executive compensation program, we are guided by three key principles:

- *Alignment with shareholders:* Compensation should align the interests of executives and shareholders through the use of equity-based compensation and performance-based awards.
- *Performance-based:* Compensation should emphasize pay-for-performance by placing a significant portion of total compensation "at risk," the payout of which is tied to the financial performance of Interpublic and the achievement of other critical objectives.
- *Market-based:* Total compensation levels should be competitive with those at other advertising and marketing service companies, and within other relevant executive labor markets as appropriate.

We find it is more appropriate to compare our compensation programs to those of competitors for talent, rather than limit our focus to the companies that make up the Peer Group used in the Stock Performance Graph set forth in Item 11 "Executive Compensation-Five Year Performance Comparison" of this annual report. Important to this consideration is the limited amount of competitive pay data available for Interpublic's direct competitors and the fact that, for some positions, Interpublic competes for executive talent within a broader labor market.

Interpublic's overall compensation program comprises three principal elements: base salary, annual incentives, and long-term incentives that include stock options and restricted stock awards. An overview of each of the major compensation program elements follows.

Base Salary

Each year, we determine the base salaries for the Chairman and Chief Executive Officer, senior executive officers reporting to the Chief Executive Officer, and selected other senior executive positions. We consider several quantitative and qualitative factors when determining base salaries, including the executive's individual performance, level of responsibility, tenure, prior experience, and a comparison to base salaries paid for comparable positions within Interpublic and multiple compensation survey groups comprising comparably-sized advertising, marketing, and general service industry companies with similar client focus and talent strategies. For many of the senior executives, salary is fixed by contract, which Interpublic has the ability to increase, but not decrease.

For 2004, base salaries for Named Executive Officers were not increased.

Annual Incentives

Annual incentive awards to senior executives are made under the shareholder-approved 2004 Performance Incentive Plan (the "2004 PIP"). For purposes of bonus awards, the executive officers of Interpublic participate in the Interpublic corporate bonus pool, unless they are affiliated with one of Interpublic's operating units, in which case they participate in that operating subsidiary's bonus pool. The 2004 PIP limits the bonus amount that may be earned by any one individual to $5 million. For named executive officers, awards are earned under Committee-approved formulas that meet the requirements for tax deductibility under Section 162(m) of the Internal Revenue Code, and we retain the right to exercise negative discretion and reduce the bonus amount based on our further assessment of performance for the previous calendar year.

The size of 2004 bonus pool for corporate and the operating units reflected each unit's specific operating results and progress toward improving future operating performance.

Long-Term Incentives

Long-term incentive awards are made under the 2004 PIP. In 2004, we approved grants of stock options and/or restricted stock to officers and key employees of Interpublic and its subsidiaries. Such awards are designed to focus the recipients on the long-term performance of Interpublic and align their interests with our shareholders.

Beginning in 2004, Interpublic has significantly shifted the long-term incentive mix away from stock options toward restricted stock and also dramatically reduced the number of stock option recipients. This shift was in response to labor market trends, changes in stock option accounting requirements that take affect in 2005, and our assessment of the appropriateness and effectiveness of the respective types of award for different employee groups. We intend to introduce performance-based stock awards for senior executives in 2005.

Stock options, when granted are on such terms as are approved by our Committee, provided that the term of the option may not exceed ten years and the exercise price may not be less than the fair market price of the Common Stock on the date of grant. The majority of stock options granted in 2004, and all stock options granted to executive officers in 2004, vest in increments of one-third on the second, third and fourth anniversaries of the date of grant. Grants to the named executive officers are shown in Item 11. Executive Compensation-Compensation of Executive Officers-Stock Option Grants in 2004.

The sale or transfer of shares granted as restricted stock are typically restricted for a period of three years from date of grant and are generally forfeited if the executive should leave the employment of Interpublic before the restrictions expire, unless we as a Committee determines otherwise.

In determining grants of stock options and restricted stock, we consider each executive’s current total compensation, recent performance, expected future contributions and impact on shareholder value, equity grant history, and potential retention risk; competitive need to provide equity-based compensation to a given position; and Interpublic’s financial performance. We also review outside survey data that describe the equity grant practices within Interpublic’s relevant labor markets.

Other Programs

Interpublic also provides its officers and key managers with life and medical insurance, retirement savings and compensation deferral programs, perquisites, and other benefits that are competitive with market practices (described in greater detail in Item 11. “Executive Compensation” of this annual report). As part of our review of senior executive compensation, we assess the appropriateness of these plans and the level of participation annually.

CEO and Chairman Compensation and Evaluation

For 2004, we elected not to adjust Mr. Bell’s salary and it remained at $1,000,000 for the year. After considering Interpublic’s 2004 financial performance, including reviewing performance relative to Earnings per Share (EPS) and revenue objectives, we decided not to grant Mr. Bell an annual incentive award for 2004.

In May 2004, we awarded Mr. Bell 124,466 shares of restricted stock, which vest in full three years after the grant date. In addition, the Committee awarded Mr. Bell 248,933 stock options with an exercise price of $14.06, based on the average of the high and low market prices of Interpublic Common Stock on the May 18, 2004 grant date. These stock options become exercisable in increments of one-third on the second, third and fourth anniversaries of the date of grant.

As a result of these compensation actions, we believe Mr. Bell’s total compensation was appropriate to his role and performance relative to external market practices and the compensation levels for similar positions at other like-sized advertising, marketing and service companies. We also believe these actions ensured that his total compensation would have the appropriate level of performance sensitivity.

Michael I. Roth was named Chairman of Interpublic on July 13, 2004. After considering data and counsel from Hewitt Associates related to appropriate pay levels and form to non-CEO Chairmen in other publicly-held companies, and Mr. Roth's compensation relative to Mr. Bell's as CEO, we approved an employment agreement with Mr. Roth that set his base salary at $950,000, provided him with a $100,000 annual contribution to a Capital Accumulation Account, granted him 161,974 stock options with an exercise price equal to the then current fair market price for Interpublic stock and vesting in equal parts on the second, third and fourth anniversaries of their grant, and granted 80,987 shares of restricted stock that vest on the third anniversary of their grant. In addition, after considering Interpublic's 2004 financial performance, including reviewing performance relative to Earnings per Share (EPS) and revenue objectives, we decided not to grant Mr. Roth an annual incentive award for 2004.

On January 19, 2005, Mr. Roth was promoted to Chairman and Chief Executive Officer of Interpublic. In conjunction with this promotion, we, with the support of all non-employee directors of Interpublic, approved several amendments to his employment agreement. These pay-related actions were based on an assessment of competitive data for CEOs of comparable companies, advice from Hewitt Associates, and consideration of Interpublic's ongoing priorities and desired results and consisted of the following:

- An increase in Mr. Roth's annual base salary from $950,000 to $1,100,000, effective January 19, 2005.
- A grant of options (the "Options") to purchase 450,000 shares of Interpublic Common Stock at an exercise price of $13.645 per share, based on the average of the high and low market prices of Interpublic Common Stock on the February 14, 2005 grant date. The Options will vest and become exercisable in three equal annual installments of 150,000 on the second, third and fourth anniversaries of the grant date, subject to Mr. Roth's continued employment with Interpublic through the applicable vesting date, and will vest automatically on a change of control of Interpublic in accordance with the terms of the 2004 PIP. On any termination of Mr. Roth's employment with Interpublic, any unvested Options will be forfeited.
- A grant of 450,000 performance based restricted shares (the "Restricted Shares") under the 2004 PIP. At grant, the Restricted Shares had an aggregate value of $6,120,000 and a risk-adjusted value of $4,500,000 . The Restricted Shares will only vest if certain performance conditions are met (subject to accelerated vesting of a portion of the Restricted Shares on a change of control of Interpublic, as described below). In particular:
- 150,000 of the Restricted Shares will vest on the second anniversary of the grant date, subject to Mr. Roth's continued employment with Interpublic through such date, if: (1) Interpublic attains cumulative constant dollar revenue reflecting average annual growth of 4.5% or better in 2005-2006; (2) in 2006, Interpublic's growth equals or exceeds 5%; and (3) Interpublic's average operating margins during 2005 and 2006 are at 10.5% or higher. In the event these performance targets are not achieved, these restricted shares are forfeited.
- 300,000 of the Restricted Shares will vest on the fifth anniversary of the grant date, subject to Mr. Roth's continued employment with Interpublic through such date, if: (1) Interpublic's average constant-dollar revenue growth for the 2007-2009 period is 6.3% or higher; (2) during 2009, constant dollar revenue growth is at least 7%; (3) Interpublic's average operating margins during the period from 2007-2009 are at 14.7% or higher; (4) cumulative constant dollar revenue during the period from 2005-2010 is $35.6 billion or greater; and (5) cumulative operating income during the period from 2005-2010 is $4.7 billion or greater. In the event these performance targets are not achieved, these restricted shares are forfeited.

The Board of Directors of Interpublic retains discretion to make adjustments to the performance goals in the event of extraordinary corporate events, such as acquisitions or divestitures.

If Mr. Roth's employment terminates for any reason prior to the vesting of the Restricted Shares, the unvested Restricted Shares will be forfeited. A pro rata portion of any unvested portion of the Restricted

Shares will vest in the event of a “change of control” of Interpublic, as such term is defined in Mr. Roth’s executive severance agreement described in greater detail in Item 10. “Directors and Executive Officers of Interpublic-Employment Agreements Termination of Employment and Change-In-Control Arrangements-Executive Severance Agreements” of this annual report. The pro-rata portion will be determined based on a fraction the numerator of which will equal the number of months elapsed since the grant date plus 12 and the denominator equal to 60.

Executive Compensation for 2005

For 2005, we expanded on the three key principles articulated early in this report. These expanded principles provide direction related to Interpublic’s general people-related practices, compensation approaches for the executive and broad employee populations, and talent management, including, but not limited to, succession planning, employee and leadership development.

Following our original three and this expanded set of principles, we have redesigned Interpublic’s senior executive annual incentive program to increase its link to performance against Interpublic and its units’ key financial and strategic objectives by providing individual incentive payouts directly tied to the achievement of pre-established performance goals set at the beginning of the plan year and approved by the Committee. Specifically, annual incentive awards for senior executives will be based on the achievement of pre-defined operating income, operating margin, and other measurable individual performance goals. We believe these goals serve to focus executives on the factors that are critical to the future success and financial health of Interpublic.

In addition, 2005 long-term incentive awards will be delivered in the form of stock options, restricted stock and/or performance-based stock, the grant of which is contingent on Interpublic or unit’s attainment of pre-established multi-year performance goals. Generally, stock options will vest in increments of one-third on the second, third and fourth anniversaries of the date of grant. Restricted stock grants vest fully on the third anniversary of the date of grant and performance-based stock grants will be tied to the attainment of three-year operating margin and revenue growth goals of the unit and may vary from 0% to 200% of target award levels based on performance.

We approved the revised long-term incentive design to reinforce the achievement of critical performance priorities of Interpublic, improve the performance-orientation of executive total compensation, better align management and shareholder interests, and facilitate executive stock ownership. Stock option grants and performance-based restricted stock grants made in 2005 and beyond are intended to comply with Section 162(m) consistent with the Committee’s policy stated above.

Conclusion

Attracting, motivating and retaining talented employees and managers is central to our mission of increasing long-term shareholder value. Aligning our executives’ interests to our shareholders, making certain that compensation is linked to performance, and ensuring that executive compensation is competitive within the source markets for Interpublic’s talent are our objectives and the cornerstones of our methodology. We believe that Interpublic’s 2004 executive compensation program met these objectives.

Respectfully submitted,

Reginald K. Brack, Chair
H. John Geeniaus
J. Phillip Samper

Compensation Committee Interlocks and Insider Participation

None of the Committee members were officers or employees of Interpublic or any of our subsidiaries or had any relationship requiring disclosure by us under Item 404 of the SEC's Regulation S-K during or prior to 2004.

Item 11. *Executive Compensation*

Compensation of Executive Officers

The following table sets forth information concerning the compensation paid by us and our subsidiaries to (i) Mr. Bell, who served as the Chief Executive Officer during 2004, (ii) each of our four most highly compensated executive officers, other than our CEO (based on aggregate salary and bonus in 2004), who were serving as executive officers on December 31, 2004 and (iii) Michael I. Roth, who became Chairman of the Board and Chief Executive Officer, effective January 19, 2005 (the "named executive officers"). In each instance, the compensation shown is for services rendered in all capacities for the three-year period ended on December 31, 2004. As used in this Annual Report, our executive officers include any director who served as the chief executive officer of McCann-Erickson WorldGroup, a significant operating unit.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual Compensation: Salary(2)(3)	Annual Compensation: Bonus(4)	Annual Compensation: Other Annual Compensation(5)	Long Term Compensation — Awards: Restricted Stock Awards(6)	Long Term Compensation — Awards: Securities Underlying Options(7)	Long Term Compensation — Payouts: LTIP Payouts(8)	All Other Compensation(9)
David A. Bell(1)	2004	$ 1,000,000	—	$ 66,381	$ 1,750,000	248,933	—	$ 9,565
President and Chief	2003	$ 1,000,000	$1,300,000	$ 75,658	—	200,000	—	$ 13,745
Executive Officer, Director of Interpublic	2002	$ 1,000,000	—	—	$ 294,750	55,000	—	$ 212,472
Michael I. Roth(1)	2004	$ 446,212	—	—	$ 1,049,996	161,974	—	$ 100,129
Executive Chairman,	2003	—	—	—	—	—	—	—
Director of Interpublic	2002	—	—	—	—	—	—	—
Christopher J. Coughlin(1)	2004	$ 800,000	—	—	$ 750,000	106,685	—	$ 6,679
Executive Vice President,	2003	$ 433,333	$900,000	—	—	200,000	—	$ 3,120
Chief Operating Officer, Chief Financial Officer and Director	2002	—	—	—	—	—	—	—
Nicholas Cyprus	2004	$ 272,727	$2,005,000	—	$ 1,249,997	118,797	—	$ 83,026
Senior Vice President,	2003	—	—	—	—	—	—	—
Chief Accounting Officer	2002	—	—	—	—	—	—	—
John J. Dooner, Jr.(1)	2004	$ 1,250,000	$1,000,000	$ 97,683	$ 375,000	53,342	—	$ 78,020
Chairman and CEO of	2003	$ 1,250,000	$750,000	$ 73,029	—	176,709	—	$ 82,904
McCann-Erickson WorldGroup, Director of Interpublic	2002	$ 1,250,000	—	$ 80,046	$ 2,947,500	375,000	2,480,000	$ 9,927
Stephen J. Gatfield	2004	$ 605,303	$1,327,500	$ 56,183	$ 317,400	30,000	—	$ 255
Executive Vice President,	2003	—	—	—	—	—	—	—
Global Operations and Innovation	2002	—	—	—	—	—	—	—

(1) On January 19, 2005, Michael Roth succeeded David Bell as Chief Executive Officer.

On January 19, 2005, Mr. Bell was appointed co-Chairman.

Mr. Roth became Executive Chairman on July 13, 2004 and his compensation is reported from and after that date.

On May 24, 2004, Mr. Cyprus was hired as Senior Vice President, Controller and Chief Accounting Officer and his compensation is reported from and after that date.

On June 16, 2003, Mr. Coughlin was hired as Executive Vice President, Chief Financial Officer and Chief Operating Officer and his compensation is reported from and after that date.

On April 1, 2004, Mr. Gatfield was hired as Executive Vice President, Global Operations and Innovation and his compensation is reported from and after that date.

(2) The salaries of executive officers continuing to serve in the same position are generally reviewed every two years.

(3) Does not include annual salary in the amount of $150,000 that Mr. Bell has elected to forgo in 2004 in consideration for the receipt of a Special Deferred Benefit Agreement which is more fully described in Item 11. “Executive Compensation — Special Deferred Benefit Agreements” of this Annual Report.

Does not include annual salary in the amount of $100,000 that Mr. Coughlin has elected to forgo in 2004 in consideration for the receipt of a Special Deferred Benefit Agreement which is more fully described in Item 11. “Executive Compensation — Special Deferred Benefit Agreements” of this Annual Report.

Does not include annual salary in the amount of $112,500 that Mr. Bell has elected to forgo in 2003 in consideration for the receipt of a Special Deferred Benefit Agreement which is more fully described in Item 11. Executive Compensation — Special Deferred Benefit Agreements of this Annual Report.

Does not include annual salary in the amount of $54,167 that Mr. Coughlin has elected to forgo in 2003 in consideration for receipt of a Special Deferred Benefit Agreement which is more fully described in Item 11. Executive Compensation — Special Deferred Benefit Agreements of this Annual Report.

(4) The bonus shown for Mr. Cyprus in 2004 includes a cash sign-on bonus of $1,830,000 that we paid to him shortly after he was hired. Fifty percent of the bonus shown for Mr. Dooner was paid in April 2005 and the balance will be paid when the 2004 year-end financial statements for McCann-Erickson WorldGroup have been reported in final form and assessed. The bonus shown for Mr. Gatfield in 2004 includes a cash sign-on bonus of $750,000 that we paid to him shortly after he was hired. The bonus shown for Mr. Bell in 2003 includes a cash sign-on bonus of $100,000 that was paid to him shortly after he assumed the position of Chairman, CEO and President. The bonus in 2003 for Mr. Coughlin includes a sign-on bonus consisting of unrestricted shares of Interpublic Common Stock with a fair market value of $400,000 on June 16, 2003, his date of hire.

(5) In accordance with SEC rules, information is shown in this column only if as to any named executive officer the aggregate value of perquisites and other personal benefits received during the year exceeds the lesser of (i) $50,000 and (ii) 10% of the named executive officer’s total salary and bonus for that year. SEC rules further require that if the value of perquisites and other personal benefits are required to be reported for any year, the type and amount of any perquisite or other personal benefit that exceeds 25% of total perquisites and other personal benefits must be described.

Other Annual Compensation for 2004 includes $31,278 in premiums for medical/dental coverage paid on behalf of Mr. Bell; $31,278 in premiums for medical/dental coverage paid on behalf of Mr. Dooner; and $25,000 in club dues and $22,156 in premiums for medical/dental coverage paid on behalf of Mr. Gatfield.

Other Annual Compensation for 2003 includes $28,755 in premiums for medical/dental coverage and $26,885 in respect of club dues paid on behalf of Mr. Bell (including a one-time club initiation fee); and $28,755 in premiums for medical/dental coverage and $19,108 in club dues paid on behalf of Mr. Dooner.

Other Annual Compensation for 2002 includes $28,272 in premiums for medical/dental coverage and $22,887 of club dues paid on behalf of Mr. Dooner.

(6) The aggregate number and value of shares of restricted stock held by the named executive officers at December 31, 2004 (based on the closing price of the Common Stock on December 31, 2004) are as follows: Mr. Bell — 209,466 shares ($2,806,844); Mr. Roth — 87,187 shares ($1,168,305); Mr. Coughlin — 53,342 shares ($714,783); Mr. Cyprus — 87,351 ($1,170,503); Mr. Dooner — 476,671 shares ($6,387,391); Mr. Gatfield — 20,000 ($268,000). Mr. Bell and Mr. Dooner have announced publicly that they will not sell any of their shares of restricted stock when the transfer restrictions are released until the shares of our Common Stock reach a price of $20.00 per share.

The shares of restricted stock shown in the table as awarded to each named executive officer generally have at least a three-year vesting period, subject to the discretion of the Compensation Committee to release the restrictions not earlier than one year after the grant date, except for the following grants:

Mr. Cyprus received an award of 69,881 shares of restricted stock on May 24, 2004, 23,060 shares of which vested on May 24, 2005 and another 23,060 shares of which will vest on May 24, 2006. The balance will vest on May 24, 2007.

Mr. Gatfield received an award of 20,000 shares of restricted stock on April 15, 2004, all of which shares of which vested on April 15, 2005.

Dividends on restricted stock are paid on the same basis as ordinary dividends on the Common Stock. No ordinary dividends were paid on the Common Stock during 2004.

(7) During 2003, Mr. Bell voluntarily agreed to the cancellation of 131,100 of the 256,100 shares of our Common Stock underlying stock options that he received in 2001. He relinquished these option

awards with the express intent of permitting the underlying shares to be issued to our other employees under the 2002 Performance Incentive Plan.

During 2003, Mr. Dooner voluntarily cancelled option awards with respect to 248,000 shares and 252,000 shares of Common Stock that were granted to him on March 24, 2000 and December 15, 2000, respectively. These awards are not required to be reported in this annual report but were reported in previous years. Mr. Dooner relinquished these grants with the express intent of permitting the underlying shares to be issued to employees of one of our subsidiaries under the 2002 Performance Incentive Plan.

In addition to Messrs. Dooner and Bell, several executives of our subsidiaries also voluntarily cancelled options with the express intent of permitting the underlying shares to be issued to our other employees under the 2002 Performance Incentive Plan. Options to purchase a total of 1,350,348 shares were cancelled (including those awards described above for Messrs. Bell and Dooner).

(8) Payouts under the Long-Term Performance Incentive Plan (“LTPIP”) prior to 2002 were made at the end of four-year performance periods. In 2002, the original 1999-2002 performance period was shortened to three years in order to institute a new performance plan. Payouts received in 2002 were calculated based on the value of the 1999-2001 performance period at the end of 2001 after giving effect to our restructuring costs taken in 2001.

(9) All Other Compensation for 2004 consisted of: (i) the following amounts paid to the named executive officers: matching contributions under the Interpublic Savings Plan — Mr. Bell — $9,225; Mr. Coughlin — $6,150; Mr. Cyprus — $2,750; and Mr. Dooner — $9,225; (ii) premiums paid on group life insurance — Mr. Bell — $5,465; Mr. Roth — $129; Mr. Coughlin — $529; Mr. Cyprus — $276; Mr. Dooner — $1,032; and Mr. Gatfield — $255; (iii) supplemental compensation plan payout — Mr. Dooner — $17,763; (iv) annual contributions paid under the Interpublic Capital Accumulation Plan — Mr. Roth — $100,000; and Mr. Cyprus — $80,000 and (v) premiums paid by Interpublic on a life insurance policy for Mr. Dooner — $50,000.

Stock Option Grants In 2004

The following table provides information on grants of stock options in 2004 to the named executive officers and the estimated grant date present value of the options.

Individual Grants

Name	Number of Securities Underlying Options Granted(1)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price ($/Sh)	Expiration Date	Grant Date Present Value ($)(8)
David A. Bell	248,933(2)	11.31%	$ 14.06	05/18/14	$ 1,720,127
Michael I. Roth	161,974(3)	7.36%	$ 12.96	07/16/14	$ 1,015,577
Christopher J. Coughlin	106,685(4)	4.85%	$ 14.06	05/18/14	$ 737,193
Nicholas Cyprus	118,797(5)	5.40%	$ 14.31	05/24/14	$ 835,143
John J. Dooner, Jr.	53,342(6)	2.42%	$ 14.06	05/18/14	$ 368,593
Stephen J. Gatfield	30,000(7)	1.36%	$ 15.87	04/15/14	$ 230,100

(1) All options have a ten-year term and have an exercise price equal to 100% of the fair market value of the Common Stock on the date of grant.

(2) Mr. Bell was granted a stock option award covering 248,933 shares of Common Stock on May 18, 2004. The option becomes exercisable as to (i) 82,147 shares of Common Stock on May 18, 2006, (ii) 82,147 shares of Common Stock on May 18, 2007 and (iii) 84,639 shares of Common Stock on May 18, 2008.

(3) Mr. Roth was granted a stock option award covering 161,974 shares of Common Stock on June 16, 2004. The option becomes exercisable as to (i) 53,451 shares of Common Stock on July 16, 2006, (ii) 53,451 shares of Common Stock on July 16, 2007 and (iii) 55,072 shares of Common Stock on July 16, 2008.

(4) Mr. Coughlin was granted a stock option award covering 106,685 shares of Common Stock on May 18, 2004. The option becomes exercisable as to (i) 35,206 shares of Common Stock on May 18, 2006, (ii) 35,206 shares of Common Stock on May 18, 2007, and (iii) 36,273 shares of Common Stock on May 18, 2008.

(5) Mr. Cyprus was granted a stock option award covering 83,857 shares of Common Stock on May 24, 2004. The option becomes exercisable as to (i) 27,672 shares of Common Stock on May 24, 2005, (ii) 27,672 shares of Common Stock on May 24, 2006, and (iii) 28,513 shares of Common Stock on May 24, 2007. Mr. Cyprus received another stock option award covering 34,940 shares of Common Stock on May 24, 2004. The option becomes exercisable as to (i) 11,530 shares of Common Stock on May 24, 2006, (ii) 11,530 shares of Common Stock on May 24, 2007, and (iii) 11,880 shares of Common Stock on May 24, 2008.

(6) Mr. Dooner was granted a stock option award covering 53,342 shares of Common Stock on May 18, 2004. The option becomes exercisable as to (i) 17,602 shares of Common Stock on May 18, 2006, (ii) 17,602 shares of Common Stock on May 18, 2007 and (iii) 18,138 shares of Common Stock on May 18, 2008.

(7) Mr. Gatfield was granted a stock option award covering 30,000 shares of Common Stock on April 15, 2004. The option becomes exercisable as to (i) 9,900 shares of Common Stock on April 15, 2006, (ii) 9,900 shares of Common Stock on April 15, 2007, and (iii) 10,200 shares of Common Stock on April 15, 2008.

(8) The grant date present value of each of the stock option awards to the named executive officers is calculated using the Black Scholes Option Pricing Model and assumes the options are held for six years. The option awarded to Mr. Gatfield on April 15, 2004 includes the following assumptions: volatility of 44.58%, dividend yield of 0% and risk-free rate of return of 3.89%. The options awarded to the named executive officers on May 18, 2004 include the following assumptions: volatility of 44.68%, dividend yield of 0% and risk-free rate of return of 4.32%. The options awarded to Mr. Cyprus on May 24, 2004 includes the following assumptions: volatility of 44.68%, dividend yield of 0% and risk-free rate of return of 4.31%. The option awarded to Mr. Roth on July 16, 2004 includes the following assumptions: volatility of 44.52%, dividend yield of 0% and risk-free rate of return of 3.93%.

Aggregated Option Exercises in 2004 and Fiscal Year-End Option Values

The following table provides information on stock option exercises and the number and the year-end value of options held by the named executive officers.

			Number of Shares of Common Stock Underlying Unexercised Options At December 31, 2004 (#)		Value of Unexercised In-the-Money Options at December 31, 2004 ($)(1)	
Name	**Shares Acquired on Exercise (#)**	**Value Realized ($)**	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
David A. Bell	None	0	218,078	570,683	0	752,000
Michael I. Roth	None	0	0	165,974	0	70,459
Christopher J. Coughlin	None	0	50,000	0	0	0
Nicholas Cyprus	None	0	0	118,797	0	0
John J. Dooner, Jr.	None	0	668,840	719,451	448,214	664,426
Stephen J. Gatfield	None	0	0	30,000	0	0

(1) Calculated based on the closing price of $13.400 for the Common Stock on December 31, 2004.

Employment Contracts and Termination of Employment and Change in Control Arrangements

Employment Agreements

Each of the following named executive officers has an employment agreement with us. Each employment agreement includes provisions describing the named executive officer's position and responsibilities, his salary and eligibility for incentive compensation. Each agreement also includes covenants pursuant to which the named executive officer agrees not to divulge our confidential information and agrees for a period of time after termination of employment to refrain from soliciting our employees and from soliciting or handling the business of our clients. The termination date of the respective employment agreements and the current salary of each of the named executive officers are set forth below:

Name	Salary	Termination Date
David A. Bell	$1,000,000	None*
Michael I. Roth	1,100,000	None*
Christopher J. Coughlin	800,000	**
Nicholas Cyprus	483,400	None*
John J. Dooner, Jr.	1,250,000	None*
Stephen J. Gatfield	850,000	None*

* The executive's employment has no termination date. We may terminate the executive's employment in the manner described in the summary of the executive's employment agreement below.

** Mr. Coughlin's Employment Agreement has been terminated. See Item 11. Executive Compensation — Employment Contracts Termination of Employment and Change-In-Control Arrangements-Termination and Change In Control Agreements-Christopher Coughlin Separation Agreement.

David Bell Employment Agreement

Effective January 18, 2005, David Bell became our Co-Chairman and entered into an employment agreement us, replacing both his previous agreement with us and his employment agreement with True North Communications, Inc. ("True North") to which we became a party when we acquired True North in June of 2001. The agreement provides that in addition to his annual salary in the amount indicated above, Mr. Bell will be eligible for an target annual bonus under the Annual Management Incentive Plan equal to 133% of his base salary, with the actual award between 0% and 200% of the target depending on our performance, his individual performance, and management discretion. The agreement also provides that we are obligated to purchase an annuity on his behalf in the amount of $2 million, with the terms and conditions of payment of the annuity to be agreed upon between us and Mr. Bell, a car and driver and a garage space in New York City.

Under the agreement (i) we may terminate Mr. Bell's employment with or without "cause" (as that term is defined in the agreement) and (ii) at any time after January 18, 2006, Mr. Bell may voluntarily terminate his employment upon providing the requisite notice to us. In the event we terminate Mr. Bell's employment without "cause," he would continue to receive payment of his base salary for a period of 12 months and all employee benefits accorded to him prior to the termination of his employment, as well as suitable office space, the services of an assistant and a car and driver. In the event we terminate Mr. Bell's employment without "cause" or through a voluntary termination, the agreement provides that (a) Mr. Bell shall become a consultant to us for a period of five years (the "Consulting Period"), subject to our right to terminate the consulting arrangement for "cause," and (b) stock options grants and restricted stock awards previously awarded to Mr. Bell will fully vest on the date of the termination of Mr. Bell's employment. During the Consulting Period, Mr. Bell is required to make himself available, upon reasonable notice, to provide services that are commensurate with his years of experience and level of skill for no more than the equivalent of ten full business days per quarter. As compensation for his consulting services, Mr. Bell will receive an annual consulting fee of $750,000. Upon termination for

"cause," Mr. Bell would be entitled to received his salary through the date of termination, but no other benefits under the agreement.

Michael Roth Employment Agreement

On July 13, 2004, in connection with becoming our Executive Chairman, Mr. Roth entered into an employment agreement, which provided for (i) an annual salary of $950,000, (ii) a target annual bonus under the Annual Management Incentive Plan equal to 133% of his base salary, with the actual award between 0% and 150% of the target depending on our profits, his individual performance, and management discretion, (iii) a grant of restricted stock having an aggregate market value of $1,050,000 on the date of grant vesting on the third anniversary of the grant date, and (iv) a grant of options to purchase shares of our Common Stock having an aggregate market value of $1,050,000 on the grant date vesting in equal annual amounts on the second, third and fourth anniversaries of the grant date.

Mr. Roth's agreement also provides that, commencing in 2005, he shall participate in our performance based long-term incentive programs with a total expected annual target award value of $2,100,000 provided in a manner consistent with those provided to other executives and may comprise stock options, restricted stock, performance-based restricted stock or another form of incentive at the discretion of the Compensation Committee, with awards subject to performance and vesting terms and conditions consistent with those generally required of the executive team. In addition, the agreement provides that Mr. Roth is entitled to (i) participate in our Capital Accumulation Plan, with an annual contribution of $100,000, (ii) an automobile allowance of $10,000, (iii) a club allowance of $20,000, (iv) a financial planning allowance of $2,500, and (v) participate in such other employee benefits and programs as are available from time to time to other key management executives generally.

After Mr. Roth, effective January 19, 2005, became our Chief Executive Officer in addition to the Chairman, we entered into a supplement to his employment agreement increasing his base salary to $1,100,000 and granting him (i) options to purchase 450,000 shares of our Common Stock vesting in three equal installments on the second, third and fourth anniversaries of the date of grant, and (ii) 450,000 shares of restricted stock, of which 150,000 shares will vest on the second anniversary of the grant date, subject to our achieving specified performance goals over such two year period, and 300,000 shares will vest on the fifth anniversary of the grant date, subject to our achieving specified performance goals over such five year period.

If we terminate Mr. Roth's employment without "cause" (as defined in the agreement), he is entitled to receive a severance payment equal to the amount by which his annual salary rate exceeds the salary paid to him over the period beginning on the date such notice is given and ending on the employment termination date (the "Severance Period"). During the Severance Period, Mr. Roth will be entitled to receive all employee benefits accorded him prior to termination which are made available to employees generally until he accepts employment with another employer offering similar benefits. Mr. Roth may terminate his employment at any time by giving us notice at least three months in advance.

Nicholas Cyprus Employment Agreement

On May 24, 2004, we entered into an employment agreement with Mr. Cyprus. The agreement provides that in addition to his annual salary in the amount indicated above, Mr. Cyprus will be eligible for a target annual bonus under the Annual Management Incentive Plan equal to at least 50% of his base salary, with a guaranteed minimum award for 2004 equal to 75% of the target award (without pro-ration) and with the actual award in future years dependent on the achievement of established performance criteria. Under the agreement, Mr. Cyrus received a cash sign-on bonus of $1,830,000, but which is subject to forfeiture if within two years either (i) Mr. Cyprus terminates his employment other than for "good reason" (as defined by the agreement) or (ii) we terminate his employment for "cause" (as defined by the agreement). In addition, the agreement provides that Mr. Cyprus is entitled to (i) participate in our Capital Accumulation Plan, with an annual contribution by us of $80,000, (ii) a perquisite allowance of $45,000, (iii) in the event we terminate his employment, other than for "cause", post-termination

personal and family medical coverage to age 65 at a level comparable with the coverage being provided by us to active employees, and (iv) participate in such other employee benefits and programs as are available from time to time to other key management executives generally.

The agreement also provides for (i) a long-term incentive grant of restricted stock having an aggregate market value of $1,000,000 on the date of grant vesting in three equal annual amounts on the first, second and third anniversaries of the grant date, (ii) a long-term incentive grant of options to purchase shares of our Common Stock having an aggregate Black-Scholes value of $600,000 on the date of grant, vesting in three equal annual amounts on the first, second and third anniversaries of the grant date, (iii) a long-term incentive grant of restricted stock having an aggregate market value of $250,000 vesting on the third anniversary date of the grant date, and (iv) a grant of options to purchase shares of our Common Stock having an aggregate Black-Scholes value of $250,000 vesting in equal annual amounts on the second, third and fourth anniversaries of the grant date.

If we terminate Mr. Cyprus' employment without "cause" (as defined in the agreement) or Mr. Cyprus terminates his employment for "good reason" (as defined by the agreement), (i) he will be entitled to the continued payment of his base salary for a period of 24 months if his employment is terminated on of before May 24, 2006, or for a period of 12 months if his employment is terminated thereafter (the "severance period"), and during the severance period, the payment of bonuses that become payable during the severance period and, unless he commences employment with another employer offering similar benefits, the continued receipt of all employee benefits accorded him prior to termination and (ii) the $1,000,000 restricted stock and the $600,000 stock option grants referred to above will become non-forfeitable. Mr. Cyprus may terminate his employment at any time by giving us notice at least 45 days in advance.

John Dooner Employment Agreement

On January 1, 1994, we entered into an employment agreement with Mr. Dooner dated January 1, 1994. On April 1, 2000, we entered into a supplement to Mr. Dooner's agreement increasing his base salary to $1,250,000. On November 7, 2002, we entered into a supplemental agreement with Mr. Dooner which provides for us to obtain a 10 year $10,000,000 term life insurance policy for Mr. Dooner and to pay the annual premiums of such policy, which shall be taxable income to Mr. Dooner.

If we terminate Mr. Dooner's employment, other than for violating certain covenants contained in the agreement, (i) he will be entitled to the continued payment of his base salary for a period of 12 months. Mr. Dooner may terminate his employment at any time by giving us notice at least twelve months in advance.

Stephen Gatfield Employment Agreement

On February 2, 2004, we entered into an employment agreement with Mr. Gatfield, which provided for the commencement of his employment to begin on April 1, 2004 (the "Commencement Date"). The agreement provides that in addition to his annual salary in the amount indicated above, Mr. Gatfield will be eligible for a target annual bonus under the Annual Management Incentive Plan equal to 100% of his base salary, with a guaranteed minimum award for 2004 equal to 50% of his base salary and with the actual award in future years up to a maximum of 150% of base salary depending on our profits, his individual performance, and management discretion. Under the agreement, Mr. Gatfield received a cash sign-on bonus of $750,000. In addition, the agreement provides that Mr. Gatfield is entitled to (i) an automobile allowance of $10,000, (ii) a club allowance of $25,000, (iii) a financial planning allowance of $2,500, and (iv) participate in such other employee benefits and programs as are available from time to time to other key management executives generally.

The agreement also provides for (i) a grant of 20,000 shares of restricted stock vesting on the first anniversary of the grant date and (ii) a grant of options to purchase 30,000 shares of our Common Stock, vesting in equal annual amounts on the second, third and fourth anniversaries of the grant date. We may terminate Mr. Gatfield's employment without "cause" (as defined in the agreement) after the second

anniversary of the Commencement Date and Mr. Gatfield may terminate his employment for “good reason” (as defined by the agreement), which, under either event, he is entitled to the continued payment of his base salary for a period of 12 months (the “severance period”), and during the severance period, the payment of bonuses that become payable during the severance period and, unless he commences employment with another employer offering similar benefits, the continued receipt of all employee benefits accorded him prior to termination. During the severance period, (i) Mr. Gatfield will be entitled to the payment of any bonuses that become payable during the severance period and, unless he commences employment with another employer offering similar benefits, the continued receipt of all employee benefits accorded him prior to termination and (ii) the restricted stock and stock option grants referred to above will continue to vest. Mr. Gatfield may terminate his employment at any time by giving us notice at least 45 days in advance.

Deferred Benefit Arrangements

Bell Deferred Compensation Arrangement

Mr. Bell is a participant in the True North Communications Inc. Deferred Compensation Plan, which provides that if he dies while he is employed by us, his beneficiaries will receive $60,000 annually for 15 years. In addition, upon Mr. Bell’s retirement at any age or the termination of his employment we will pay him (or in the event of his death, his beneficiaries) $60,000 per year for 15 years.

Special Deferred Benefit Agreements

Each of the following named executive officers have entered into special deferred benefit agreements with us as described below.

In 2003, we entered into an agreement with Mr. Bell which provides that if he dies while he is employed by us $232,500 per year will be paid to his beneficiaries for 15 years following his death. In addition, if he retires, resigns or is no longer our employee (other than by reason of his death) on or after his 68th birthday, but before his 69th birthday, he will receive payments of $204,600 per year for a period of 15 years, and if he retires, resigns or is no longer our employee (other than by reason of his death) on or after his 69th birthday, he will receive payments of $232,500 per year for a period of 15 years. If he ceases to be employed by us prior to his 68th birthday for any reason other than his death, he will receive a lump sum payment of $150,000 for each full year (and a pro rata portion for each partial year) that he was our employee beginning from the date he entered into the agreement.

After Mr. Bell’s employment terminates, if he were to die before all applicable payments were made under the agreement, we would make the remaining payments to his beneficiaries.

Mr. Dooner is a party to three agreements which in the aggregate provide that if he dies while he is employed by us $2,186,000 per year will be paid to his beneficiaries for 15 years following his death. In addition, if Mr. Dooner’s employment is terminated due to him becoming disabled $2,186,000 per year will be paid to him for 15 years following such termination. Alternatively, if he retires, resigns or is otherwise no longer our employee (other than by reason of his death) he will receive payments for 15 years ranging from $930,200 to $2,186,000 per year, depending upon the year his employment terminates. Mr. Dooner is a party to a fourth agreement that provides that if he dies while he is employed by us, $240,000 per year will be paid to his beneficiaries for 15 years following his death. Alternatively, if he retires, resigns or is otherwise no longer our employee (other than by reason of his death) on or after his 56th birthday he will receive payments for 15 years ranging from $153,600 to $240,000 per year, depending upon the year his employment terminates. In the event Mr. Dooner’s employment terminates prior to his 56th birthday (other than by reason of death), he will be paid lesser sums but not less than an aggregate of $700,000. We have also entered into an agreement with Mr. Dooner which provides that (i) if he dies while he is employed by us, his beneficiaries will receive $88,500 annually for 15 years, (ii) if his employment is terminated due to him becoming disabled, $88,500 per year will be paid to him for 15 years following such termination or (iii) upon his retirement he will receive retirement benefits at the rate of $88,500 per year for 15 years.

After Mr. Dooner's employment terminates, if he were to die before all applicable payments were made under these agreements, we would make the remaining payments to his beneficiaries.

Mr. Coughlin is a party to an agreement with us that provides if he dies while employed by us, his beneficiaries will be paid $200,000 per year for 15 years. If he retires from employment with us on or after his 60th birthday, we will make payments to him for 15 years of $200,000 per year, and if he retires, resigns or his employment is terminated on or after his 59th birthday but prior to his 60th birthday, he will receive payments for 15 years of $176,000 per year. If he ceased to be our employee (other than by reason of death) prior to his 59th birthday, he will receive lesser sums but not less than $75,000. If his employment is terminated prior to June 16, 2005 (other than for cause or voluntary resignation), then in addition to any other payments to which he would be entitled under the agreement he would receive an annuity payment of $50,000 per year for 15 years commencing on his 60th birthday.

Mr. Coughlin's employment was terminated on December 31, 2004. In accordance with the terms of his agreement with us described in the previous paragraph, Mr. Coughlin will receive $168,548 to be paid in 21 equal monthly installments.

Termination and Change in Control Agreements

Christopher Coughlin Separation Agreement

Effective December 31, 2004, Mr. Coughlin resigned from all positions that he held with us. In connection with his resignation, we entered into a Confidential Separation Agreement and General Release with Mr. Coughlin (the "Separation Agreement").

The Separation Agreement provided that Mr. Coughlin would remain eligible for his annual bonus under the Interpublic Annual Management Incentive Plan and to defer amounts under his Special Deferred Benefit Agreement described above under the heading Deferred Benefit Arrangements - Special Deferred Benefit Agreements.

In addition, the Separation Agreement accelerated the vesting of 50,000 stock options (25% of the 200,000 stock options granted to Mr. Coughlin upon the commencement of his employment) and allowed the accelerated options to remain exercisable for a 90-day period following December 31, 2004. The balance of his options was forfeited.

Executive Severance Agreements

We have entered into an agreement with each of the named executive officers, other than Mr. Bell, pursuant to which a cash severance payment would become payable to the executive individual if, within two years after a "change of control," (i) we terminate the executive's employment other than for "cause" or (ii) the executive resigns for "good reason."

The agreements provide that a "change of control" occurs if: (a) any person, other than Interpublic or any of its subsidiaries, becomes the beneficial owner (within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934, as amended) of 30% or more of the combined voting power of our then outstanding voting securities; (b) the stockholders approve an agreement to merge or consolidate with another corporation (other than one of our subsidiaries) or an agreement to sell or dispose of all or substantially all of our the business or assets; or (c) during any period of two consecutive years, individuals who, at the beginning of such period, constituted the Board of Directors cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by our 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.

Under the agreements, we shall have "cause" to terminate an executive, following a "change of control", if the executive: (a) engages in conduct that constitutes a felony and that results in the personal enrichment of the executive at our expense; (b) refuses to substantially perform his responsibilities for us; or (c) deliberately and materially breaches any agreement between himself and us and fails to remedy that

breach within a 30-day cure period. An executive may resign for “good reason” following a “change in control” if, without his consent, in any circumstance other than his disability, his office in Interpublic or the geographical area of his employment should be changed or his compensation should not continue to be paid and increased on the same basis as had been in effect prior to the “change of control” or the individual should determine in good faith that we had, without his consent, effected a significant change in his status within, or the nature or scope of his duties or responsibilities with, us and we failed to cure such situation within 30 days after written notice from the individual.

The severance payment to which an executive, other than Messrs. Cyprus and Gatfield, would be entitled is equal to three times the individual’s average annual compensation during the two calendar years ended prior to the date of a “change of control”. Messrs. Cyprus and Gatfield are entitled to receive two times such executive’s average annual compensation. In addition, each executive is entitled to receive a partial annual bonus based on the most recent bonus paid to such executive within the two years preceding the year such executive is terminated prorated for the elapsed portion of the year in which employment terminated. In general, if no bonus was paid to an executive in such prior years, such executive would be entitled to a pro rata bonus based on the greater of the last bonus actually awarded to such executive and the target bonus award established for such executive. The average compensation used in calculating the severance payment would be the executive’s taxable compensation plus any deferred compensation accrued during the two relevant years, but would not include any deferred compensation earned in prior years but paid during the two years and would not include any taxable compensation relating to any of our stock option or restricted stock plans.

Each agreement also provides that if the executive’s employment terminates in circumstances entitling him to a severance payment, he will, for a period of 18 months following the termination of his employment, neither (a) solicit any of our employees to leave such employ to enter into the employ of the individual, or any person or entity with which the individual is associated, nor (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 which was a client of ours on the date the individual’s employment terminates.

The agreements give the executive an option to limit payment under the agreements to such sum as would avoid subjecting the individual to the excise tax imposed by Section 4999 of the Internal Revenue Code.

Also under the severance agreements, sums previously deferred by the executive pursuant to employment agreements and under the Management Incentive Compensation Plans and amounts payable under Special Deferred Benefit Agreements would become payable within 30 days following a “change of control” if the individual has elected to receive the distribution prior to the “change of control.”

In accordance with the terms of the Separation Agreement between us and Mr. Coughlin, Mr. Coughlin’s Executive Severance Agreement was terminated, effective December 31, 2004.

The Interpublic Senior Executive Retirement Income Plan

Effective as of August 1, 2003, we established a Senior Executive Retirement Income Plan (“SERIP”) to provide our US-based senior executives with certain retirement benefits. This new plan is intended to replace our prior program of providing Special Deferred Benefit Agreements to key executives selected by the Compensation Committee. In general, under the SERIP, we will provide an eligible participant with a monthly payment for 15 years beginning upon the termination of the executive’s employment at age of 60 and after any non-competition and non-solicitation agreements of the executive have expired. However, a participant who is at least age 55 and who has completed at least five years of participation in the SERIP may elect to receive a reduced benefit. Each participant must execute a Participation Agreement that provides for the amount of the annual benefit to be paid. Generally, at the end of three years of participation in the SERIP, 30% of the annual benefit is vested, with the vested portion increasing by 10% for the next seven years. However, if the executive breaches a non-competition or non-solicitation agreement, the executive’s entire vested benefit is subject to forfeiture. Any participant

who is a party to a Special Deferred Benefit Agreement at the time the participant begins to participate in the SERIP is deemed to have participated in the SERIP for up to three years. Any portion of a participant's benefit that is not vested will be forfeited upon termination of employment.

An executive who becomes disabled will continue to participate fully in the SERIP until the executive's employment terminates. If an executive dies before his benefit is fully vested, the participant's will be entitled to only the vested portion of the benefit.

Of the named executive officers, only Mr. Gatfield participates in the SERIP. Under his Participation Agreement, Mr. Gatfield will be entitled to receive an annual payment of $200,000 per year. This benefit will become fully vest on April 14, 2014.

The Interpublic Capital Accumulation Plan

Effective as of August 1, 2003, we established a Capital Accumulation Plan ("CAP") to provide deferred compensation to our senior management employees selected by the Management Human Resources Committee (the "Committee"). This new plan is intended to replace our prior program of providing Special Deferred Benefit Agreements to key executives. Under the plan, a participant receives an annual credit of a specified dollar amount on December 31 of each year that the participant continues to be employed by us. The credited amount accrues interest each year at an applicable interest rate which can be adjusted upward or downward at the discretion of the Committee. This account balance becomes fully vested as to both prior and future dollar and interest credits when the executive has completed three years of participation in the CAP, except that all interest credits are subject to forfeiture if the executive breaches a non-competition or non-solicitation agreement. Any portion of a participant's benefit that is not vested will be forfeited upon termination of employment.

The vested account balance will be distributed following termination of employment with us and the expiration of any non-competition and non-solicitation agreements of the executive at such time as the executive shall elect. Unless otherwise specified by the participant, the vested account balance will be paid by us in a lump sum payment. Alternatively, a participant whose employment terminates after age 55 and who has completed at least five years of participation in the CAP may elect a distribution in monthly installment over a period of between 10 and 15 years. Each participant must execute a Participation Agreement that specifies for the amount of the annual credit. An executive who becomes disabled will continue to participate fully in the CAP until the executive's employment terminates. An executive who dies before his account balance is vested will forfeit the entire account balance.

Of the named executive officers, only Messrs. Cyprus and Roth participate in the CAP. Under Mr. Cyprus' Participation Agreement, he is entitled to an annual credit of $80,000 and his account balance will fully vest on May 15, 2007. Under Mr. Roth's Participation Agreement, he is entitled to an annual credit of $100,000 and his account balance will fully vest on May 15, 2007. During 2004, interest was credited at the rate of 4.25%.

Retirement Plan

As of January 1, 1992, we adopted the Interpublic Retirement Account Plan to provide benefits under a "cash balance formula" to most of our employees who have at least five years of service. Each year a participant's account balance is credited with an amount equal to a percentage of the participant's annual compensation and interest credits. The percentage of annual compensation varies based on the sum of the participant's age and years of service from 1.5% for participants with a sum less than 40 years to 5% for participants with a sum of 80 or more years. Interest credits are based on the 1-year US Treasury bill rate plus 1 percentage point, compounded quarterly, and are guaranteed to be at least 5% per year, compounded quarterly.

Until July 31, 1987, most of our employees were entitled in general to receive at retirement a monthly retirement benefit pursuant to a defined benefit pension formula computed as a percentage of average monthly compensation during the five consecutive calendar years with highest compensation with certain

exclusions. The percentage of average monthly compensation used to calculate the monthly benefit was determined by multiplying the number of years of accredited service (which is defined in the Plan as the period of participation in the Plan) by 1.3%.

Beginning July 31, 1987, the method of calculating the pension benefit was changed to a career average formula based on annual compensation. The percentage of annual compensation used to calculate the benefit was 1% of each year's compensation up to $15,000 plus 1.3% of any compensation in excess of that amount.

Participants under the defined benefit pension formula on December 31, 1991, had their normal retirement benefit converted on an actuarial basis into an "opening cash balance" as of January 1, 1992. In addition, participants continued to accrue benefits pursuant to the career average formula and became eligible to receive upon retirement the higher of (1) the participant's benefit under the cash balance formula or (2) the participant's accrued retirement benefit under the career average formula as of December 31, 1991, plus any accrual after that date calculated pursuant to the career average formula. Employees hired by us after December 31, 1991, were eligible to accrue benefits only under the cash balance formula.

With certain minor exceptions, "compensation" under the career average formula as well as the cash balance formula includes all compensation subject to federal income tax withholding. Annual compensation for pension accruals since December 31, 1988 has been limited by federal tax law.

As of March 31, 1998, we froze benefit accruals under the Interpublic Retirement Account Plan and participants whose benefits were not already vested became fully vested as of April 1, 1998. Retirement account balances as of that date will continue to be credited with interest until benefits begin in accordance with the generally applicable Plan provisions, but additional allocations by us have been discontinued as of March 31, 1998.

Effective April 1, 1998, employees with five or more years of Retirement Account Plan participation began to participate in a new Compensation Plan. Under the New Compensation Plan, an account is established for each eligible employee and credited with up to ten annual allocations depending on the employee's years of participation in the Retirement Account Plan. Each annual allocation approximates the discontinued allocations under the Retirement Account Plan. In general, the balance in each employee's account begins to vest gradually after five years of participation in the new Compensation Plan. Payouts generally are made while the employee is still employed by us.

Mr. Dooner is the only eligible participant in both the Retirement Account Plan and the New Compensation Plan. The estimated annual retirement benefit that Mr. Dooner would receive at the normal retirement age of 65 years old, payable as a straight life annuity under the Interpublic Retirement Account Plan is $62,185. Alternatively, Mr. Dooner could take the benefit as a lump sum estimated at $740,292.

Under the New Compensation Plan, Mr. Dooner will receive, prior to normal retirement age, a total distribution in the amount of $108,500.

Messrs. Bell, Coughlin, Cyprus, Gatfield and Roth each were hired by us after the Retirement Age Account Plan was frozen and accordingly are not entitled to receive any benefits under the Interpublic Retirement Account Plan or the New Compensation Plan.

Non-Management Directors' Compensation

Each Non-Management Director receives as cash compensation for services rendered, an annual retainer of $40,000, an annual retainer of $2,000 for each committee on which he or she serves, a fee of $1,500 for each meeting of the Board attended and a fee of $1,500 for each committee meeting attended. The Chairperson of the Compensation Committee, the Chairperson of the Finance Committee and the Chairperson of the Corporate Governance Committee each receives an additional retainer of $7,500 per year and the Chairperson of the Audit Committee receives an additional retainer of $10,000 per year.

As Presiding Director of the Board, Mr. Borelli receives an annual retainer of $50,000, reduced from $200,000 effective March 2, 2005.

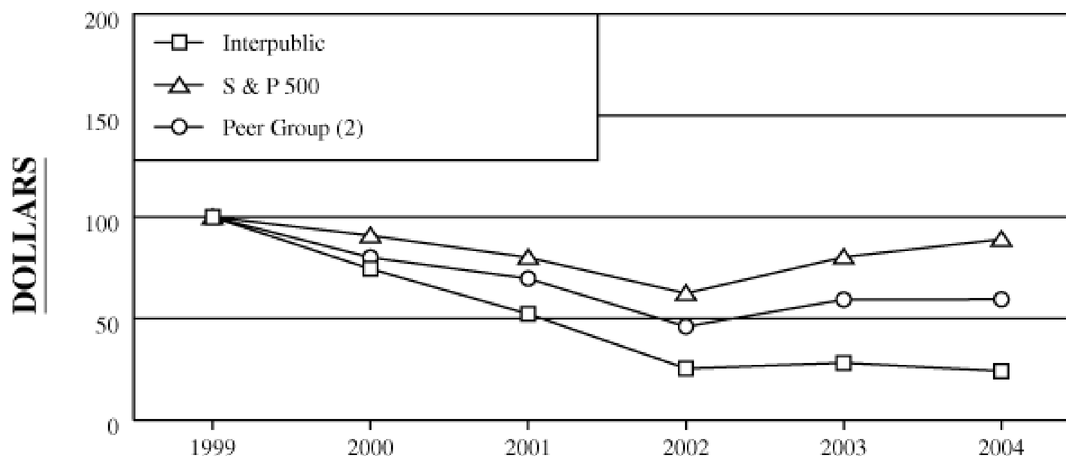
Each Non-Management Director also receives, as consideration for services rendered as a member of the Board, stock-based compensation under the Interpublic Non-Management Directors' Stock Incentive Plan, which was approved by the stockholders in 2004 (the "Non-Management Directors' Plan") and replaced the Outside Directors Stock Incentive Plan (the "Outside Directors' Plan"). The Non-Management Directors' Plan to provide for an annual grant to each Non-Management Director of (i) 800 shares of our Common Stock that are not subject to transfer restrictions or forfeiture (the "Freely Tradeable Shares") and (ii) at the election of each Non-Management Director, either (a) 1,600 restricted shares of our Common Stock ("Restricted Shares") or (b) 1,600 restricted share units ("Share Units"). The Non-Management Directors' Plan provides that the grants would be made each January, commencing with the year 2005, while the Non-Management Directors' Plan remains in effect. With respect to the Restricted Shares, the recipient has all rights of ownership, including the right to vote and to receive dividends, except that, prior to the expiration of a three-year period after the date of grant (the "Restricted Period"), the recipient is prohibited from selling or otherwise transferring the shares. With respect to the Share Units, and subject to the expiration of Restricted Period, each recipient has the right to receive at the time such recipient's service as a director terminates, a cash payment in an amount equal to the fair market value of the corresponding number of shares of Common Stock. At the discretion of the Corporate Governance Committee, the Share Units balance of a Non-Management Director may be credited with additional Share Units corresponding to any dividends that are paid from time on the Common Stock. If, on or after the first anniversary of the grant of the Restricted Shares or the Share Units, as applicable, the recipient's service as a director terminates for any reason (including death) during the Restricted Period, the respective restrictions will lapse immediately in proportion that the number of months that have elapsed since the date of grant bears to the total number of months of the Restricted Period, and the remainder of such Restricted Shares or the remaining value of the Restricted Units, as applicable, will be forfeited. If the recipient's service as a director terminates for any reason (including death) before the first anniversary of the date of grant, all such Restricted Shares and Share Units, as applicable, will be forfeited. The Corporate Governance Committee, which is responsible for the administration of the Non-Management Directors' Plan, may in its discretion direct us to make cash payments to the recipient of Restricted Shares to assist in satisfying the federal income tax liability with respect to the receipt or vesting of the Restricted Shares.

On March 9, 2004, in accordance with the Outside Director's Plan, each of Ms. Considine and Messrs. Borelli, Brack, Goldstein, Greeniaus, Roth and Samper received a grant of 800 Freely-Tradeable Shares of Common Stock and a grant of 1,600 Restricted Shares. In 2005, in accordance with the Non-Management Directors' Plan, each of Ms. Considine and Messrs. Borelli, Brack, Goldstein, Greeniaus, Samper and Thomas received a grant of 800 Freely-Tradeable Shares and 1,600 Restricted Shares.

Mr. Goldstein and Ms. Considine each has an agreement with us for the deferral of all fees that the individual is entitled to receive as a director or as a member of any committee of the Board of Directors. The amounts deferred earn credits equivalent to interest in accordance with the terms of our Plan for Credits Equivalent to Interest on Balances of Deferred Compensation Owing under Employment Agreements. Payments of the amounts deferred, together with accrued interest, will be made to the director, or his or her designated beneficiaries as the case may be, in a lump-sum upon the director's death, disability or retirement from the Board. Each Non-Management Director who, as of December 31, 1995, had accumulated at least five years of service is entitled to receive an annual retirement benefit under the Interpublic Outside Directors' Pension Plan (the "Outside Directors' Pension Plan"). In general, the benefit becomes payable in the month following the month the director leaves the Board. The benefit is equal to the amount of the annual retainer paid to the director as a Board member in the year in which he or she ceased to serve as a director and will be paid for the same number of years as the director's years of service, up to a maximum of 15 years. In the event of the death of a director with a vested retirement benefit, the then present value of the director's unpaid retirement benefits will be paid to the surviving spouse or the estate of the director. Effective December 31, 1995, the Outside Directors' Pension

Plan was terminated, except to the extent benefits were accrued prior to termination. As a result there have been no further accruals for the benefit of existing directors under the Outside Directors' Pension Plan for subsequent years. Any director with fewer than five years of service on the date that the Plan was terminated will not receive any benefits under the Plan. Mr. Samper is the only current director entitled to receive benefits under the Outside Directors Pension Plan.

Five Year Performance Comparison



The table below provides an indicator of cumulative total shareholder returns for our common stock compared with the S&P 500 Stock Index (S&P 500) and our peer group indices.

	1999	2000	2001	2002	2003	2004
Interpublic	100.0	74.46	52.27	25.36	28.09	24.13
S&P 500	100.0	90.89	80.09	62.39	80.29	89.02
Peer Group(2)	100.0	80.11	69.67	46.01	59.32	59.43

Explanation

The graph assumes $100 is invested on December 31, 1999, and that all dividends are reinvested. The Peer Group index for 2004 consists of Interpublic, Omnicom, Grey Advertising and WPP Group. The Peer Group also included, for years prior to 2003, Cordiant PLC which was acquired by WPP Group on August 1, 2003, for years prior to 2001, True North Communications, Inc., which was acquired by us in June 2001, and for the years prior to 2000, Young and Rubicam, Inc., which was acquired by WPP Group in October 2000. Total shareholder return is weighted according to market capitalization at the beginning of each annual period.

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Item 12. *Security Ownership of Certain Beneficial Owners and Management*

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information regarding the shares of common stock to be issued or which may be issued under our equity compensation plans:

Equity Compensation Plan Information

Plan Category	Number of Shares of Common Stock to be Issued Upon Exercise of Outstanding Stock Options (a)	Weighted-Average Exercise Price of Outstanding Stock Options (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)(1)
Equity Compensation Plans Approved by Security Holders	38,646,208	$ 26.36	26,529,906
Equity Compensation Plans Not Approved by Security Holders(2)	840,075	$ 27.53	0

(1) Includes 11,681,753 shares of our common stock available for issuance under the Employee Stock Purchase Program (1995) (the “Stock Purchase Program”) as of December 31, 2004. The Stock Purchase Program expired by its terms on June 30, 2005, and consequently, these shares are no longer available for issuance.

(2) Consists of special stock option grants awarded to certain True North executives following our acquisition of True North (“True North Options”). The True North Options were granted on August 23, 2001 at the fair market value of our common stock on the date of the grant. The terms and conditions of these stock option awards are governed by our 1997 Performance Incentive Plan which provides that stock options are exercisable as determined by the Compensation Committee of the Board of Directors. Generally, options become exercisable between two and five years after the date of the grant and expire ten years from the grant date. The True North Options vested approximately 40% and 30% on August 23, 2004 and August 23, 2005, respectively, and will vest approximately 30% on August 23, 2006.

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Outstanding Shares

Our outstanding capital stock at the close of business on August 31, 2005 consisted of 427,268,023 shares of Common Stock and 7,475,000 shares of 5³/₈% Series A Mandatory Convertible Preferred Stock (the “Series A Preferred Stock”). The following table sets forth information concerning direct and indirect beneficial ownership of our Common Stock as of December 31, 2004 (assuming no change in their beneficial ownership of Common Stock since the date indicated) by persons known to us to have beneficial ownership of more than 5% of the Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock(1)	Percent of Class
AMVESCAP PLC 11 Devonshire Square London EC2M 4YR England	23,115,284	5.47%
AXA Financial, Inc. 1290 Avenue of the Americas New York, NY	42,312,272	10.0%
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	28,658,220	6.71%
Capital Group International Inc 11100 Santa Monica Boulevard Los Angeles, CA 90025	22,275,090	5.30%
Pacific Financial Research, Inc 9601 Wilshire Boulevard Suite 800 Beverly Hills, CA 90210	25,501,405	6.00%
Barclays Global Investors NA 45 Fremont Street San Francisco, CA 94105	22,668,039	5.25%

(1) The rules of the SEC deem a person to be the beneficial owner of a security (for purposes of proxy statement disclosure) if that person has or shares either or both voting or dispositive power with respect to such security. Additionally, a security is deemed to be beneficially owned by a person who has the right to acquire beneficial ownership thereof within 60 days, for example, through the conversion of notes.

(2) Calculated based on the number of shares of Common Stock outstanding on August 31, 2005.

(3) This disclosure is based on information supplied by AMVESCAP PLC and a number of its subsidiaries in a Schedule 13G filed with the SEC on February 15, 2005, in which AMVESCAP PLC and such subsidiaries report that collectively they have sole voting power with respect to 23,115,284 shares of Common Stock and sole dispositive power with respect to 23,115,284 shares of Common Stock.

(4) This disclosure is based on information supplied by AXA Financial, Inc., primarily through Alliance Capital Management L.P., as well as a number of other affiliates, in a Schedule 13G filed with the SEC on March 10, 2005, in which AXA Financial, Inc. and such affiliates report that collectively they have sole voting power with respect to 21,198,110 shares of Common Stock and sole dispositive power with respect to 42,278,457 shares of Common Stock.

(5) This disclosure is based on information supplied by Capital Research and Management Company (“Capital”) in an amended Schedule 13G filed with the SEC on February 14, 2005, in which Capital

reported that it is an investment adviser that has sole dispositive power with respect to 28,658,220 shares of Common Stock including 2,664,220 shares issuable upon the conversion of 877,600 shares of the Series A Preferred Stock.

(6) This disclosure is based on information supplied by Capital Group International Inc. (“CGI”) in an amended Schedule 13G filed with the SEC on February 14, 2005, in which CGI reported that it is a holding company of a group of investment management companies that in the aggregate have sole voting power with respect to 18,708,850 shares of Common Stock and sole dispositive power with respect to 22,275,090 shares of Common Stock, including 563,140 shares issuable upon the conversion of 185,500 shares of Series A Preferred Stock.

(7) This disclosure is based on information supplied by Pacific Financial Research, Inc. (“Pacific”) in an amended Schedule 13G filed with the SEC on February 11, 2005, in which Pacific reported that it is an investment adviser that has sole voting power with respect to 23,853,205 shares of Common Stock and sole dispositive power with respect to 25,501,405 shares of Common Stock.

(8) This disclosure is based on information supplied by Barclays Bank PLC and a number of its affiliates in a Schedule 13G filed with the SEC on February 14, 2005, in which Barclays Bank PLC and such affiliates report that collectively they have sole voting power with respect to 20,890,747 shares of Common Stock and sole dispositive power with respect to 22,668,039 shares of Common Stock.

The following table sets forth information concerning the direct and indirect beneficial ownership of our Common Stock as of August 31, 2005 by each director, each nominee for election as a director, each executive officer named in the Summary Compensation Table, and all our directors and executive officers as a group:

Name of Beneficial Owner(1)(2)	Common Stock Ownership(2)(3)(4)(5)	Options Exercisable Within 60 Days	Total
David A. Bell	646,836	333,578	980,414
Frank J. Borelli	17,700	14,436	32,136
Reginald K. Brack	25,700	12,510	38,210
Jill M. Considine	16,200	12,510	28,710
Christopher J. Coughlin	0	0	0
Nick Cyprus	89,268	27,672	116,940
John J. Dooner, Jr.	1,027,770	826,913	1,856,683
Stephen J. Gatfield	27,479	0	27,479
Richard A. Goldstein	14,231	4,000	18,231
H. John Greeniaus	45,220	2,000	47,220
Michael I. Roth	625,990	2,000	627,990
J. Phillip Samper	25,720	14,436	40,156
David M. Thomas	2,400	0	2,400
All directors and executive officers as a group	2,564,514	1,250,055	3,814,569

(1) On January 19, 2005, Michael Roth succeeded David Bell as Chief Executive Officer.

(2) Effective December 31, 2004, Mr. Coughlin resigned his position as Chief Financial Officer.

(3) The rules of the SEC deem a person to be the beneficial owner of a security (for purposes of proxy statement disclosure) if that person has or shares either or both voting or dispositive power with respect to such security. Additionally, a security is deemed to be beneficially owned by a person who has the right to acquire beneficial ownership thereof within 60 days, for example through the exercise of a stock option. Common Stock ownership set forth in this table includes unvested shares of restricted stock awarded under any of the 2004 Performance Incentive Plan, 2002 Performance Incentive Plan, the 1997 Performance Incentive Plan, the Interpublic Outside Directors’ Stock Incentive Plan and the Interpublic Non-Management Directors’ Stock Incentive Plan due to the right

of the persons identified to exercise voting power with respect to the shares. Except as otherwise indicated, each person has sole voting and sole dispositive power over the shares indicated as beneficially owned.

(4) No individual identified in the table has beneficial ownership of more than 1% of the outstanding shares of Common Stock. The directors and executive officers as a group do not beneficially own more than 1% of the outstanding shares.

(5) Includes for Mr. Bell 8,047 shares owned by a family trust and for Mr. Goldstein 800 shares owned by his spouse.

(6) No executive officer or director is a beneficial owner of any shares of the Series A Preferred Stock.

Item 13. *Certain Relationships and Related Transactions*

Since January 1, 2004, a brother of Christopher J. Coughlin, who resigned as Chief Financial Officer of Interpublic as of December 31, 2004, was employed by a subsidiary of Interpublic at an annual salary of $250,000.

Item 14. *Principal Accountant Fees and Services*

Fees Paid to PricewaterhouseCoopers LLP

The following table sets forth the aggregate fees billed by PricewaterhouseCoopers for audit services performed in connection with the our consolidated financial statements and reports for fiscal years 2004 and 2003, respectively, and for other services rendered us during those years.

Fee Category	2004	% of Total	2003	% of Total
Audit Fees	$ 81,210,000	88%	$ 26,540,000	67%
Audit Related Fees	3,692,100	4%	3,909,000	10%
Tax Fees	7,768,000	8%	8,918,900	23%
All Other Fees	—		—	
Total Fees	$ 92,670,100	100%	$ 39,367,900	100%

Audit Fees: Consists of fees billed for professional services rendered for the audit of our consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by PricewaterhouseCoopers in connection with statutory and regulatory filings or engagements, and attest services, except those not required by statute or regulation.

Audit Related Fees: Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under Audit Fees. These services include employee benefit plan audits, accounting consultations in connections with acquisitions/divestitures, assisting us with our preparations for compliance with Section 404 of the Sarbanes Oxley Act of 2002, and attest services that are not required by statute or regulation.

Tax Fees: Consists of tax compliance/preparation and other tax services. Tax compliance/ preparation consist of fees billed for professional services related to federal, state and international tax compliance, assistance with tax audits and appeals, assistance with custom and duties audits, expatriate tax services and assistance related to the impact of mergers, acquisitions and divestitures on tax return preparation. Other tax services include miscellaneous tax consulting and planning.

All Other Fees: There were no amounts that comprised other fees.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee approves all audit and permissible non-audit services provided by the independent auditors. The permissible non-audit services may include audit-related services, tax-related services and all other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may pre-approve particular services on a case-by-case basis. The Audit Committee has delegated pre-approval authority to its Chairman for projects less than $100,000, who must report any decision to the Audit Committee at the next scheduled meeting.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) Listed below are all financial statements, financial statement schedules and exhibits filed as part of this Report on Form 10-K.

1. *Financial Statements:*

The Interpublic Group of Companies, Inc. and Subsidiaries Report of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for the years ended December 31, 2004, 2003 and 2002

Consolidated Balance Sheets as of December 31, 2004 and 2003

Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002

Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income (Loss) for the years ended December 31, 2004, 2003 and 2002

Notes to Consolidated Financial Statements

2. *Financial Statement Schedules:*

Report of Independent Registered Public Accounting Firm on Financial Statement Schedule

Valuation and Qualifying Accounts (for the three years ended December 31, 2004)

All other schedules are omitted because they are not applicable.

3. *Exhibits:*

(Numbers used are the numbers assigned in Item 601 of Regulation S-K and the EDGAR Filer Manual. An additional copy of this exhibit index immediately precedes the exhibits filed with this Report on Form 10-K and the exhibits transmitted to the SEC as part of the electronic filing of this Report.)

Exhibit No.	Description
3(i)	Restated Certificate of Incorporation of the Registrant, as amended through May 29, 2003, is incorporated by reference to Exhibit 3(i) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 filed with the Securities and Exchange Commission (the "SEC") on November 14, 2003.
3(ii)	By-Laws of the Registrant, as amended and restated through January 18, 2005, are incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on January 21, 2005.
3(iii)	Certificate of Designations of 5³/₈% Series A Senior Mandatory Convertible Preferred Stock of the Registrant, as filed with the Delaware Secretary of State on December 17, 2003 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2003.
4(iii)(A)	Certificate of Designations of 5³/₈% Series A Senior Mandatory Convertible Preferred Stock of the Registrant, as filed with the Delaware Secretary of State on December 17, 2003, is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2003.
4(iii)(B)	Senior Debt Indenture, dated as of October 20, 2000 (the "2000 Indenture"), between the Registrant and The Bank of New York, as trustee, is incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 24, 2000.

Exhibit No.	Description
4(iii)(C)	First Supplemental Indenture, dated as of August 22, 2001, to the 2000 Indenture, with respect to the 7.25% Senior Unsecured Notes due 2011 is incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-4 filed with the SEC on December 4, 2001.
4(iii)(D)	Second Supplemental Indenture, dated as of December 14, 2001, to the 2000 Indenture, with respect to the Zero-Coupon Convertible Senior Notes due 2021 is incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-3 filed with the SEC on April 5, 2002.
4(iii)(E)	Third Supplemental Indenture, dated as of March 13, 2003, to the 2000 Indenture, with respect to the 4.50% Convertible Senior Notes due 2023 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 18, 2003.
4(iii)(F)	Fifth Supplemental Indenture, dated as of March 28, 2005, to the 2000 Indenture, as modified by the First Supplemental Indenture, dated as of August 22, 2001, with respect to the 7.25% Senior Unsecured Notes due 2011 is incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 1, 2005.
4(iii)(G)	Sixth Supplemental Indenture, dated as of March 30, 2005, to the 2000 Indenture, as modified by the Third Supplemental Indenture, dated as of March 13, 2003, with respect to the 4.50% Convertible Senior Notes due 2023 is incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 1, 2005.
4(iii)(H)	Seventh Supplemental Indenture, dated as of August 11, 2005, to the 2000 Indenture, as modified by the Third Supplemental Indenture, dated as of March 13, 2003, and the Sixth Supplemental Indenture, dated as of March 30, 2005, with respect to the 4.50% Senior Convertible Notes due 2023 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 15, 2005.
4(iii)(I)	Senior Debt Indenture entered into between the Registrant and Suntrust Bank, as Trustee, dated as of November 12, 2004 (the "2004 Indenture"), is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 15, 2004.
4(iii)(J)	First Supplemental Indenture, dated as of November 18, 2004, to the 2004 Indenture, with respect to the 5.40% Notes Due 2009 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 19, 2004.
4(iii)(K)	Second Supplemental Indenture, dated as of November 18, 2004, to the 2004 Indenture, with respect to the 6.25% Notes Due 2014 is incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on November 19, 2004.
4(iii)(L)	Third Supplemental Indenture, dated as of March 28, 2005, to the 2004 Indenture, as modified by the Second Supplemental Indenture, dated as of November 18, 2004, with respect to the 6.25% Senior Unsecured Notes due 2014 is incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 1, 2005.
4(iii)(M)	Fourth Supplemental Indenture, dated as of March 29, 2005, to the 2004 Indenture, as modified by the First Supplemental Indenture, dated as of November 18, 2004, with respect to the 5.40% Senior Unsecured Notes due 2009 is incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed with the SEC on April 1, 2005.
4(iii)(N)	Fifth Supplemental Indenture, dated as of July 25, 2005, to the 2004 Indenture, with respect to the Floating Rate Notes due 2008 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 26, 2005.

Exhibit No.	Description
10(i)(A)	3-Year Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders, Initial Issuing Banks and Swing Line Bank, Named Therein and Citibank, N.A., as Administrative Agent is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on May 12, 2004.
10(i)(B)	Amendment No. 1, dated as of September 29, 2004, to the 3-Year Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 5, 2004.
10(i)(C)	Amendment No. 2, dated as of March 31, 2005 to the 3-Year Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as amended by Amendment No. 2, dated as of September 29, 2004 is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2005.
10(i)(D)	Letter agreement, dated as of March 31, 2005, between the Registrant and the lenders party to the 3-Year Credit Agreement, waiving breaches of the 3-Year Credit Agreement is incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2005.
10(i)(E)	Amendment No. 3, dated as of June 22, 2005 to the 3-Year Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as amended by Amendment No. 1, dated as of September 29, 2004 and Amendment No. 2, dated as of March 31, 2005 is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 28, 2005.
10(i)(F)	Letter agreement, dated as of June 22, 2005, between the Registrant and the lenders party to the 3-Year Credit Agreement, waiving breaches of the 3-Year Credit Agreement is incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 28, 2005.
10(i)(G)	Amended and Restated 3-year Credit Agreement, dated as of May 10, 2004, amended and restated as of September 27, 2005, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent.
10(i)(H)	364-Day Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named therein and Citibank, N.A., as Administrative Agent is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on May 12, 2004.
10(i)(I)	Amendment No. 1, dated as of September 29, 2004, to the 364-Day Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 5, 2004.
10(i)(J)	Amendment No. 2, dated as of March 31, 2005, to the 364-Day Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent, as amended by Amendment No 1., dated as of September 29, 2004 is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2005.
10(i)(K)	Letter agreement, dated as of March 31, 2005, between the Registrant and the lenders party to the 364-Day Credit Agreement, waiving breaches of the 364-Day Credit Agreement is incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2005.

Exhibit No.	Description
10(i)(L)	Amendment No. 3, dated as of June 22, 2005, to the 364-Day Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent, as amended by Amendment No. 1, dated as of September 29, 2004 and Amendment No. 2, dated as of March 31, 2005 is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 28, 2005.
10(i)(M)	Letter agreement, dated as of June 22, 2005, between the Registrant and the lenders party to the 364-Day Credit Agreement, waiving breaches of the 364-Day Credit Agreement is incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 28, 2005.
(i) Michael Roth	
10(iii)(A)(1)	Employment Agreement, made as of July 13, 2004, by and between the Registrant and Michael I. Roth, is incorporated by reference to Exhibit 10(iii)(A)(9) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(2)	Executive Severance Agreement, dated July 13, 2004 and executed as of July 27, 2004, by and between the Registrant and Michael I. Roth, is incorporated by reference to Exhibit 10(iii)(A)(10) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(3)	Supplemental Employment Agreement, dated as of January 19, 2005, between the Registrant and Michael I. Roth, is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 21, 2005.
10(iii)(A)(4)	Supplemental Employment Agreement, dated as of February 14, 2005, between the Registrant and Michael I. Roth, is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on February 17, 2005.
(ii) David A. Bell	
10(iii)(A)(5)	David A. Bell Employment Agreement, dated as of January 1, 2000, between True North Communications Inc. and David A. Bell is incorporated by reference to Exhibit 10(b)(iii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(6)	Employment Agreement Amendment, dated as of March 1, 2001, to an Employment Agreement, dated as of January 1, 2000, between True North Communications Inc. and David A. Bell is incorporated by reference to Exhibit 10(b)(iii)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(7)	Employment Agreement Amendment, dated as of June 1, 2001, and signed as of October 1, 2002, between True North Communications Inc. and David A. Bell to an Employment Agreement, dated as of January 1, 2000, as amended, is incorporated by reference to Exhibit 10(b)(i)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(8)	Supplemental Agreement, made as of February 28, 2003, to an Employment Agreement, made as of January 1, 2000, between the Registrant and David A. Bell, is incorporated by reference to Exhibit 10(iii)(A)(i) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(9)	Executive Special Benefit Agreement, made as of April 1, 2003, by and between the Registrant and David A. Bell, is incorporated by reference to Exhibit 10(iii)(A)(i)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(10)	Memorandum dated May 1, 2003, from David A. Bell, providing for Cancellation of Certain Stock Options, is incorporated by reference to Exhibit 10(iii)(A)(I)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(11)	Employment Agreement, dated as of January 18, 2005, between the Registrant and David A. Bell, is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 21, 2005.

Exhibit No.	Description
(iii) Nicholas J. Camera	
10(iii)(A)(12)	Executive Special Benefit Agreement, dated as of January 1, 1995, between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(b)(v)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(13)	Executive Severance Agreement, dated as of January 1, 1998, between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(b)(vi)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(14)	Employment Agreement, dated as of November 14, 2002, between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(b)(v)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(15)	Supplemental Agreement, made as of January 1, 2003 and executed as of June 23, 2003 to an Executive Severance Agreement, made as of January 1, 1998, by and between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(iii)(A)(iii)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(16)	Supplemental Agreement, made as of June 16, 2003, to an Executive Severance Agreement, made as of January 1, 1998, by and between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(iii)(A)(iii)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
(iv) Albert Conte	
10(iii)(A)(17)	Employment Agreement, dated as of February 21, 2000, between the Registrant and Albert Conte, is incorporated by reference to Exhibit 10(b)(vii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(18)	Supplemental Agreement, made as of June 15, 2004, to an Employment Agreement, made as of February 21, 2000, by and between the Registrant and Albert Conte, is incorporated by reference to Exhibit 10(iii)(A)(3) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(19)	The Interpublic Capital Accumulation Plan Participation Agreement, effective June 15, 2004, by and between the Registrant and Albert Conte, is incorporated by reference to Exhibit 10(iii)(A)(4) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(20)	Executive Special Benefit Agreement, made as of January 1, 2002 and executed as of June 26, 2004, by and between the Registrant and Albert Conte, is incorporated by reference to Exhibit 10(iii)(A)(5) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
(v) Nicholas S. Cyprus	
10(iii)(A)(21)	Employment Agreement, made as of May 2004, by and between the Registrant and Nicholas S. Cyprus, is incorporated by reference to Exhibit 10(iii)(A)(6) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(22)	Executive Severance Agreement, made as of May 24, 2004, by and between the Registrant and Nicholas S. Cyprus, is incorporated by reference to Exhibit 10(iii)(A)(7) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(23)	The Interpublic Capital Accumulation Plan Participation Agreement, effective May 15, 2004, by and between the Registrant and Nicholas S. Cyprus, is incorporated by reference to Exhibit 10(iii)(A)(8) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.

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Exhibit No.	Description
(vi) Thomas Dowling	
10(iii)(A)(24)	Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(iii)(A)(1) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2002.
10(iii)(A)(25)	Executive Special Benefit Agreement, dated as of February 1, 2000, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(viii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(26)	Executive Special Benefit Agreement, dated as of February 1, 2001, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(viii)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(27)	Supplemental Agreement, dated as of October 1, 2002, to an Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(vii)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(28)	Supplemental Agreement, dated as of November 14, 2002, to an Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(vii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(29)	Executive Severance Agreement, dated November 14, 2002, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(iii)(A)(vii) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
(vii) Steven Gatfield	
10(iii)(A)(30)	Employment Agreement, made as of February 2, 2004, by and between the Registrant and Steve Gatfield, is incorporated by reference to Exhibit 10(iii)(A)(1) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.
10(iii)(A)(31)	Participation Agreement under The Interpublic Senior Executive Retirement Income Plan, dated as of January 30, 2004, between the Registrant and Steve Gatfield, is incorporated by reference to Exhibit 10(iii)(A)(2) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.
10(iii)(A)(32)	Executive Severance Agreement, made as of April 1, 2004, by and between the Registrant and Steve Gatfield, is incorporated by reference to Exhibit 10(iii)(A)(3) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.
(viii) Philippe Krakowsky	
10(iii)(A)(33)	Employment Agreement, dated as of January 28, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(2) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2002.
10(iii)(A)(34)	Executive Special Benefit Agreement, dated as of February 1, 2002, and signed as of July 1, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(v) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002.
10(iii)(A)(35)	Special Deferred Compensation Agreement, dated as of April 1, 2002, and signed as of July 1, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(iv) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002.
10(iii)(A)(36)	Executive Severance Agreement, dated September 13, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(vi) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002.

Exhibit No.	Description
10(iii)(A)(37)	Executive Special Benefit Agreement, dated September 30, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(vi) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002.
10(iii)(A)(38)	Supplemental Agreement, made as of April 8, 2003, to an Employment Agreement, made as of January 28, 2002, by and between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(viii)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(39)	Supplemental Agreement, made as of June 16, 2003, to an Executive Severance Agreement, made as of November 14, 2002, by and between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(viii)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
(ix) Robert J. Thompson	
10(iii)(A)(40)	Employment Agreement, dated as of October 1, 2003, between the Registrant and Robert J. Thompson, is incorporated by reference to Exhibit 10(b)(vii)(a) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(41)	Capital Accumulation Plan Participation Agreement, entered into as of November 12, 2003, between the Registrant and Robert J. Thompson, is incorporated by reference to Exhibit 10(b)(vii)(b) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
(x) Frank Mergenthaler	
10(iii)(A)(42)	Employment Agreement, made as of July 13, 2005, between the Registrant and Frank Mergenthaler is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 19, 2005.
10(iii)(A)(43)	Executive Severance Agreement, made as of July 13, 2005, between the Registrant and Frank Mergenthaler is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 19, 2005.
(xi) Timothy A. Sompolski	
10(iii)(A)(44)	Employment Agreement, made as of July 6, 2004, by and between the Registrant and Timothy Sompolski, is incorporated by reference to Exhibit 10(iii)(A)(11) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.
10(iii)(A)(45)	Executive Severance Agreement, made as of July 6, 2004, by and between the Registrant and Timothy Sompolski, is incorporated by reference to Exhibit 10(iii)(A)(12) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.
10(iii)(A)(46)	The Interpublic Capital Accumulation Plan Participation Agreement, effective July 6, 2004, by and between the Registrant and Timothy Sompolski, is incorporated by reference to Exhibit 10(iii)(A)(13) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
(xii) John J. Dooner, Jr.	
10(iii)(A)(47)	Executive Special Benefit Agreement, dated as of July 1, 1986, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(e) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(48)	Executive Severance Agreement, dated as of August 10, 1987, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(h) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(49)	Supplemental Agreement, dated as of May 23, 1990, to an Executive Special Benefit Agreement, dated as of July 1, 1986, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(l) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.

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Exhibit No.	Description
10(iii)(A)(50)	Executive Special Benefit Agreement, dated as of, July 1, 1992, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(q) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(51)	Supplemental Agreement, dated as of August 10, 1992, to an Executive Severance Agreement, dated as of August 10, 1987, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(p) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(52)	Employment Agreement, dated as of January 1, 1994, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(r) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(53)	Executive Special Benefit Agreement, dated as of June 1, 1994, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(s) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(54)	Supplemental Agreement, dated as of July 1, 1995, to an Employment Agreement between the Registrant and John J. Dooner, Jr., dated as of January 1, 1994, is incorporated by reference to Exhibit 10(B) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1995.
10(iii)(A)(55)	Supplemental Agreement, dated as of July 1, 1995, to an Employment Agreement, dated as of January 1, 1994, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(t) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(56)	Supplemental Agreement, dated as of September 1, 1997, to an Employment Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(k) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1997.
10(iii)(A)(57)	Executive Severance Agreement, dated January 1, 1998, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 1998.
10(iii)(A)(58)	Supplemental Agreement, dated as of January 1, 1999, to an Employment Agreement dated as of January 1, 1994, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(e) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 1999.
10(iii)(A)(59)	Supplemental Agreement, dated as of April 1, 2000, to an Employment Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2000.
10(iii)(A)(60)	Executive Special Benefit Agreement, dated as of May 20, 2002, between the Registrant and John J. Dooner, Jr., signed as of November 11, 2002, is incorporated by reference to Exhibit 10(b)(xv)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(61)	Supplemental Agreement, dated as of November 7, 2002, to an Employment Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b)(xv)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(62)	Supplemental Agreement, dated as of November 7, 2002, to an Executive Special Benefit Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b)(xv)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(63)	Supplemental Agreement, made as of January 1, 2003 and executed as of June 17, 2003, to an Executive Severance Agreement, made as of January 1, 1998, by and between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(iii)(A)(iv)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.

Exhibit No.	Description
10(iii)(A)(64)	Supplemental Agreement, made as of March 31, 2003, to an Employment Agreement made as of January 1, 1994, as amended between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(iii)(A)(v) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(65)	Supplemental Agreement, made as of March 31, 2003 and executed as of April 15, 2003, to an Employment Agreement, made as of January 1, 1994, by and between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(iii)(A)(iv)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(66)	Letter Agreement, dated May 8, 2003, between the Registrant and John J. Dooner, Jr., providing for cancellation of certain Stock Options, is incorporated by reference to Exhibit 10(iii)(A)(iv)(c) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(67)	Supplemental Agreement dated as of November 12, 2003, to an Employment Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b)(viii)(u) to the Registrant's Report on Form 10-K for the year ended December 31, 2003.
(xiii) Jill Considine	
10(iii)(A)(68)	Deferred Compensation Agreement, dated as of April 1, 2002, between the Registrant and Jill Considine, is incorporated by reference to Exhibit 10(c) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2002.
(xiv) Richard A. Goldstein	
10(iii)(A)(69)	Richard A Goldstein Deferred Compensation Agreement, dated as of June 1, 2001, between the Registrant and Richard A. Goldstein, is incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q for the quarter ended June 30, 2001.
(xv) Christopher J. Coughlin	
10(iii)(A)(70)	Employment Agreement, made as of May 6, 2003, by and between the Registrant and Christopher J. Coughlin, is incorporated by reference to Exhibit 10(iii)(A)(ii) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(71)	Executive Special Benefit Agreement, made as of June 16, 2003, by and between the Registrant and Christopher J. Coughlin, is incorporated by reference to Exhibit 10(iii)(A)(iii) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(72)	Executive Severance Agreement, made as of June 16, 2003, by and between the Registrant and Christopher J. Coughlin, is incorporated by reference to Exhibit 10(iii)(A)(iv) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(73)	Confidential Separation Agreement and General Release, between the Registrant and Christopher J. Coughlin is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 6, 2005.
(xvi) Brian Brooks	
10(iii)(A)(74)	Executive Severance Agreement, dated November 8, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(iii)(A)(ix) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(75)	Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(b)(viii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(76)	Supplemental Agreement, made as of April 7, 2003, to an Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(iii)(A)(ii)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.

Exhibit No.	Description
10(iii)(A)(77)	Supplemental Agreement, made as of May 20, 2003, to an Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(iii)(A)(ii)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(78)	Supplemental Agreement, made as of June 16, 2003, to an Executive Severance Agreement, dated as of November 14, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(iii)(A)(ii)(c) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(79)	Senior Executive Retirement Income Plan Participation Agreement, effective as of November 10, 2003, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(b)(xi)(g) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(80)	Supplemental Agreement, made as of November 10, 2003, to an Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(b)(xi)(h) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(81)	Confidential Separation Agreement and General Release, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(b)(xi)(i) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(82)	Supplemental Agreement, made as of January 31, 2005, to a Confidential Agreement and General Release, made as of February 27, 2004, by and between the Registrant and Brian J. Brooks.
(xvii) Gunnar Wilmot	
10(iii)(A)(83)	Executive Special Benefit Agreement, dated as of January 1, 1990, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(d) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(84)	Supplemental Agreement, dated as of May 23, 1990, to an Executive Special Benefit Agreement, dated as of January 1, 1990, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(85)	Executive Special Benefit Agreement, dated as of October 1, 1996, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(86)	Executive Special Benefit Agreement, dated as of April 1, 1999, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(87)	Executive Special Benefit Agreement, dated as of January 1, 2002, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(88)	Letter Agreement, dated June 27, 2003, between the Registrant and Gunnar Wilmot providing for the Cancellation of Certain Stock Options is incorporated by reference to Exhibit 10(iii)(A)(xi) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(89)	Executive Special Benefit Agreement, dated as of May 16, 2003, and signed as of November 6, 2003, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(xiii)(g) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(90)	Trust Agreement, dated as of June 1, 1990, between the Registrant, Lintas Campbell-Ewald Company, McCann-Erickson USA, Inc., McCann-Erickson Marketing, Inc., Lintas, Inc. and Chemical Bank, as Trustee, is incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990.

Exhibit No.	Description
10(iii)(A)(91)	The Stock Option Plan (1988) and the Achievement Stock Award Plan of the Registrant are incorporated by reference to Appendices C and D of the Prospectus, dated May 4, 1989, forming part of its Registration Statement on Form S-8 (No. 33-28143).
10(iii)(A)(92)	The Management Incentive Compensation Plan of the Registrant is incorporated by reference to the Registrant’s Report on Form 10-Q for the quarter ended June 30, 1995.
10(iii)(A)(93)	The 1986 Stock Incentive Plan of the Registrant is incorporated by reference to Registrant’s Annual Report on Form 10-K for the year ended December 31, 1993.
10(iii)(A)(94)	The 1986 United Kingdom Stock Option Plan of the Registrant is incorporated by reference to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 1992.
10(iii)(A)(95)	The Employee Stock Purchase Plan (1985) of the Registrant, as amended, is incorporated by reference to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 1993.
10(iii)(A)(96)	The Long-Term Performance Incentive Plan of the Registrant is incorporated by reference to Appendix A of the Prospectus dated December 12, 1988 forming part of its Registration Statement on Form S-8 (No. 33-25555).
10(iii)(A)(97)	Resolution of the Board of Directors adopted on February 16, 1993, amending the Long-Term Performance Incentive Plan is incorporated by reference to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 1992.
10(iii)(A)(98)	Resolution of the Board of Directors adopted on May 16, 1989 amending the Long-Term Performance Incentive Plan is incorporated by reference to the Registrant’s Report on Form 10-K for the year ended December 31, 1989.
10(iii)(A)(99)	The 1996 Stock Incentive Plan of the Registrant is incorporated by reference to the Registrant’s Report on Form 10-Q for the quarter ended June 30, 1996.
10(iii)(A)(100)	The 1997 Performance Incentive Plan of the Registrant is incorporated by reference to the Registrant’s Report on Form 10-Q for the quarter ended June 30, 1997.
10(iii)(A)(101)	True North Communications Inc. Stock Option Plan is incorporated by reference to Exhibit 4.5 of Post-Effective Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 (Registration No. 333-59254).
10(iii)(A)(102)	Bozell, Jacobs, Kenyon & Eckhardt, Inc. Stock Option Plan is incorporated by reference to Exhibit 4.5 of Post-Effective Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 (Registration No. 333-59254).
10(iii)(A)(103)	True North Communications Inc. Deferred Compensation Plan is incorporated by reference to Exhibit (c)(xiv) of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(104)	Resolution of the Board of Directors of True North Communications Inc. adopted on March 1, 2002 amending the Deferred Compensation Plan is incorporated by reference to Exhibit (c)(xv) of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(105)	The 2002 Performance Incentive Plan of the Registrant is incorporated by reference to Appendix A to the Registrant’s Proxy Statement on Schedule 14A, filed April 17, 2002.
10(iii)(A)(106)	The Interpublic Senior Executive Retirement Income Plan is incorporated by reference to the Registrant’s Report on Form 10-Q for the quarter ended September 30, 2003.
10(iii)(A)(107)	The Interpublic Capital Accumulation Plan is incorporated by reference to the Registrant’s Report on Form 10-Q for the quarter ended September 30, 2003.
10(iii)(A)(108)	The Interpublic Outside Directors Stock Incentive Plan of Interpublic, as amended through August 1, 2003, is incorporated by reference to the Registrant’s Report on Form 10-Q for the quarter ended September 30, 2003.

Exhibit No.	Description
10(iii)(A)(109)	2004 Performance Incentive Plan of the Registrant is incorporated by reference to Appendix B to the Registrant's Proxy Statement on Schedule 14A, filed with the SEC on April 23, 2004.
10(iii)(A)(110)	The Interpublic Non-Management Directors' Stock Incentive Plan is incorporated by reference to Appendix C to the Registrant's Proxy Statement on Schedule 14A, filed with the SEC on April 23, 2004.
10(iii)(A)(111)	The Interpublic Senior Executive Retirement Income Plan — Form of Participation Agreement is incorporated by reference to Exhibit 10.7 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(112)	The Interpublic Capital Accumulation Plan — Form of Participation Agreement is incorporated by reference to Exhibit 10.8 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(113)	The Interpublic Group of Companies, Inc. 2004 Performance Incentive Plan (the "PIP") — Form of Instrument of Restricted Stock is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(114)	PIP — Form of Instrument of Restricted Stock Units is incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(115)	PIP — Form of Option Certificate is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(116)	Interpublic's Non-Management Directors' Stock Incentive Plan (the "Non-Management Directors' Plan") — Form of Instrument of Restricted Shares is incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on October 27, 2004.
10(iii)(A)(117)	The Non-Management Directors' Plan — Form of Instrument of Restricted Share Units is incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(118)	The Non-Management Directors' Plan — Form of Plan Option Certificate is incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
(21)	Subsidiaries of the Registrant.
(24)	Power of Attorney to sign Form 10-K and resolution of Board of Directors re Power of Attorney.
(31.1)	Certification dated as of September 30, 2005 and executed by Michael I. Roth, under Section 302 of the Sarbanes-Oxley Act of 2002 ("S-OX").
(31.2)	Certification dated as of September 30, 2005 and executed by Frank Mergenthaler, under Section 302 of S-OX.
(32)	Certification dated as of September 30, 2005 and executed by Michael I. Roth and Frank Mergenthaler, furnished pursuant to Section 906 of S-OX.

SIGNATURES

Pursuant to the requirements of Section 13 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)

By: /s/ Michael I. Roth*

Michael I. Roth
Chairman of the Board
and Chief Executive Officer

September 30, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Michael I. Roth* Michael I. Roth	Chairman of the Board, and Chief Executive Officer (Principal Executive Officer)	September 30, 2005
/s/ Frank Mergenthaler* Frank Mergenthaler	Executive Vice President, Chief Financial Officer (Principal Financial Officer)	September 30, 2005
/s/ David A. Bell* David A. Bell	Director	September 30, 2005
/s/ Frank J. Borelli* Frank J. Borelli	Director	September 30, 2005
/s/ Reginald K. Brack* Reginald K. Brack	Director	September 30, 2005
/s/ Jill M. Considine* Jill M. Considine	Director	September 30, 2005
/s/ John J. Dooner, Jr.* John J. Dooner, Jr.	Director	September 30, 2005
/s/ Richard A. Goldstein* Richard A. Goldstein	Director	September 30, 2005
/s/ H. John Greeniaus* H. John Greeniaus	Director	September 30, 2005

Name	Title	Date
/s/ J. Phillip Samper* J. Phillip Samper	Director	September 30, 2005
/s/ David M. Thomas* David M. Thomas	Director	September 30, 2005
/s/ Nicholas S. Cyprus* Nicholas S. Cyprus	Senior Vice President and Controller (Principal Accounting Officer)	September 30, 2005
*by /s/ Nicholas J. Camera Nicholas J. Camera	Attorney-in-Fact	September 30, 2005

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Exhibit No.	Description
3(i)	Restated Certificate of Incorporation of the Registrant, as amended through May 29, 2003, is incorporated by reference to Exhibit 3(i) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 filed with the Securities and Exchange Commission (the "SEC") on November 14, 2003.
3(ii)	By-Laws of the Registrant, as amended and restated through January 18, 2005, are incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on January 21, 2005.
3(iii)	Certificate of Designations of 5$^{3}/_{8}$% Series A Senior Mandatory Convertible Preferred Stock of the Registrant, as filed with the Delaware Secretary of State on December 17, 2003 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2003.
4(iii)(A)	Certificate of Designations of 5$^{3}/_{8}$% Series A Senior Mandatory Convertible Preferred Stock of the Registrant, as filed with the Delaware Secretary of State on December 17, 2003, is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2003.
4(iii)(B)	Senior Debt Indenture, dated as of October 20, 2000 (the "2000 Indenture"), between the Registrant and The Bank of New York, as trustee, is incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 24, 2000.
4(iii)(C)	First Supplemental Indenture, dated as of August 22, 2001, to the 2000 Indenture, with respect to the 7.25% Senior Unsecured Notes due 2011 is incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-4 filed with the SEC on December 4, 2001.
4(iii)(D)	Second Supplemental Indenture, dated as of December 14, 2001, to the 2000 Indenture, with respect to the Zero-Coupon Convertible Senior Notes due 2021 is incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-3 filed with the SEC on April 5, 2002.
4(iii)(E)	Third Supplemental Indenture, dated as of March 13, 2003, to the 2000 Indenture, with respect to the 4.50% Convertible Senior Notes due 2023 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 18, 2003.
4(iii)(F)	Fifth Supplemental Indenture, dated as of March 28, 2005, to the 2000 Indenture, as modified by the First Supplemental Indenture, dated as of August 22, 2001, with respect to the 7.25% Senior Unsecured Notes due 2011 is incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 1, 2005.
4(iii)(G)	Sixth Supplemental Indenture, dated as of March 30, 2005, to the 2000 Indenture, as modified by the Third Supplemental Indenture, dated as of March 13, 2003, with respect to the 4.50% Convertible Senior Notes due 2023 is incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 1, 2005.
4(iii)(H)	Seventh Supplemental Indenture, dated as of August 11, 2005, to the 2000 Indenture, as modified by the Third Supplemental Indenture, dated as of March 13, 2003, and the Sixth Supplemental Indenture, dated as of March 30, 2005, with respect to the 4.50% Senior Convertible Notes due 2023 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 15, 2005.
4(iii)(I)	Senior Debt Indenture entered into between the Registrant and Suntrust Bank, as Trustee, dated as of November 12, 2004 (the "2004 Indenture"), is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 15, 2004.

Exhibit No.	Description
4(iii)(J)	First Supplemental Indenture, dated as of November 18, 2004, to the 2004 Indenture, with respect to the 5.40% Notes Due 2009 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 19, 2004.
4(iii)(K)	Second Supplemental Indenture, dated as of November 18, 2004, to the 2004 Indenture, with respect to the 6.25% Notes Due 2014 is incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on November 19, 2004.
4(iii)(L)	Third Supplemental Indenture, dated as of March 28, 2005, to the 2004 Indenture, as modified by the Second Supplemental Indenture, dated as of November 18, 2004, with respect to the 6.25% Senior Unsecured Notes due 2014 is incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 1, 2005.
4(iii)(M)	Fourth Supplemental Indenture, dated as of March 29, 2005, to the 2004 Indenture, as modified by the First Supplemental Indenture, dated as of November 18, 2004, with respect to the 5.40% Senior Unsecured Notes due 2009 is incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed with the SEC on April 1, 2005.
4(iii)(N)	Fifth Supplemental Indenture, dated as of July 25, 2005, to the 2004 Indenture, with respect to the Floating Rate Notes due 2008 is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 26, 2005.
10(i)(A)	3-Year Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders, Initial Issuing Banks and Swing Line Bank, Named Therein and Citibank, N.A., as Administrative Agent is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on May 12, 2004.
10(i)(B)	Amendment No. 1, dated as of September 29, 2004, to the 3-Year Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 5, 2004.
10(i)(C)	Amendment No. 2, dated as of March 31, 2005 to the 3-Year Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as amended by Amendment No. 2, dated as of September 29, 2004 is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2005.
10(i)(D)	Letter agreement, dated as of March 31, 2005, between the Registrant and the lenders party to the 3-Year Credit Agreement, waiving breaches of the 3-Year Credit Agreement is incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2005.
10(i)(E)	Amendment No. 3, dated as of June 22, 2005 to the 3-Year Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as amended by Amendment No. 1, dated as of September 29, 2004 and Amendment No. 2, dated as of March 31, 2005 is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 28, 2005.
10(i)(F)	Letter agreement, dated as of June 22, 2005, between the Registrant and the lenders party to the 3-Year Credit Agreement, waiving breaches of the 3-Year Credit Agreement is incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 28, 2005.
10(i)(G)	Amended and Restated 3-year Credit Agreement, dated as of May 10, 2004, amended and restated as of September 27, 2005, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent.

Exhibit No.	Description
10(i)(H)	364-Day Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named therein and Citibank, N.A., as Administrative Agent is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on May 12, 2004.
10(i)(I)	Amendment No. 1, dated as of September 29, 2004, to the 364-Day Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 5, 2004.
10(i)(J)	Amendment No. 2, dated as of March 31, 2005, to the 364-Day Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent, as amended by Amendment No 1., dated as of September 29, 2004 is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2005.
10(i)(K)	Letter agreement, dated as of March 31, 2005, between the Registrant and the lenders party to the 364-Day Credit Agreement, waiving breaches of the 364-Day Credit Agreement is incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 5, 2005.
10(i)(L)	Amendment No. 3, dated as of June 22, 2005, to the 364-Day Credit Agreement, dated as of May 10, 2004, among the Registrant, the Initial Lenders Named Therein, and Citibank, N.A., as Administrative Agent, as amended by Amendment No. 1, dated as of September 29, 2004 and Amendment No. 2, dated as of March 31, 2005 is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 28, 2005.
10(i)(M)	Letter agreement, dated as of June 22, 2005, between the Registrant and the lenders party to the 364-Day Credit Agreement, waiving breaches of the 364-Day Credit Agreement is incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 28, 2005.
(i) Michael Roth	
10(iii)(A)(1)	Employment Agreement, made as of July 13, 2004, by and between the Registrant and Michael I. Roth, is incorporated by reference to Exhibit 10(iii)(A)(9) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(2)	Executive Severance Agreement, dated July 13, 2004 and executed as of July 27, 2004, by and between the Registrant and Michael I. Roth, is incorporated by reference to Exhibit 10(iii)(A)(10) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(3)	Supplemental Employment Agreement, dated as of January 19, 2005, between the Registrant and Michael I. Roth, is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 21, 2005.
10(iii)(A)(4)	Supplemental Employment Agreement, dated as of February 14, 2005, between the Registrant and Michael I. Roth, is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on February 17, 2005.
(ii) David A. Bell	
10(iii)(A)(5)	David A. Bell Employment Agreement, dated as of January 1, 2000, between True North Communications Inc. and David A. Bell is incorporated by reference to Exhibit 10(b)(iii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(6)	Employment Agreement Amendment, dated as of March 1, 2001, to an Employment Agreement, dated as of January 1, 2000, between True North Communications Inc. and David A. Bell is incorporated by reference to Exhibit 10(b)(iii)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.

Exhibit No.	Description
10(iii)(A)(7)	Employment Agreement Amendment, dated as of June 1, 2001, and signed as of October 1, 2002, between True North Communications Inc. and David A. Bell to an Employment Agreement, dated as of January 1, 2000, as amended, is incorporated by reference to Exhibit 10(b)(i)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(8)	Supplemental Agreement, made as of February 28, 2003, to an Employment Agreement, made as of January 1, 2000, between the Registrant and David A. Bell, is incorporated by reference to Exhibit 10(iii)(A)(i) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(9)	Executive Special Benefit Agreement, made as of April 1, 2003, by and between the Registrant and David A. Bell, is incorporated by reference to Exhibit 10(iii)(A)(i)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(10)	Memorandum dated May 1, 2003, from David A. Bell, providing for Cancellation of Certain Stock Options, is incorporated by reference to Exhibit 10(iii)(A)(I)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(11)	Employment Agreement, dated as of January 18, 2005, between the Registrant and David A. Bell, is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 21, 2005.
(iii) Nicholas J. Camera	
10(iii)(A)(12)	Executive Special Benefit Agreement, dated as of January 1, 1995, between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(b)(v)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(13)	Executive Severance Agreement, dated as of January 1, 1998, between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(b)(vi)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(14)	Employment Agreement, dated as of November 14, 2002, between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(b)(v)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(15)	Supplemental Agreement, made as of January 1, 2003 and executed as of June 23, 2003 to an Executive Severance Agreement, made as of January 1, 1998, by and between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(iii)(A)(iii)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(16)	Supplemental Agreement, made as of June 16, 2003, to an Executive Severance Agreement, made as of January 1, 1998, by and between the Registrant and Nicholas J. Camera, is incorporated by reference to Exhibit 10(iii)(A)(iii)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
(iv) Albert Conte	
10(iii)(A)(17)	Employment Agreement, dated as of February 21, 2000, between the Registrant and Albert Conte, is incorporated by reference to Exhibit 10(b)(vii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(18)	Supplemental Agreement, made as of June 15, 2004, to an Employment Agreement, made as of February 21, 2000, by and between the Registrant and Albert Conte, is incorporated by reference to Exhibit 10(iii)(A)(3) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(19)	The Interpublic Capital Accumulation Plan Participation Agreement, effective June 15, 2004, by and between the Registrant and Albert Conte, is incorporated by reference to Exhibit 10(iii)(A)(4) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.

Exhibit No.	Description
10(iii)(A)(20)	Executive Special Benefit Agreement, made as of January 1, 2002 and executed as of June 26, 2004, by and between the Registrant and Albert Conte, is incorporated by reference to Exhibit 10(iii)(A)(5) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
(v) Nicholas S. Cyprus	
10(iii)(A)(21)	Employment Agreement, made as of May 2004, by and between the Registrant and Nicholas S. Cyprus, is incorporated by reference to Exhibit 10(iii)(A)(6) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(22)	Executive Severance Agreement, made as of May 24, 2004, by and between the Registrant and Nicholas S. Cyprus, is incorporated by reference to Exhibit 10(iii)(A)(7) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
10(iii)(A)(23)	The Interpublic Capital Accumulation Plan Participation Agreement, effective May 15, 2004, by and between the Registrant and Nicholas S. Cyprus, is incorporated by reference to Exhibit 10(iii)(A)(8) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
(vi) Thomas Dowling	
10(iii)(A)(24)	Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(iii)(A)(1) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2002.
10(iii)(A)(25)	Executive Special Benefit Agreement, dated as of February 1, 2000, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(viii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(26)	Executive Special Benefit Agreement, dated as of February 1, 2001, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(viii)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(27)	Supplemental Agreement, dated as of October 1, 2002, to an Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(vii)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(28)	Supplemental Agreement, dated as of November 14, 2002, to an Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(b)(vii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(29)	Executive Severance Agreement, dated November 14, 2002, between the Registrant and Thomas Dowling, is incorporated by reference to Exhibit 10(iii)(A)(vii) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
(vii) Steven Gatfield	
10(iii)(A)(30)	Employment Agreement, made as of February 2, 2004, by and between the Registrant and Steve Gatfield, is incorporated by reference to Exhibit 10(iii)(A)(1) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.
10(iii)(A)(31)	Participation Agreement under The Interpublic Senior Executive Retirement Income Plan, dated as of January 30, 2004, between the Registrant and Steve Gatfield, is incorporated by reference to Exhibit 10(iii)(A)(2) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.
10(iii)(A)(32)	Executive Severance Agreement, made as of April 1, 2004, by and between the Registrant and Steve Gatfield, is incorporated by reference to Exhibit 10(iii)(A)(3) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.

Exhibit No.	Description
(viii) Philippe Krakowsky	
10(iii)(A)(33)	Employment Agreement, dated as of January 28, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(2) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2002.
10(iii)(A)(34)	Executive Special Benefit Agreement, dated as of February 1, 2002, and signed as of July 1, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(v) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002.
10(iii)(A)(35)	Special Deferred Compensation Agreement, dated as of April 1, 2002, and signed as of July 1, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(iv) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002.
10(iii)(A)(36)	Executive Severance Agreement, dated September 13, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(vi) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002.
10(iii)(A)(37)	Executive Special Benefit Agreement, dated September 30, 2002, between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(vi) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002.
10(iii)(A)(38)	Supplemental Agreement, made as of April 8, 2003, to an Employment Agreement, made as of January 28, 2002, by and between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(viii)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(39)	Supplemental Agreement, made as of June 16, 2003, to an Executive Severance Agreement, made as of November 14, 2002, by and between the Registrant and Philippe Krakowsky, is incorporated by reference to Exhibit 10(iii)(A)(viii)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
(ix) Robert J. Thompson	
10(iii)(A)(40)	Employment Agreement, dated as of October 1, 2003, between the Registrant and Robert J. Thompson, is incorporated by reference to Exhibit 10(b)(vii)(a) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(41)	Capital Accumulation Plan Participation Agreement, entered into as of November 12, 2003, between the Registrant and Robert J. Thompson, is incorporated by reference to Exhibit 10(b)(vii)(b) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
(x) Frank Mergenthaler	
10(iii)(A)(42)	Employment Agreement, made as of July 13, 2005, between the Registrant and Frank Mergenthaler is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 19, 2005.
10(iii)(A)(43)	Executive Severance Agreement, made as of July 13, 2005, between the Registrant and Frank Mergenthaler is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on July 19, 2005.
(xi) Timothy A. Sompolski	
10(iii)(A)(44)	Employment Agreement, made as of July 6, 2004, by and between the Registrant and Timothy Sompolski, is incorporated by reference to Exhibit 10(iii)(A)(11) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.
10(iii)(A)(45)	Executive Severance Agreement, made as of July 6, 2004, by and between the Registrant and Timothy Sompolski, is incorporated by reference to Exhibit 10(iii)(A)(12) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2004.

Exhibit No.	Description
10(iii)(A)(46)	The Interpublic Capital Accumulation Plan Participation Agreement, effective July 6, 2004, by and between the Registrant and Timothy Sompolski, is incorporated by reference to Exhibit 10(iii)(A)(13) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2004.
(xii) John J. Dooner, Jr.	
10(iii)(A)(47)	Executive Special Benefit Agreement, dated as of July 1, 1986, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(e) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(48)	Executive Severance Agreement, dated as of August 10, 1987, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(h) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(49)	Supplemental Agreement, dated as of May 23, 1990, to an Executive Special Benefit Agreement, dated as of July 1, 1986, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(l) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(50)	Executive Special Benefit Agreement, dated as of, July 1, 1992, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(q) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(51)	Supplemental Agreement, dated as of August 10, 1992, to an Executive Severance Agreement, dated as of August 10, 1987, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(p) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(52)	Employment Agreement, dated as of January 1, 1994, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(r) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(53)	Executive Special Benefit Agreement, dated as of June 1, 1994, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(s) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(54)	Supplemental Agreement, dated as of July 1, 1995, to an Employment Agreement between the Registrant and John J. Dooner, Jr., dated as of January 1, 1994, is incorporated by reference to Exhibit 10(B) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1995.
10(iii)(A)(55)	Supplemental Agreement, dated as of July 1, 1995, to an Employment Agreement, dated as of January 1, 1994, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(t) to the Registrant's Report on Form 10-K for the year ended December 31, 1995.
10(iii)(A)(56)	Supplemental Agreement, dated as of September 1, 1997, to an Employment Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(k) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1997.
10(iii)(A)(57)	Executive Severance Agreement, dated January 1, 1998, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 1998.
10(iii)(A)(58)	Supplemental Agreement, dated as of January 1, 1999, to an Employment Agreement dated as of January 1, 1994, between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(e) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 1999.
10(iii)(A)(59)	Supplemental Agreement, dated as of April 1, 2000, to an Employment Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2000.

Exhibit No.	Description
10(iii)(A)(60)	Executive Special Benefit Agreement, dated as of May 20, 2002, between the Registrant and John J. Dooner, Jr., signed as of November 11, 2002, is incorporated by reference to Exhibit 10(b)(xv)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(61)	Supplemental Agreement, dated as of November 7, 2002, to an Employment Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b)(xv)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(62)	Supplemental Agreement, dated as of November 7, 2002, to an Executive Special Benefit Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b)(xv)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(63)	Supplemental Agreement, made as of January 1, 2003 and executed as of June 17, 2003, to an Executive Severance Agreement, made as of January 1, 1998, by and between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(iii)(A)(iv)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(64)	Supplemental Agreement, made as of March 31, 2003, to an Employment Agreement made as of January 1, 1994, as amended between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(iii)(A)(v) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(65)	Supplemental Agreement, made as of March 31, 2003 and executed as of April 15, 2003, to an Employment Agreement, made as of January 1, 1994, by and between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(iii)(A)(iv)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(66)	Letter Agreement, dated May 8, 2003, between the Registrant and John J. Dooner, Jr., providing for cancellation of certain Stock Options, is incorporated by reference to Exhibit 10(iii)(A)(iv)(c) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(67)	Supplemental Agreement dated as of November 12, 2003, to an Employment Agreement between the Registrant and John J. Dooner, Jr., is incorporated by reference to Exhibit 10(b)(viii)(u) to the Registrant's Report on Form 10-K for the year ended December 31, 2003.
(xiii) Jill Considine	
10(iii)(A)(68)	Deferred Compensation Agreement, dated as of April 1, 2002, between the Registrant and Jill Considine, is incorporated by reference to Exhibit 10(c) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2002.
(xiv) Richard A. Goldstein	
10(iii)(A)(69)	Richard A Goldstein Deferred Compensation Agreement, dated as of June 1, 2001, between the Registrant and Richard A. Goldstein, is incorporated by reference to Exhibit 10(c) to Registrant's Report on Form 10-Q for the quarter ended June 30, 2001.
(xv) Christopher J. Coughlin	
10(iii)(A)(70)	Employment Agreement, made as of May 6, 2003, by and between the Registrant and Christopher J. Coughlin, is incorporated by reference to Exhibit 10(iii)(A)(ii) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(71)	Executive Special Benefit Agreement, made as of June 16, 2003, by and between the Registrant and Christopher J. Coughlin, is incorporated by reference to Exhibit 10(iii)(A)(iii) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.

Exhibit No.	Description
10(iii)(A)(72)	Executive Severance Agreement, made as of June 16, 2003, by and between the Registrant and Christopher J. Coughlin, is incorporated by reference to Exhibit 10(iii)(A)(iv) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(73)	Confidential Separation Agreement and General Release, between the Registrant and Christopher J. Coughlin is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 6, 2005.
(xvi) Brian Brooks	
10(iii)(A)(74)	Executive Severance Agreement, dated November 8, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(iii)(A)(ix) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2003.
10(iii)(A)(75)	Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(b)(viii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(76)	Supplemental Agreement, made as of April 7, 2003, to an Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(iii)(A)(ii)(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(77)	Supplemental Agreement, made as of May 20, 2003, to an Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(iii)(A)(ii)(b) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(78)	Supplemental Agreement, made as of June 16, 2003, to an Executive Severance Agreement, dated as of November 14, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(iii)(A)(ii)(c) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(79)	Senior Executive Retirement Income Plan Participation Agreement, effective as of November 10, 2003, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(b)(xi)(g) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(80)	Supplemental Agreement, made as of November 10, 2003, to an Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(b)(xi)(h) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(81)	Confidential Separation Agreement and General Release, between the Registrant and Brian Brooks, is incorporated by reference to Exhibit 10(b)(xi)(i) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(82)	Supplemental Agreement, made as of January 31, 2005, to a Confidential Agreement and General Release, made as of February 27, 2004, by and between the Registrant and Brian J. Brooks.
(xvii) Gunnar Wilmot	
10(iii)(A)(83)	Executive Special Benefit Agreement, dated as of January 1, 1990, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(d) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(84)	Supplemental Agreement, dated as of May 23, 1990, to an Executive Special Benefit Agreement, dated as of January 1, 1990, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(85)	Executive Special Benefit Agreement, dated as of October 1, 1996, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.

Exhibit No.	Description
10(iii)(A)(86)	Executive Special Benefit Agreement, dated as of April 1, 1999, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001.
10(iii)(A)(87)	Executive Special Benefit Agreement, dated as of January 1, 2002, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(x)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(88)	Letter Agreement, dated June 27, 2003, between the Registrant and Gunnar Wilmot providing for the Cancellation of Certain Stock Options is incorporated by reference to Exhibit 10(iii)(A)(xi) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2003.
10(iii)(A)(89)	Executive Special Benefit Agreement, dated as of May 16, 2003, and signed as of November 6, 2003, between the Registrant and Gunnar Wilmot, is incorporated by reference to Exhibit 10(b)(xiii)(g) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
10(iii)(A)(90)	Trust Agreement, dated as of June 1, 1990, between the Registrant, Lintas Campbell-Ewald Company, McCann-Erickson USA, Inc., McCann-Erickson Marketing, Inc., Lintas, Inc. and Chemical Bank, as Trustee, is incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990.
10(iii)(A)(91)	The Stock Option Plan (1988) and the Achievement Stock Award Plan of the Registrant are incorporated by reference to Appendices C and D of the Prospectus, dated May 4, 1989, forming part of its Registration Statement on Form S-8 (No. 33-28143).
10(iii)(A)(92)	The Management Incentive Compensation Plan of the Registrant is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended June 30, 1995.
10(iii)(A)(93)	The 1986 Stock Incentive Plan of the Registrant is incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 1993.
10(iii)(A)(94)	The 1986 United Kingdom Stock Option Plan of the Registrant is incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992.
10(iii)(A)(95)	The Employee Stock Purchase Plan (1985) of the Registrant, as amended, is incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993.
10(iii)(A)(96)	The Long-Term Performance Incentive Plan of the Registrant is incorporated by reference to Appendix A of the Prospectus dated December 12, 1988 forming part of its Registration Statement on Form S-8 (No. 33-25555).
10(iii)(A)(97)	Resolution of the Board of Directors adopted on February 16, 1993, amending the Long-Term Performance Incentive Plan is incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992.
10(iii)(A)(98)	Resolution of the Board of Directors adopted on May 16, 1989 amending the Long-Term Performance Incentive Plan is incorporated by reference to the Registrant's Report on Form 10-K for the year ended December 31, 1989.
10(iii)(A)(99)	The 1996 Stock Incentive Plan of the Registrant is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended June 30, 1996.
10(iii)(A)(100)	The 1997 Performance Incentive Plan of the Registrant is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended June 30, 1997.
10(iii)(A)(101)	True North Communications Inc. Stock Option Plan is incorporated by reference to Exhibit 4.5 of Post-Effective Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 (Registration No. 333-59254).
10(iii)(A)(102)	Bozell, Jacobs, Kenyon & Eckhardt, Inc. Stock Option Plan is incorporated by reference to Exhibit 4.5 of Post-Effective Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 (Registration No. 333-59254).

Exhibit No.	Description
10(iii)(A)(103)	True North Communications Inc. Deferred Compensation Plan is incorporated by reference to Exhibit (c)(xiv) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(104)	Resolution of the Board of Directors of True North Communications Inc. adopted on March 1, 2002 amending the Deferred Compensation Plan is incorporated by reference to Exhibit (c)(xv) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002.
10(iii)(A)(105)	The 2002 Performance Incentive Plan of the Registrant is incorporated by reference to Appendix A to the Registrant's Proxy Statement on Schedule 14A, filed April 17, 2002.
10(iii)(A)(106)	The Interpublic Senior Executive Retirement Income Plan is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2003.
10(iii)(A)(107)	The Interpublic Capital Accumulation Plan is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2003.
10(iii)(A)(108)	The Interpublic Outside Directors Stock Incentive Plan of Interpublic, as amended through August 1, 2003, is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2003.
10(iii)(A)(109)	2004 Performance Incentive Plan of the Registrant is incorporated by reference to Appendix B to the Registrant's Proxy Statement on Schedule 14A, filed with the SEC on April 23, 2004.
10(iii)(A)(110)	The Interpublic Non-Management Directors' Stock Incentive Plan is incorporated by reference to Appendix C to the Registrant's Proxy Statement on Schedule 14A, filed with the SEC on April 23, 2004.
10(iii)(A)(111)	The Interpublic Senior Executive Retirement Income Plan — Form of Participation Agreement is incorporated by reference to Exhibit 10.7 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(112)	The Interpublic Capital Accumulation Plan — Form of Participation Agreement is incorporated by reference to Exhibit 10.8 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(113)	The Interpublic Group of Companies, Inc. 2004 Performance Incentive Plan (the "PIP") — Form of Instrument of Restricted Stock is incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(114)	PIP — Form of Instrument of Restricted Stock Units is incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(115)	PIP — Form of Option Certificate is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(116)	Interpublic's Non-Management Directors' Stock Incentive Plan (the "Non-Management Directors' Plan") — Form of Instrument of Restricted Shares is incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on October 27, 2004.
10(iii)(A)(117)	The Non-Management Directors' Plan — Form of Instrument of Restricted Share Units is incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
10(iii)(A)(118)	The Non-Management Directors' Plan — Form of Plan Option Certificate is incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2004.
(21)	Subsidiaries of the Registrant.
(24)	Power of Attorney to sign Form 10-K and resolution of Board of Directors re Power of Attorney.

Exhibit No.	Description
(31.1)	Certification dated as of September 30, 2005 and executed by Michael I. Roth, under Section 302 of the Sarbanes-Oxley Act of 2002 (“S-OX”).
(31.2)	Certification dated as of September 30, 2005 and executed by Frank Mergenthaler, under Section 302 of S-OX.
(32)	Certification dated as of September 30, 2005 and executed by Michael I. Roth and Frank Mergenthaler, furnished pursuant to Section 906 of S-OX.

Exhibit 10(i)(G)

U.S. $450,000,000

3-YEAR CREDIT AGREEMENT

Dated as of May 10, 2004

AMENDED AND RESTATED as of September 27, 2005

Among

THE INTERPUBLIC GROUP OF COMPANIES, INC.
as Company

THE INITIAL LENDERS, INITIAL ISSUING BANKS AND SWING LINE BANK NAMED HEREIN
as Initial Lenders, Initial Issuing Banks and Swing Line Bank

CITIBANK, N.A.
as Administrative Agent

JPMORGAN CHASE BANK
as Syndication Agent

HSBC BANK USA,
LLOYDS TSB BANK PLC
and
UBS AG, STAMFORD BRANCH
as Co-Documentation Agents

and

CITIGROUP GLOBAL MARKETS INC.
as Lead Arranger and Book Manager

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3-YEAR CREDIT AGREEMENT

Dated as of May 10, 2004

AMENDED AND RESTATED as of September 27, 2005

THE INTERPUBLIC GROUP OF COMPANIES, INC., a Delaware corporation (the "Company"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") and initial issuing banks (the "Initial Issuing Banks") and Swing Line Banks (as hereinafter defined) listed on the signature pages hereof, JPMORGAN CHASE BANK, N,.A., as Syndication Agent, HSBC BANK USA, LLOYDS TSB BANK PLC AND UBS AG, STAMFORD BRANCH, as co-documentation agents, CITIGROUP GLOBAL MARKETS INC., as lead arranger and book manager, and CITIBANK, N.A. ("Citibank"), as administrative agent (the "Agent") for the Lenders (as hereinafter defined), agree as follows:

PRELIMINARY STATEMENT. The Company, the lenders parties thereto and Citibank, as agent, are parties to the 3-Year Credit Agreement dated as of May 10, 2004, as amended as of September 29, 2004, March 31, 2005 and June 22, 2005 (the "Existing Credit Agreement"). Subject to the satisfaction of the conditions set forth in Section 3.01, the Borrower, the parties hereto and Citibank, as Agent, desire to amend and restate the Existing Credit Agreement as herein set forth.

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Advance" means a Revolving Credit Advance or a Swing Line Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 10% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agent's Account" means (a) in the case of Advances denominated in Dollars, the account of the Agent maintained by the Agent at Citibank at its office at 399 Park Avenue, New York, New York 10043, Account No. 36852248, Attention: Bank Loan Syndications, (b) in the case of Advances denominated in any Committed Currency, the account of the Sub-Agent designated in writing from time to time by the Agent to the Company and the Lenders for such purpose and (c) in any such case, such other account of the Agent as is designated in writing from time to time by the Agent to the Company and the Lenders for such purpose.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurocurrency Lending Office in the case of a Eurocurrency Rate Advance.

"Amendment and Restatement" has the meaning specified in Section 3.01.

"Applicable Margin" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Margin for Base Rate Advances	Applicable Margin for Eurocurrency Rate Advances
Level 1 BB+ and Ba1 or above	0.150%	1.150%
Level 2 BB and Ba2	0.550%	1.550%
Level 3 Lower than Level 2	0.750%	1.750%

"Applicable Percentage" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Percentage
Level 1 BB+ and Ba1 or above	0.350%
Level 2 BB and Ba2	0.450%
Level 3 Lower than Level 2	0.500%

"Applicable Utilization Fee" means, as of any date that the sum of the aggregate Advances plus the aggregate Available Amount of Letters of Credit exceeds 50% of the aggregate Revolving Credit Commitments, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Utilization Fee
Level 1 BB+ and Ba1 or above	0.250%
Level 2 BB and Ba2	0.500%
Level 3 Lower than Level 2	0.500%

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing), converting all non-Dollar amounts into the Dollar Equivalent thereof at such time.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate;

(b) the sum (adjusted to the nearest 1/4 of 1% or, if there is no nearest 1/4 of 1%, to the next higher 1/4 of 1%) of (i) 1/2 of 1% per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States; and

(c) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means an Advance denominated in Dollars that bears interest as provided in Section 2.07(a)(i).

"Borrower Information" has the meaning specified in Section 9.08.

"Borrowers" means, collectively, the Company and the Designated Subsidiaries from time to time.

"Borrowing" means a Revolving Credit Borrowing or a Swing Line Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurocurrency Rate Advances, on which dealings are carried on in the London interbank market and banks are open for business in London and in the country of issue of the currency of such Eurocurrency Rate Advance (or, in the case of an Advance denominated in Euros, on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open).

"Commitment" means a Revolving Credit Commitment, Swing Line Commitment or a Letter of Credit Commitment.

"Committed Currencies" means lawful currency of the United Kingdom of Great Britain and Northern Ireland, lawful currency of The Swiss Federation, lawful currency of Japan, Euro and any other currency requested by the applicable Borrower that can be provided by all Lenders.

"Committed L/C Currencies" means lawful currency of the United Kingdom of Great Britain and Northern Ireland, lawful currency of The Swiss Federation, lawful currency of Japan, lawful currency of Singapore, lawful currency of Canada, lawful currency of Sweden, lawful currency of Denmark, lawful currency of Australia, Euro and any other currency requested by the applicable Borrower that can be provided by all Issuing Banks.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Consolidated Subsidiary" means at any date any Subsidiary or other entity the accounts of which would be consolidated with those of the Company in its Consolidated financial statements as of such date.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.08 or 2.09.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all obligations of such Person in respect of Hedge Agreements, (h) all Debt of others referred to in clauses (a) through (g) above or clause (i) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (i) all Debt referred to in clauses (a) through (h) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt; provided, however, that the term "Debt" shall not include obligations under agreements providing for indemnification, deferred purchase price payments or similar obligations incurred or assumed in connection with the acquisition or disposition of assets or stock, whether by merger or otherwise.

"Debt for Borrowed Money" of the Company means, without duplication, Debt for money borrowed (including unreimbursed drawings under letters of credit) or any capitalized lease obligation, any obligation under a purchase money mortgage, conditional sale or other title retention agreement or any obligation under notes payable or drafts accepted representing extensions of credit, but shall not include any Debt in respect of Hedge Agreements.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Designated Subsidiary" means any direct or indirect wholly-owned Subsidiary of the Company designated for borrowing privileges under this Agreement pursuant to Section 9.09.

"Designation Agreement" means, with respect to any Designated Subsidiary, an agreement in the form of Exhibit E hereto signed by such Designated Subsidiary and the Company.

"Dollars" and the "$" sign each means lawful currency of the United States of America.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Company and the Agent.

"EBITDA" means, for any period, net income (or net loss) plus the sum of (a) Interest Expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) non-cash, non-recurring charges in an amount not to exceed $50,000,000 taken with respect to the impairment of the remaining book value of Cab (No. 1) Limited (formerly known as Brands Hatch Leisure Limited), Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, (f) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 on behalf of Cab (No. 1) Limited, Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, (g) payments made by the Company not to exceed $185,000,000 (up to $90,000,000 of which may be in cash) relating to the settlement of certain litigation or regulatory matters, (h) 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, (i) cash payments made by the Company relating to the cash consideration paid by the Company not exceeding $160,000,000 in connection with the liabilities and obligations of Cab (No. 1) Limited, Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, (j) non-cash, non-recurring long-lived asset investment impairment charges in an amount not to exceed $500,000,000 taken in the fiscal periods ending September 30, 2004, December 31, 2004, March 31, 2005 and June 30, 2005, (k) non-cash charges related to the retirement of indebtedness and (l) non-cash investment impairment charges not to exceed $25,000,000, in each case determined in accordance with GAAP for such period.

"Effective Date" means May 10, 2004.

"Eligible Assignee" means (i) a Lender; (ii) an Affiliate of a Lender; and (iii) any other Person approved by the Agent, each Issuing Bank and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 9.07, the Company, each such approval not to be unreasonably withheld or delayed; provided, however, that neither the Company nor an Affiliate of the Company shall qualify as an Eligible Assignee.

"Equivalent" in Dollars of any Committed Currency or Committed L/C Currency on any date means the equivalent in Dollars of such currency determined by using the quoted spot rate at which the Sub-Agent's principal office in London offers to exchange Dollars for such currency in London at approximately 4:00 P.M. (London time) (unless otherwise indicated by the terms of this Agreement) on such date as is required pursuant to the terms of this Agreement, and the "Equivalent" in any Committed Currency or Committed L/C Currency of Dollars means the equivalent in such currency of Dollars determined by using the quoted spot rate at which the Sub-Agent's principal office in London offers to exchange such currency for Dollars in London at approximately 4:00 P.M. (London time) (unless otherwise indicated by the terms of this Agreement) on such date as is required pursuant to the terms of this Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Company's controlled group, or under common control with the Company, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Company or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Company or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under

Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"EURIBO Rate" means, for any Interest Period, the rate per annum appearing on Moneyline Telerate Markets Page 248 (or on any successor or substitute page, or any successor to or substitute for Moneyline Telerate Markets, providing rate quotations comparable to those currently provided on such page of Moneyline Telerate Markets, as determined by the Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Euro by reference to the Banking Federation of the European Union Settlement Rates for deposits in Euro) at approximately 10:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for deposits in Euro with a maturity comparable to such Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the respective rates per annum at which deposits in Euros are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurocurrency Rate Advance comprising part of such Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period (subject, however, to the provisions of Section 2.08).

"Euro" means the lawful currency of the European Union as constituted by the Treaty of Rome which established the European Community, as such treaty may be amended from time to time and as referred to in the EMU legislation.

"Eurocurrency Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurocurrency Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Company and the Agent.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurocurrency Rate" means, for any Interest Period for each Eurocurrency Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a)(i) in the case of any Borrowing denominated in Dollars or any Committed Currency other than Euro, the rate per annum (rounded upward to the nearest whole multiple of 1/16 of 1% per annum) appearing on Moneyline Telerate Markets Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars or the applicable Committed Currency at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the respective rates per annum at which deposits in Dollars or the applicable Committed Currency are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurocurrency Rate Advance comprising part of such Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period (subject, however, to the provisions of Section 2.08) or (ii) in the case of any Borrowing denominated in Euro, the EURIBO Rate by (b) a percentage equal to 100% minus the Eurocurrency Rate Reserve Percentage for such Interest Period.

“Eurocurrency Rate Advance” means an Advance denominated in Dollars or a Committed Currency that bears interest as provided in Section 2.07(a)(ii).

“Eurocurrency Rate Reserve Percentage” for any Interest Period for all Eurocurrency Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Rate Advances is determined) having a term equal to such Interest Period.

“Events of Default” has the meaning specified in Section 6.01.

“Existing Credit Agreement” has the meaning specified in the Preliminary Statement.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

“GAAP” has the meaning specified in Section 1.03.

“Guaranteed Obligations” has the meaning specified in Section 7.01.

“Hedge Agreements” means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

“Interest Expense” means, for any period, without duplication, (i) interest expense (including the interest component on obligations under capitalized leases), whether paid or accrued, on all Debt of the Company and its Consolidated Subsidiaries and (ii) only for purposes of Section 5.03(a)(ii), cash dividends, whether paid or accrued, on any preferred stock of the Company that is convertible into common stock of the Company within 48 months following the issuance thereof, in each case for such period.

“Interest Period” means, for each Eurocurrency Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurocurrency Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurocurrency Rate Advance and ending on the last day of the period selected by the Borrower requesting such Borrowing pursuant to the provisions below and, thereafter, with respect to Eurocurrency Rate Advances, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by such Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, or nine or twelve months if available to all Lenders, as such Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(i) such Borrower may not select any Interest Period that ends after the Termination Date;

(ii) Interest Periods commencing on the same date for Eurocurrency Rate Advances comprising part of the same Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(iv) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Issuing Bank" means an Initial Issuing Bank or any Eligible Assignee to which a portion of the Letter of Credit Commitment hereunder has been assigned pursuant to Section 9.07 so long as such Eligible Assignee expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Agent of its Applicable Lending Office (which information shall be recorded by the Agent in the Register), for so long as the Initial Issuing Bank or Eligible Assignee, as the case may be, shall have a Letter of Credit Commitment.

"L/C Cash Deposit Account" means an interest bearing cash deposit account to be established and maintained by the Agent, over which the Agent shall have sole dominion and control, upon terms as may be satisfactory to the Agent.

"L/C Related Documents" has the meaning specified in Section 2.06(c)(i).

"Lenders" means the Initial Lenders, each Swing Line Bank, each Issuing Bank and each Person that shall become a party hereto pursuant to Section 9.07.

"Letter of Credit" has the meaning specified in Section 2.01(c).

"Letter of Credit Agreement" has the meaning specified in Section 2.03(a).

"Letter of Credit Commitment" means, with respect to each Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit to any Borrower in (a) the amount set forth opposite the Issuing Bank's name on the signature pages hereto under the caption "Letter of Credit Commitment" or (b) if such Issuing Bank has entered into one or more Assignment and Acceptances, the amount set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 9.07(d) as such Issuing Bank's "Letter of Credit Commitment", in each case as such amount may be reduced prior to such time pursuant to Section 2.05.

"Letter of Credit Facility" means, at any time, an amount equal to the least of (a) the aggregate amount of the Issuing Banks' Letter of Credit Commitments at such time, (b) $200,000,000 and (c) the aggregate amount of the Revolving Credit Commitments, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

“Lien” means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and the assignment of the right to receive income.

“Loan Document” means this Agreement, the Notes, if any, and the other L/C Related Documents.

“Material Adverse Change” means any material adverse change in the business, financial condition or results of operations of the Company and its Consolidated Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, financial condition or results of operations of the Company and its Consolidated Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or any Lender under this Agreement or any other Loan Document or (c) the ability of the Company to perform its obligations under this Agreement or any other Loan Document.

“Material Subsidiary” means each Consolidated Subsidiary of the Company organized in the United States or any political subdivision thereof that had, as of the end of the most recently ended fiscal year, aggregate revenues for such fiscal year equal to at least $25,000,000.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Multiple Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, subject to Title IV of ERISA that (a) is maintained for employees of the Company or any ERISA Affiliate and at least one Person other than the Company and the ERISA Affiliates or (b) was so maintained and in respect of which the Company or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

“Net Cash Proceeds” means, with respect to any sale, lease, transfer or other disposition of any asset, business or entity by the Company or any of its Subsidiaries, the aggregate amount of cash received by the Company and its Subsidiaries in connection with such transaction after deducting therefrom only (without duplication) (a) reasonable and customary brokerage commissions, underwriting fees and discounts, legal fees, finder’s fees and other similar fees and commissions, (b) the amount of estimated taxes payable as a direct result of such transaction (for the avoidance of doubt, taxes in respect of the operations of such asset, business or entity need not be deducted) and (c) the amount of any Debt secured by a Lien on such asset that, by the terms of the agreement or instrument governing such Debt, is required to be repaid by the Company or such Subsidiary upon such disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable to a Person that is not an Affiliate of the Company and are properly attributable to such transaction or to the asset, business or entity that is the subject thereof, as determined by an appropriate officer of the Company.

“Note” means a promissory note of any Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.16 in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Advances made by such Lender to such Borrower.

“Notice of Issuance” has the meaning specified in Section 2.03(a).

“Notice of Revolving Credit Borrowing” has the meaning specified in Section 2.02(a).

“Notice of Swing Line Borrowing” has the meaning specified in Section 2.02(b).

“Payment Office” means, for any Committed Currency or Committed L/C Currency, such office of Citibank as shall be from time to time selected by the Agent and notified by the Agent to the Company and the Lenders.

“PBGC” means the Pension Benefit Guaranty Corporation (or any successor).

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

“Plan” means a Single Employer Plan or a Multiple Employer Plan.

“Public Debt Rating” means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody’s, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Company. For purposes of the foregoing, (a) if only one of S&P and Moody’s shall have in effect a Public Debt Rating, the Applicable Margin, the Applicable Percentage and the Applicable Utilization Fee shall be determined by reference to the available Public Debt Rating announced by either S&P or Moody’s; (b) if neither S&P nor Moody’s shall have in effect a Public Debt Rating, the Applicable Margin, the Applicable Percentage and the Applicable Utilization Fee will be set in accordance with Level 3 under the definition of “Applicable Margin”, “Applicable Percentage” or “Applicable Utilization Fee”, as the case may be; (c) if any such rating established by S&P or Moody’s shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (d) if S&P or Moody’s shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody’s, as the case may be, shall refer to the then equivalent rating by S&P or Moody’s, as the case may be.

“Ratable Share” of any amount means, with respect to any Lender at any time, the product of (a) a fraction the numerator of which is the amount of such Lender’s Revolving Credit Commitment at such time and the denominator of which is the aggregate Revolving Credit Commitments at such time and (b) such amount.

“Reference Banks” means Citibank, HSBC Bank USA and JPMorgan Chase Bank, N.A.

“Register” has the meaning specified in Section 9.07(d).

“Required Lenders” means at any time Lenders owed at least a majority in interest of the then aggregate outstanding principal amount (based on the Equivalent in Dollars at such time) of the Revolving Credit Advances, or, if no such principal amount is then outstanding, Lenders having at least a majority in amount of the Revolving Credit Commitments.

“Revolving Credit Advance” means an Advance by a Lender to any Borrower as part of a Revolving Credit Borrowing and refers to a Base Rate Advance or a Eurocurrency Rate Advance (each of which shall be a “Type” of Revolving Credit Advance).

“Revolving Credit Borrowing” means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Lenders pursuant to Sections 2.01(a) or 2.03(c).

“Restatement Date” has the meaning specified in Section 3.01.

“Revolving Credit Commitment” means as to any Lender the obligation of such Lender to make Revolving Credit Advances to any Borrower in (a) the Dollar amount set forth opposite such Lender’s name on the signature pages hereof under the caption “Revolving Credit Commitment” or (b) if such Lender has entered into any Assignment and Acceptance, the Dollar amount set forth for such Lender in the Register

maintained by the Agent pursuant to Section 9.07(d), as such amount may be reduced pursuant to Section 2.05.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, subject to Title IV of ERISA that (a) is maintained for employees of the Company or any ERISA Affiliate and no Person other than the Company and the ERISA Affiliates or (b) was so maintained and in respect of which the Company or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"SPC" has the meaning specified in Section 9.07(f) hereto.

"Sub-Agent" means Citibank International plc.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Swing Line Advance" means an Advance in Dollars made by any Swing Line Bank to any Borrower as part of a Swing Line Borrowing pursuant to Section 2.01(b) or by any Lender pursuant to Section 2.02(b).

"Swing Line Bank" means Citibank and any other Lender that expressly agrees in a writing delivered to the Company and the Agent to perform in accordance with all of the obligations that, by the terms of this Agreement, are required to be performed by such Lender as a Swing Line Bank.

"Swing Line Borrowing" means a borrowing consisting of a Swing Line Advance made by any Swing Line Bank.

"Swing Line Commitment" means with respect to any Swing Line Bank at any time the amount set forth opposite such Swing Line Bank's name on the signature pages hereof, as such amount may be increased, terminated or reduced, as the case may be, at or prior to such time pursuant to Section 2.05.

"Swing Line Facility" has the meaning specified in Section 2.01(b).

"Termination Date" means the earlier of (a) May 9, 2007 and (b) the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

"Unissued Letter of Credit Commitment" means, with respect to any Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit to any Borrower in an amount (converting all non-Dollar amounts into the then Dollar Equivalent thereof) equal to the excess of (a) the amount of its Letter of Credit Commitment over (b) the aggregate Available Amount of all Letters of Credit issued by such Issuing Bank.

"Unused Commitment" means, with respect to each Lender at any time, (a) the amount of such Lender's Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances (based in respect of any Revolving Credit Advances denominated in a Committed Currency or the Equivalent in Dollars at such time) made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender's Ratable Share of (A) the

aggregate principal amount of all Swing Line Advances then outstanding and (B) the aggregate Available Amount of all the Letters of Credit outstanding at such time.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

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

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

SECTION 2.01. The Advances. (a) Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to any Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate amount (based in respect of any Revolving Credit Advances to be denominated in a Committed Currency on the Equivalent in Dollars determined on the date of delivery of the applicable Notice of Borrowing) for all Borrowers not to exceed such Lender's Unused Commitment. Each Borrowing shall be in an aggregate amount of $5,000,000 or an integral multiple of $100,000 in excess thereof in the case of Revolving Credit Advances denominated in Dollars and the Equivalent of $5,000,000 or an integral multiple of $100,000 in excess thereof in the case of Revolving Credit Advances denominated in any Committed Currency (determined on the date of the applicable Notice of Borrowing) and shall consist of Revolving Credit Advances of the same Type made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments. Within the limits of each Lender's Revolving Credit Commitment, any Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.10 and reborrow under this Section 2.01(a).

(b) Swing Line Advances. Each Swing Line Bank severally agrees, on the terms and conditions hereinafter set forth, to make Swing Line Advances to any Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date (i) in an aggregate amount of Swing Line Advances made by all Swing Line Banks to all Borrowers not to exceed at any time outstanding $5,000,000 (the "Swing Line Facility") and (ii) in an amount not to exceed the Unused Commitments of the Lenders on such Business Day. No Swing Line Advance shall be used for the purpose of funding the payment of principal of any other Swing Line Advance. Each Swing Line Borrowing shall be in an amount of $500,000 or an integral multiple of $10,000 in excess thereof and shall consist of a Base Rate Advance. Within the limits of the Swing Line Facility and within the limits referred to in clause (ii) above, any Borrower may borrow under this Section 2.01(b), prepay pursuant to Section 2.10 and reborrow under this Section 2.01(b).

(c) Letters of Credit. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue letters of credit (each, a "Letter of Credit") for the account of any Borrower from time to time on any Business Day during the period from the Effective Date until 30 days before the Termination Date (i) in an aggregate Available Amount for all Letters of Credit issued by all Issuing Banks not to exceed at any time the Letter of Credit Facility at such time, (ii) in an amount for each Issuing Bank (converting all non-Dollar amounts into the then Dollar Equivalent thereof) not to exceed the amount of such Issuing Banks' Letter of Credit Commitment at such time and (iii) in an amount for each such Letter of Credit (converting all non-Dollar amounts into the then Dollar Equivalent thereof) not to exceed an amount equal to the Unused Commitments of the Lenders

at such time. Each Letter of Credit shall be in an amount of $25,000 (or the Equivalent thereof in any Committed L/C Currency) or any integral multiple of $1,000 in excess thereof. No Letter of Credit shall have an expiration date (including all rights of any Borrower or the beneficiary to require renewal) later than the earlier of (x) 15 days prior to the Termination Date or (y) the date that is one year after the issuance thereof; provided that any Letter of Credit which provides for automatic one-year extension(s) of such expiration date shall be deemed to comply with the foregoing requirement if the Issuing Bank has the unconditional right to prevent any such automatic extension from taking place. Within the limits referred to above, any Borrower may request the issuance of Letters of Credit under this Section 2.01(c), repay any Advances resulting from drawings thereunder pursuant to Section 2.03(c) and request the issuance of additional Letters of Credit under this Section 2.01(c); provided that such Borrower shall only request Letters of Credit to be issued by Citibank at any time hereunder. Each letter of credit listed on Schedule 2.01(b) shall be deemed to constitute a Letter of Credit issued hereunder, and each Lender that is an issuer of such a Letter of Credit shall, for purposes of Section 2.03, be deemed to be an Issuing Bank for each such letter of credit, provided that all such letters of credit shall be permitted to expire on their respective expiration dates as in effect on the date of this Agreement (and the respective Issuing Banks are permitted to take such steps under such letters of credit which have automatic renewal or extension provisions to prevent such automatic renewals or extensions from occurring) and any replacement of any such letter of credit shall be issued by an Issuing Bank pursuant to the terms of this Agreement. The terms "issue", "issued", "issuance" and all similar terms, when applied to a Letter of Credit, shall include any renewal, extension or amendment thereof.

SECTION 2.02. Making the Advances. (a) Except as otherwise provided in Section 2.02(b) or Section 2.03(a) and except with respect to Advances made pursuant to Section 2.03(c), each Revolving Credit Borrowing shall be made on notice, given not later than (x) 10:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances denominated in Dollars, (y) 4:00 P.M. (London time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances denominated in any Committed Currency, or (z) 12:00 noon (New York City time) on the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Base Rate Advances, by any Borrower to the Agent (and, in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances, simultaneously to the Sub-Agent), which shall give to each Lender prompt notice thereof by facsimile. Each such notice of a Revolving Credit Borrowing (a "Notice of Revolving Credit Borrowing") shall be by telephone, confirmed immediately in writing, or facsimile in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) Type of Advances comprising such Revolving Credit Borrowing, (iii) aggregate amount of such Revolving Credit Borrowing, and (iv) in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances, initial Interest Period and currency for each such Advance; provided, however, that if any such notice shall fail to specify a currency, Dollars shall be deemed to have been specified. Each Lender shall, before 2:00 P.M. (New York City time) on the date of such Revolving Credit Borrowing, in the case of a Revolving Credit Borrowing consisting of Revolving Credit Advances denominated in Dollars, and before 4:00 P.M. (London time) on the date of such Revolving Credit Borrowing, in the case of a Revolving Credit Borrowing consisting of Eurocurrency Rate Advances denominated in any Committed Currency, make available for the account of its Applicable Lending Office to the Agent at the applicable Agent's Account, in same day funds, such Lender's ratable portion of such Revolving Credit Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the applicable Borrower requesting the Revolving Credit Borrowing at the Agent's address referred to in Section 9.02 or, in the case of a Revolving Credit Borrowing in a Committed Currency, at the applicable Payment Office, as the case may be; provided, however, that the Agent shall first make a portion of such funds equal to the aggregate principal amount of any Swing Line Advances made by the Swing Line Banks and outstanding on the date of such Revolving Credit Borrowing, plus interest accrued and unpaid thereon to and as of such date, available to the Swing Line Banks for repayment of such Swing Line Advances.

(b) Each Swing Line Borrowing shall be made on notice, given not later than 3:00 P.M. (New York City time) on the date of the proposed Swing Line Borrowing by the applicable Borrower to each Swing Line Bank and the Agent, of which the Agent shall give prompt notice to the Lenders. Each such notice of a Swing Line Borrowing (a "Notice of Swing Line Borrowing") shall be by telephone, confirmed at once in writing, or facsimile, specifying therein the requested (i) date of such Borrowing, (ii) amount of such Borrowing and (iii) maturity of such Borrowing (which maturity shall be no later than the tenth Business Day after the requested date of

such Borrowing. Each Swing Line Bank shall, before 5:00 P.M. (New York City time) on the date of such Swing Line Borrowing, make such Swing Line Bank's ratable portion of such Swing Line Borrowing available (based on the respective Swing Line Commitments of the Swing Line Banks) to the Agent at the Agent's Account, in same day funds in Dollars. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the applicable Borrower at the Agent's address referred to in Section 9.02. The principal amount of any Swing Line Borrowing made pursuant to this Section 2.02(b) shall accrue interest at the Base Rate and shall be for the account of the Swing Line Bank from the date such funds are made available to such Borrower to the date on which each other Lender purchases from such Swing Line Bank and such Swing Line Bank sells and assigns to each such other Lender such other Lender's Ratable Share of such outstanding Swing Line Advance pursuant to the immediately following sentence of this Section 2.02(b). Upon written demand by any Swing Line Bank with a Swing Line Advance, with a copy of such demand to the Agent, each other Lender will purchase from such Swing Line Bank, and such Swing Line Bank shall sell and assign to each such other Lender, such other Lender's Ratable Share of such outstanding Swing Line Advance, by making available for the account of its Applicable Lending Office to the Agent for the account of such Swing Line Bank, by deposit or transfer to the Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Swing Line Advance to be purchased by such Lender. Each Borrower hereby agrees to each such sale and assignment. Each Lender agrees to purchase its Ratable Share of an outstanding Swing Line Advance on (i) the Business Day on which demand therefor is made by the Swing Line Bank which made such Advance, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by a Swing Line Bank to any other Lender of a portion of a Swing Line Advance, such Swing Line Bank represents and warrants to such other Lender that such Swing Line Bank is the legal and beneficial owner of such interest being assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Swing Line Advance, this Agreement, any Notes or any Borrower. If and to the extent that any Lender shall not have so made the amount of such Swing Line Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such Lender is required to have made such amount available to the Agent until the date such amount is paid to the Agent, at the Federal Funds Rate. If such Lender shall pay to the Agent such amount for the account of such Swing Line Bank on any Business Day, such amount so paid in respect of principal shall constitute a Swing Line Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Swing Line Advance made by such Swing Line Bank shall be reduced by such amount on such Business Day.

(c) Anything in subsection (a) above to the contrary notwithstanding, (i) no Borrower may select Eurocurrency Rate Advances for any Revolving Credit Borrowing if the aggregate amount of such Borrowing is less than $5,000,000 (or the Equivalent thereof in a Committed Currency) or if the obligation of the applicable Lenders to make Eurocurrency Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) the Eurocurrency Rate Advances may not be outstanding as part of more than twenty separate Borrowings.

(d) Each Notice of Revolving Credit Borrowing and each Notice of Swing Line Borrowing of any Borrower shall be irrevocable and binding on such Borrower. In the case of any Revolving Credit Borrowing that the related Notice of Revolving Credit Borrowing specifies is to be comprised of Eurocurrency Rate Advances, the applicable Borrower requesting such Revolving Credit Borrowing shall indemnify each applicable Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Revolving Credit Borrowing for such Revolving Credit Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Revolving Credit Borrowing when such Advance, as a result of such failure, is not made on such date.

(e) Unless the Agent shall have received notice from an applicable Lender prior to the time of any Revolving Credit Borrowing, except with respect to Borrowings pursuant to Section 2.03(c), or any Swing Line Borrowing, as the case may be, that such Lender will not make available to the Agent such Lender's ratable portion of such Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, in accordance with subsection (a) or (b) of this Section 2.02 and the

Agent may, in reliance upon such assumption, make available to the applicable Borrower proposing the Borrowing on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and such Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Agent, at (i) in the case of such Borrower, the higher of (A) the interest rate applicable at the time to the Advances comprising such Borrowing and (B) the cost of funds incurred by the Agent in respect of such amount and (ii) in the case of such Lender, (A) the Federal Funds Rate in the case of Advances denominated in Dollars or (B) the cost of funds incurred by the Agent in respect of such amount in the case of Advances denominated in Committed Currencies. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Revolving Credit Advance as part of such Revolving Credit Borrowing or the Swing Line Bank's Swing Line Advance as part of such Swing Line Borrowing for purposes of this Agreement.

(f) The failure of any applicable Lender or Swing Line Bank to make the Revolving Credit Advance, except Advances made pursuant to Section 2.03(c), or Swing Line Advance, as the case may be, to be made by it as part of any Borrowing shall not relieve any other Lender or Swing Line Bank of its obligation, if any, hereunder to make its Revolving Credit Advance or Swing Line Advance on the date of such Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, but no Lender or Swing Line Bank shall be responsible for the failure of any other Lender or Swing Line Bank to make the Revolving Credit Advance or Swing Line Advance to be made by such other Lender or Swing Line Bank on the date of any Revolving Credit Borrowing or Swing Line Borrowing, as the case may be.

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (New York City time) on the fifth Business Day prior to the date of the proposed issuance of such Letter of Credit (or on such shorter notice as the applicable Issuing Bank may agree), by any Borrower to any Issuing Bank, and such Issuing Bank shall give the Agent, prompt notice thereof by facsimile. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telephone, confirmed immediately in writing, or facsimile, specifying therein the requested (i) date of such issuance (which shall be a Business Day), (ii) Available Amount and currency of such Letter of Credit, (iii) expiration date of such Letter of Credit (which shall not be later than the earlier of (x) 15 days prior to the Termination Date or (y) the date that is one year after the issuance thereof; provided that any Letter of Credit which provides for automatic one-year extension(s) of such expiration date shall be deemed to comply with the foregoing requirement if the Issuing Bank has the unconditional right to prevent any such automatic extension from taking place and each Issuing Bank hereby agrees to exercise such right to prevent any such automatic extension for each Letter of Credit outstanding after the Termination Date), (iv) name and address of the beneficiary of such Letter of Credit and (v) form of such Letter of Credit, and shall be accompanied by such customary application and agreement for letter of credit as such Issuing Bank may specify to the Borrower requesting such issuance for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If the requested form of such Letter of Credit is acceptable to such Issuing Bank in its sole discretion, such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the Borrower requesting such issuance at its office referred to in Section 9.02 or as otherwise agreed with such Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Ratable Share of the Available Amount of such Letter of Credit. Each Borrower hereby agrees to each such participation. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of such Issuing Bank, such Lender's Ratable Share of each drawing made under a Letter of Credit funded by such Issuing Bank and not reimbursed by the applicable Borrower on the date made, or of any reimbursement payment required to be refunded to any Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and

that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Ratable Share of the Available Amount of such Letter of Credit at each time such Lender's Revolving Credit Commitment is amended pursuant to an assignment in accordance with Section 9.07 or otherwise pursuant to this Agreement.

(c) Drawing and Reimbursement. The payment by an Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by any such Issuing Bank of a Revolving Credit Advance (and shall be made whether or not the conditions set forth in Section 3.03 have been satisfied; it being understood that no representations or warranties shall be made or deemed made by any Borrower in connection with such drawing), which, in the case of a Letter of Credit denominated in Dollars, shall be a Base Rate Advance, in the amount of such draft or, in the case of a Letter of Credit denominated in any currency other than Dollars, shall be a Base Rate Advance in the Equivalent in Dollars on the date such draft is paid. Each Issuing Bank shall give prompt notice (and such Issuing Bank will use its commercially reasonable efforts to deliver such notice within one Business Day) of each drawing under any Letter of Credit issued by it to the Company, the applicable Borrower (if not the Company) and the Agent. Upon written demand by such Issuing Bank, with a copy of such demand to the Agent and the Company, each Lender shall pay to the Agent such Lender's Ratable Share of such outstanding Advance, by making available for the account of its Applicable Lending Office to the Agent for the account of such Issuing Bank, by deposit to the Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Advance to be funded by such Lender. Each Lender acknowledges and agrees that its obligation to make Advances pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Lender agrees to fund its Ratable Share of any such outstanding Advance on (i) the Business Day on which demand therefor is made by such Issuing Bank, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day, or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Lender shall not have so made the amount of such Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by any such Issuing Bank until the date such amount is paid to the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Agent such amount for the account of any such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Revolving Credit Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of such Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d) Letter of Credit Reports. Each Issuing Bank shall furnish (A) to the Agent and each Lender on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit during the preceding month and drawings during such month under all Letters of Credit and (B) to the Agent and each Lender (with a copy to the Company) on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit.

(e) Failure to Make Advances. The failure of any Lender to make the Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation hereunder to make its Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on such date.

SECTION 2.04. Fees. (a) Facility Fee. The Company agrees to pay to the Agent for the account of each Lender a facility fee on the aggregate amount of such Lender's Revolving Credit Commitment from the Effective Date in the case of each Initial Lender and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Termination Date at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing December 31, 2005, and on the Termination Date.

(b) Letter of Credit Fees. (i) Each Borrower shall pay to the Agent for the account of each Lender a commission on such Lender's Ratable Share of the average daily aggregate Available Amount of all Letters of Credit issued at the request of such Borrower and outstanding from time to time at a rate per annum equal to the Applicable Margin for Eurocurrency Rate Advances in effect from time to time during such calendar quarter, payable in arrears quarterly on the third Business Day after the last day of each March, June, September and December, commencing with the quarter ended December 31, 2005, and on the Termination Date payable upon demand; provided that the Applicable Margin shall be 2% above the Applicable Margin in effect upon the occurrence and during the continuation of an Event of Default if the Borrowers are required to pay default interest pursuant to Section 2.07(b).

(ii) Each Borrower shall pay to each Issuing Bank for its own account a fee on the aggregate Available Amount of all Letters of Credit issued by such Issuing Bank at the request of such Borrower and outstanding from time to time during each calendar quarter at a rate per annum equal to 0.125% payable in arrears quarterly on the third Business Day after the last day of each March, June, September and December, commencing with the quarter ended December 31, 2005, and on the Termination Date payable upon demand.

(c) Agent's Fees. The Company shall pay to the Agent for its own account such fees as may from time to time be agreed between the Company and the Agent.

SECTION 2.05. Optional Termination or Reduction of the Commitments. The Company shall have the right, upon at least three Business Days' notice to the Agent, to permanently terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that, in the case of Revolving Credit Commitments, each partial reduction shall be in the aggregate amount of $5,000,000 or an integral multiple of $100,000 in excess thereof, and, in the case of Swing Line Commitments, each partial reduction shall be in the aggregate amount of $500,000 or an integral multiple of $10,000 in excess thereof.

SECTION 2.06. Repayment. (a) Revolving Credit Advances. Each Borrower shall repay to the Agent for the ratable account of the Lenders on the Termination Date the aggregate principal amount of the Revolving Credit Advances then outstanding to such Borrower.

(b) Swing Line Advances. Each Borrower shall repay to the Agent for the account of the Swing Line Banks and each other Lender which has made a Swing Line Advance the outstanding principal amount of each Swing Line Advance made by each of them by no later than the earlier of (i) the tenth Business Day after the requested date of such Borrowing and (ii) the Termination Date.

(c) Letter of Credit Reimbursements. The obligation of any Borrower under this Agreement, any Letter of Credit Agreement and any other agreement or instrument, in each case, to repay any Advance that results from payment of a drawing under a Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by a Borrower is without prejudice to, and does not constitute a waiver of, any rights such Borrower might have or might acquire as a result of the payment by any Lender of any draft or the reimbursement by such Borrower thereof):

(i) any lack of validity or enforceability of this Agreement, any Note, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(ii) any change in the time, manner or place of payment of any Letter of Credit;

(iii) the existence of any claim, set-off, defense or other right that any Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), any Issuing Bank, the Agent, any Lender or any other

Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not substantially comply with the terms of such Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the obligations of any Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing that might, but for the provisions of this Section, constitute a legal or equitable discharge of any Borrower's obligations hereunder.

SECTION 2.07. Interest on Advances. (a) Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Revolving Credit Advance and Swing Line Advance made to it and owing to each Lender from the date of such Revolving Credit Advance or Swing Line Advance, as the case may be, until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Revolving Credit Advance is a Base Rate Advance and for each Swing Line Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time plus (z) the Applicable Utilization Fee, if any, in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full or Swing Line Advance is paid in full.

(ii) Eurocurrency Rate Advances. During such periods as such Advance is a Eurocurrency Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurocurrency Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time plus (z) the Applicable Utilization Fee, if any, in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurocurrency Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Borrowers shall pay interest on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

SECTION 2.08. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Eurocurrency Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Agent shall give prompt notice to the Company and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.07(a)(ii).

(b) If, with respect to any Eurocurrency Rate Advances, the Required Lenders notify the Agent that (i) they are unable to obtain matching deposits in the London inter-bank market at or about 11:00 A.M. (London time) on the second Business Day before the making of a Revolving Credit Borrowing in sufficient amounts to fund their respective Advances as a part of such Borrowing during its Interest Period or (ii) the Eurocurrency Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurocurrency Rate Advances for such Interest Period, the Agent shall forthwith so notify the Company and the Lenders, whereupon (A) the Borrower of such Eurocurrency Advances will, on the last day of the then existing Interest Period therefor, (1) if such Eurocurrency Rate Advances are denominated in Dollars, either (x) prepay such Advances or (y) Convert such Advances into Base Rate Advances and (2) if such Eurocurrency Rate Advances are denominated in any Committed Currency, either (x) prepay such Advances or (y) redenominate such Advances into an Equivalent amount of Dollars and Convert such Advances into Base Rate Advances and (B) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist.

(c) If any Borrower shall fail to select the duration of any Interest Period for any Eurocurrency Rate Advances in accordance with the provisions contained in the definition of “Interest Period” in Section 1.01, the Agent will forthwith so notify such Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, (i) if such Eurocurrency Rate Advances are denominated in Dollars, Convert into Base Rate Advances and (ii) if such Eurocurrency Rate Advances are denominated in a Committed Currency, be redenominated into an Equivalent amount of Dollars and be Converted into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurocurrency Rate Advances comprising any Revolving Credit Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $5,000,000 (or the Equivalent thereof in any Committed Currency), such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), (i) each Eurocurrency Rate Advance will automatically, on the last day of the then existing Interest Period therefor, (A) if such Eurocurrency Rate Advance is denominated in Dollars, be Converted into a Base Rate Advance and (B) if such Eurocurrency Rate Advance is denominated in any Committed Currency, be redenominated into an Equivalent amount of Dollars and be Converted into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurocurrency Rate Advances shall be suspended.

(f) If Moneyline Telerate Markets Page 3750 is unavailable and fewer than two Reference Banks furnish timely information to the Agent for determining the Eurocurrency Rate for any Eurocurrency Rate Advances,

(i) the Agent shall forthwith notify the Company and the Lenders that the interest rate cannot be determined for such Eurocurrency Rate Advances,

(ii) with respect to Eurocurrency Rate Advances, each such Advance will automatically, on the last day of the then existing Interest Period therefor, (A) if such Eurocurrency Rate Advance is denominated in Dollars, be prepaid by the applicable Borrower or be automatically Converted into a Base Rate Advance and (B) if such Eurocurrency Rate Advance is denominated in any Committed Currency, be prepaid by the applicable Borrower or be automatically redenominated into an Equivalent amount of Dollars and be Converted into a Base Rate Advance, and

(iii) the obligation of the Lenders to make Eurocurrency Rate Advances or to Convert Base Rate Advances into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09. Optional Conversion of Revolving Credit Advances. The Borrower of any Revolving Credit Advance may on any Business Day, upon notice given to the Agent not later than 11:00 A.M.

(New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, Convert all or any part of such Advances denominated in Dollars of one Type comprising the same Borrowing into Advances denominated in Dollars of the other Type; provided, however, that any Conversion of Eurocurrency Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurocurrency Rate Advances, any Conversion of Base Rate Advances into Eurocurrency Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(c) and no Conversion of any such Advances shall result in more separate Borrowings than permitted under Section 2.02(c). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Dollar denominated Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurocurrency Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower giving such notice.

SECTION 2.10. Prepayments of Advances. (a) Optional. Each Borrower may, upon notice at least one Business Day prior to the date of such prepayment, in the case of Eurocurrency Rate Advances, and not later than 11:00 A.M. (New York City time) on the date of such prepayment, in the case of Base Rate Advances, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances comprising part of the same Revolving Credit Borrowing or Swing Line Advances comprising part of the same Swing Line Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of $5,000,000 or an integral multiple of $100,000 in excess thereof in the case of Revolving Credit Advances denominated in Dollars (or in an aggregate principal amount of $500,000 or an integral multiple of $10,000 in excess thereof in the case of Swing Line Advances) and the Equivalent of $5,000,000 or an integral multiple of $100,000 in excess thereof in the case of Revolving Credit Advances denominated in any Committed Currencies (determined on the date notice of prepayment is given) and (y) in the event of any such prepayment of a Eurocurrency Rate Advance, such Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.04(c).

(b) Mandatory Prepayments. (i) If the Agent notifies the Company on the second Business Day prior to any interest payment date that the sum of (A) the aggregate principal amount of all Advances denominated in Dollars then outstanding plus (B) the Equivalent in Dollars (both (A) and (B) determined on the third Business Day prior to such interest payment date) of the aggregate principal amount of all Advances denominated in Committed Currencies and Committed L/C Currencies then outstanding exceeds 103% of the aggregate Revolving Credit Commitments of the Lenders on such date, the Borrowers shall, within two Business Days after receipt of such notice, prepay the outstanding principal amount of any Advances owing by the Borrowers in an aggregate amount sufficient to reduce such sum after such payment to an amount not to exceed 100% of the aggregate Revolving Credit Commitments of the Lenders. The Agent shall provide such notice to the Company at the request of any Lender.

(ii) Each prepayment made pursuant to this Section 2.10(b) shall be made together with any interest accrued to the date of such prepayment on the principal amounts prepaid and, in the case of any prepayment of a Eurocurrency Rate Advance on a date other than the last day of an Interest Period or at its maturity, any additional amounts which the Borrowers shall be obligated to reimburse to the Lenders in respect thereof pursuant to Section 9.04(c). The Agent shall give prompt notice of any prepayment required under this Section 2.10(b) to the Company and the Lenders.

(c) Letters of Credit. The Company shall, on the day that is 15 days prior to the Termination Date, pay to the Agent for deposit in the L/C Cash Deposit Account an amount sufficient to cause the aggregate amount on deposit in the L/C Cash Deposit Account to equal the sum of (a) 103% of the Dollar Equivalent of the aggregate Available Amount of all Letters of Credit then outstanding denominated in any Committed L/C Currency and (b) 100% of the aggregate Available Amount of all Letters of Credit then outstanding denominated in Dollars. Upon the drawing of any such Letter of Credit, to the extent funds are on deposit in the L/C Cash Deposit Account, such funds shall be applied to reimburse the Issuing Banks to the extent permitted by applicable law, and if so applied, then such reimbursement shall be deemed a repayment of the corresponding Advance in respect of such Letter of Credit. After all such Letters of Credit shall have expired or been fully drawn upon and all other

obligations of the Borrowers thereunder shall have been paid in full, the balance, if any, in such L/C Cash Deposit Account shall be promptly returned to the Company.

SECTION 2.11. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the date hereof or (ii) the compliance with any guideline or request issued after the date hereof by any central bank or other governmental authority including, without limitation, any agency of the European Union or similar monetary or multinational authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Advances or agreeing to issue or of issuing or maintaining or participating in Letters of Credit (excluding for purposes of this Section 2.11 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.14 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Company shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Company and the Agent by such Lender, shall constitute prima facie evidence of such amounts.

(b) If any Lender determines that due to the introduction of or any change in or in the interpretation of any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) after the date hereof, taking into consideration the policies of such Lender and any corporation controlling such Lender with respect to capital adequacy, increases or would increase the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such increase is based upon the existence of such Lender’s commitment to lend or to issue or participate in Letters of Credit hereunder and other commitments of this type and the effect of such increase is to reduce the rate of return on such Lender’s capital or on the capital of the corporation controlling such Lender, then, upon demand by such Lender (with a copy of such demand to the Agent), the Company shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender’s commitment to lend or to issue or participate in Letters of Credit hereunder. A certificate as to such amounts submitted to the Company and the Agent by such Lender shall constitute prima facie evidence of such amounts.

(c) If any governmental authority of the jurisdiction of any Committed Currency or Committed L/C Currency (or any other jurisdiction in which the funding operations of any Lender shall be conducted with respect to such Committed Currency or Committed L/C Currency) shall introduce or increase any reserve, liquid asset or similar requirement after the date hereof with respect to any category of deposits or liabilities customarily used to fund loans in such Committed Currency or Committed L/C Currency, or by reference to which interest rates applicable to loans in such Committed Currency or Committed L/C Currency are determined, and the result of such requirement shall be to increase the cost to such Lender of making or maintaining any Advance denominated in a Committed Currency, and such Lender shall deliver to the relevant Borrowers a notice requesting compensation under this paragraph, then the relevant Borrowers will pay to such Lender on each date on which interest is paid pursuant to Section 2.07 with respect to each affected Advance denominated in a Committed Currency, an amount that will compensate such Lender for such additional cost. A certificate in reasonable detail as to the amount of such increased cost, submitted to the Company and the Agent by such Lender shall constitute prima facie evidence of such amounts.

SECTION 2.12. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation after the date hereof makes it unlawful, or any central bank or other governmental authority asserts after the date hereof that it is unlawful, for any Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Eurocurrency Rate Advances in Dollars or any Committed Currency or to fund or maintain Eurocurrency Rate Advances in Dollars or any Committed Currency hereunder, (a) each Eurocurrency Rate Advance will automatically, upon such demand, (i) if such Eurocurrency Rate Advance is denominated in Dollars, be Converted into a Base Rate Advance and (ii) if such Eurocurrency Rate Advance is denominated in any Committed Currency, be redenominated into an Equivalent amount of Dollars and be Converted into a Base Rate Advance and (b) the

obligation of the Lenders to make Eurocurrency Rate Advances or to Convert Advances into Eurocurrency Rate Advances shall be suspended until the Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.13. Payments and Computations. (a) Each Borrower shall make each payment hereunder, except with respect to principal of, interest on, and other amounts relating to, Advances denominated in a Committed Currency or Committed L/C Currency, not later than 12:00 noon (New York City time) on the day when due in Dollars to the Agent at the applicable Agent's Account in same day funds and without deduction, set off or counterclaim. Each Borrower shall make each payment hereunder with respect to principal of, interest on, and other amounts relating to, Advances denominated in a Committed Currency, not later than 11:00 A.M. (at the Payment Office for such Committed Currency) on the day when due in such Committed Currency to the Agent, by deposit of such funds to the applicable Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest, fees or commissions ratably (other than amounts payable pursuant to Section 2.04(b)(ii), 2.11, 2.14 or 9.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 9.07(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under any Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, all computations of interest based on the Eurocurrency Rate or the Federal Funds Rate and of fees and Letter of Credit commissions shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under any Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest, fee or commission, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Agent shall have received notice from any Borrower prior to the date on which any payment is due to the Lenders hereunder that such Borrower will not make such payment in full, the Agent may assume that such Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent such Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at (i) the Federal Funds Rate in the case of Advances denominated in Dollars or (ii) the cost of funds incurred by the Agent in respect of such amount in the case of Advances denominated in Committed Currencies.

SECTION 2.14. Taxes. (a) Any and all payments by each Borrower hereunder or under any Notes shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies,

imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under any Notes being hereinafter referred to as "Taxes"). If any Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Company shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under any Notes or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or any Notes (hereinafter referred to as "Other Taxes").

(c) Each Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.14) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, each Borrower shall furnish to the Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment. In the case of any payment hereunder or under any Notes by or on behalf of such Borrower through an account or branch outside the United States or by or on behalf of such Borrower by a payor that is not a United States person, if such Borrower determines that no Taxes are payable in respect thereof, such Borrower shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Company (but only so long as such Lender remains lawfully able to do so), shall provide each of the Agent and the Company with two original Internal Revenue Service forms W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or any Notes. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form W-8BEN or W-8ECI, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrowers and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Company with the appropriate form described in Section 2.14(e) (other than if such failure is due to a change in law occurring subsequent to the date on which a form originally was required to be provided, or if such form otherwise is not

required under subsection (e) above), such Lender shall not be entitled to indemnification under Section 2.14(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Company shall take such steps at such Lender's expense as the Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.14 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Eurocurrency Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Revolving Credit Advances or Swing Line Advances owing to it (other than pursuant to Section 2.11, 2.14 or 9.04(c)) in excess of its Ratable Share of payments on account of the Revolving Credit Advances or Swing Line Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances or Swing Line Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation.

SECTION 2.16. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Advances. Each Borrower agrees that upon notice by any Lender to such Borrower (with a copy of such notice to the Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, such Borrower shall promptly execute and deliver to such Lender a Note payable to the order of such Lender in a principal amount up to the Revolving Credit Commitment of such Lender.

(b) The Register maintained by the Agent pursuant to Section 9.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from such Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from each Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of any Borrower under this Agreement.

SECTION 2.17. Use of Proceeds. The proceeds of the Advances shall be available (and each Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Company and its Consolidated Subsidiaries, including commercial paper backstop and acquisition financing.

SECTION 2.18. Temporary Waiver of Remedies. The Lenders agree not to pursue any remedies they may have in respect of the Existing Credit Agreement (including the giving of notice under Section 6.01 thereof or the making of any demand under Section 6.02 thereof) until the end of the second Business Day following the earlier of September 30 and the delivery of the financial statements referred to in Section 3.01(e).

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Amendment and Restatement. This amendment and restatement of the Existing Credit Agreement (this "Amendment and Restatement") shall become effective, with respect to Section 2.18, on September 27, 2005 and, with respect to all other provisions, on the first date (the "Restatement Date") on which the following conditions have been satisfied:

(a) The Agent shall have received counterparts of this Amendment and Restatement executed by the Company and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Lender has executed this Amendment and Restatement.

(b) The Company shall have paid all accrued fees and expenses of the Agent and the Lenders (including the invoiced accrued fees and expenses of counsel to the Agent).

(c) On the Restatement Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Company, dated the Restatement Date, stating that:

(i) The representations and warranties contained in Section 4.01 (other than the last sentence of Section 4.01(e)) are correct on and as of the Restatement Date,

(ii) Since the Consolidated balance sheet of the Company and its Consolidated Subsidiaries as at December 31, 2004, and except as disclosed in the Company's reports filed with the SEC or as otherwise disclosed to the Lenders since such date and on or prior to September 27, 2005, there has been no Material Adverse Change, and

(iii) No event has occurred and is continuing that constitutes a Default.

(d) The Agent shall have received on or before the Restatement Date the following, each dated the Restatement Date, in form and substance satisfactory to the Agent and in sufficient copies for each Lender:

(i) Any Notes required by each Lender executed by the Company and made payable to the order of such Lender pursuant to Section 2.16.

(ii) Certified copies of the resolutions of the Board of Directors or the Finance Committee of the Board of Directors of the Company approving this Amendment and Restatement, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Amendment and Restatement.

(iii) A certificate of the Secretary or an Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to sign this Amendment and Restatement and the other documents to be delivered by it hereunder.

(iv) A favorable opinion of Nicholas J. Camera, General Counsel of the Company, and of Cleary, Gottlieb, Steen & Hamilton, counsel for the Company, substantially in the form of Exhibits D-2 and D-1 hereto, respectively.

(v) A favorable opinion of Shearman & Sterling LLP, counsel for the Agent, in form and substance satisfactory to the Agent.

(e) The Lenders shall have received copies on or before September 30, 2005 of the Company's reports filed with the Securities and Exchange Commission on Form 10-K for the period ended December 31, 2004 and Form 10-Q for the periods ended March 31, 2005 and June 30, 2005 as filed with the Securities and Exchange Commission.

(f) Neither the Agent nor the Company shall have received notice from the Required Lenders within two Business Days after the delivery of the financial statements referred to in clause (e) above to the Lenders that such financial statements and the financial data contained in the footnotes thereto are not substantially similar to the preliminary financial statements provided to the Lenders on September 27, 2005.

(g) The Company shall have terminated the commitments, and paid in full all Debt, interest, fees and other amounts outstanding, under the 364-Day Credit Agreement dated as of May 10, 2004 as amended (the "Existing 364-Day Credit Agreement"), among the Company, the lenders parties thereto and Citibank, as agent, and each of the Lenders that is a party to the Existing 364-Day Credit Agreement hereby waives, upon execution of this Agreement, the three Business Days' notice required by Section 2.05 of the Existing 364-Day Credit Agreement relating to the termination of commitments thereunder.

SECTION 3.02. Initial Advance to Each Designated Subsidiary. The obligation of each Lender to make an initial Advance to each Designated Subsidiary is subject to the receipt by the Agent on or before the date of such initial Advance of each of the following, in form and substance reasonably satisfactory to the Agent and dated such date, and (except for any Notes) in sufficient copies for each Lender:

(a) Any Notes required by each Lender executed by such Designated Subsidiary and made payable to the order of such Lender pursuant to Section 2.16.

(b) Certified copies of the resolutions of the Board of Directors of such Designated Subsidiary (with a certified English translation if the original thereof is not in English) approving this Agreement and any Notes to be delivered by it, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement.

(c) A certificate of a proper officer of such Designated Subsidiary certifying the names and true signatures of the officers of such Designated Subsidiary authorized to sign its Designation Agreement and any Notes to be delivered by it and the other documents to be delivered by it hereunder.

(d) A certificate signed by a duly authorized officer of the Company, certifying that such Designated Subsidiary has obtained all governmental and third party authorizations, consents, approvals (including exchange control approvals) and licenses required under applicable laws and regulations necessary for such Designated Subsidiary to execute and deliver its Designation Agreement and any Notes to be delivered by it and to perform its obligations hereunder and thereunder.

(e) A Designation Agreement duly executed by such Designated Subsidiary and the Company.

(f) Favorable opinions of counsel (which may be in-house counsel) to such Designated Subsidiary substantially in the forms of Exhibits D-1 and D-2 hereto, respectively, and as to such other matters as any Lender through the Agent may request.

(g) Such other approvals, opinions or documents as any Lender, through the Agent may reasonably request.

SECTION 3.03. Conditions Precedent to Each Borrowing and Issuance. The obligation of each Lender to make an Advance (other than a Swing Line Advance made by a Lender pursuant to Section 2.02(b) and an advance made by any Issuing Bank or any Lender pursuant to Section 2.03(c)) on the occasion of each Borrowing, other than Borrowings made pursuant to Section 2.03(c), and the obligations of each Issuing Bank to issue a Letter of Credit shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing or such issuance (as the case may be) the following statements shall be true (and each of the giving of the applicable Notice of Revolving Credit Borrowing, Notice of Swing Line Borrowing, Notice of Issuance and the acceptance by any Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by such Borrower that on the date of such Borrowing or the date of such issuance, as the case may be, such statements are true):

(a) the representations and warranties contained in Section 4.01 and, in the case of any Borrowing made to a Designated Subsidiary, in the Designation Agreement for such Designated Subsidiary, are correct on and as of such date, before and after giving effect to such Borrowing or such issuance (as the case may be) and to the application by the applicable Borrower of the proceeds therefrom, as though made on and as of such date, and

(b) no event has occurred and is continuing, or would result from such Borrowing or such issuance (as the case may be) or from the application by the applicable Borrower of the proceeds therefrom, that constitutes a Default.

SECTION 3.04. Determinations Under Sections 3.01 and 3.02. For purposes of determining compliance with the conditions specified in Sections 3.01 and 3.02, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Company, by notice to the Agent, designates as the proposed Effective Date or the date of the initial Advance to the applicable Designated Subsidiary, as the case may be, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Effective Date and each date of initial Advance to a Designated Subsidiary, as applicable.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Company. The Company represents and warrants as of the Restatement Date, and thereafter as of each date an Advance (other than a Swing Line Advance made by a Lender pursuant to Section 2.02(b) or an Advance made by an Issuing Bank or any Lender pursuant to Section 2.03(c)) is made or a Letter of Credit is issued, as follows:

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

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

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

(d) This Agreement has been, and each of the Notes to be delivered by it, if any, when delivered hereunder will have been, duly executed and delivered by the Company. This Agreement is, and each of the Notes to be delivered by it when delivered hereunder will be, the legal, valid and binding obligation of the Company enforceable against the Company in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.

(e) The Consolidated balance sheet of the Company and its Consolidated Subsidiaries as at December 31, 2004, and the related Consolidated statement of operations and cash flows of the Company and its Consolidated Subsidiaries for the fiscal year then ended, accompanied by an opinion of PricewaterhouseCoopers LLP, independent public accountants, and the Consolidated balance sheet of the Company and its Consolidated Subsidiaries as at June 30, 2005, and the related Consolidated statements of operations and cash flows of the Company and its Consolidated Subsidiaries for the six months then ended, duly certified by the chief financial officer of the Company, copies of which have been furnished to each Lender, fairly present in all material respects, subject, in the case of said balance sheet as at June 30, 2005, and said statements of operations and cash flows for the six months then ended, to year-end audit adjustments, the Consolidated financial condition of the Company and its Consolidated Subsidiaries as at such dates and the Consolidated results of the operations and cash flows of the Company and its Consolidated Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since the Consolidated balance sheet of the Company and its Consolidated Subsidiaries as at December 31, 2004, and except as disclosed in the Company's reports filed with the SEC since such date and prior to the Restatement Date, there has been no Material Adverse Change.

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

(g) Each of the Company and its ERISA Affiliates has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code except when the failure to comply would not have a Material Adverse Effect. None of the Company or any of its ERISA Affiliates has incurred any unsatisfied material liability to the PBGC or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

(h) The Company is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System). Following the application of the proceeds of each Advance, not more than 25% of the value of the property and assets of the Company and its Consolidated Subsidiaries taken as a whole, subject to the provisions of Section 5.02(a) or subject to any restriction contained in any agreement or instrument between the Company and any Lender or any Affiliate of any Lender relating to Debt within the scope of Section 6.01(d) will be "margin stock" (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System).

(i) The Company is not (i) an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, or (ii) a

"holding company", or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(j) The Company and its Consolidated Subsidiaries have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes due reported on such returns or pursuant to any assessment received by the Company or any Consolidated Subsidiary, to the extent that such assessment has become due. The charges, accruals and reserves on the books of the Company and its Consolidated Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Company, adequate except for those which are being contested in good faith by the Company.

(k) Each of the Company's Consolidated Subsidiaries is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business, all to the extent material to the Company and its Consolidated Subsidiaries taken as a whole.

ARTICLE V

COVENANTS OF THE COMPANY

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Company will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Consolidated Subsidiaries to comply, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and applicable environmental laws, except where the necessity of compliance is being contested in good faith or where failure to comply would not have a Material Adverse Effect, provided, however, that, in respect of its annual report on Form 10-K for the fiscal year ended December 31, 2004 and its quarterly reports on Form 10-Q for the first three fiscal quarters of 2005, (1) the Company's failure to file the reports and attestations required by Item 308 of Regulation S-K and the certifications required by Rules 13a-14(a) and (b) of the Exchange Act, as applicable, (2) the Company's filing of an attestation report under Item 308(b) that is qualified or disclaimed and (3) the Company's filing of a certification under Rule 13a-14(b) of the Exchange Act that does not conform to the requirements of such rule as a result of deficiencies relating to internal control over financial reporting will not be a violation of this Section 5.01(a).

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Consolidated Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might solely by operation of law become a Lien upon its property; provided, however, that neither the Company nor any of its Consolidated Subsidiaries shall be required to pay or discharge any such tax, assessment, levy, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves in accordance with generally accepted accounting principles are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(c) Maintenance of Insurance. Maintain, and cause each of its Consolidated Subsidiaries to maintain, all to the extent material to the Company and its Consolidated Subsidiaries taken as a whole, with responsible and reputable insurance companies or associations, physical damage insurance on all real and personal property on an all risks basis, covering the repair and replacement cost of all such property and consequential loss coverage for business interruption and extra expense, public liability insurance in an amount not less than $25,000,000 and such other insurance covering such other risks as is customarily carried by companies of established reputations engaged in similar businesses and owning similar properties in the same general areas in which the Company or such Consolidated Subsidiary operates;

provided, however, that the Company and its Consolidated Subsidiaries may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which the Company or such Consolidated Subsidiary operates and to the extent consistent with prudent business practice.

(d) Preservation of Existence, Etc. Preserve and maintain, and cause each of its Consolidated Subsidiaries to preserve and maintain, its existence, rights (constituent document and statutory) and franchises necessary in the normal conduct of its business, all to the extent material to the Company and its Consolidated Subsidiaries taken as a whole; provided, however, that the Company and its Consolidated Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b) and provided further that neither the Company nor any of its Consolidated Subsidiaries shall be required to preserve any right or franchise if the Board of Directors of the Company or such Consolidated Subsidiary shall determine that the preservation thereof is no longer desirable in the normal conduct of the business of the Company or such Consolidated Subsidiary, as the case may be, and that the loss thereof is not material to the Company and its Consolidated Subsidiaries taken as a whole.

(e) Visitation Rights. At any reasonable time and from time to time, permit the Agent or any of the Lenders or any agents or representatives thereof at their own expense, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Company and any of its Consolidated Subsidiaries, and to discuss the affairs, finances and accounts of the Company and any of its Consolidated Subsidiaries with any of their officers and with their independent certified public accountants, all as often as may reasonably be necessary to ensure compliance by the Company with its obligations hereunder.

(f) Keeping of Books. Keep, and cause each of its Consolidated Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each such Consolidated Subsidiary in accordance with sound business practices and applicable statutory requirements so as to permit the preparation of the Consolidated financial statements of the Company and its Consolidated Subsidiaries in accordance with generally accepted accounting principles in effect from time to time.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Consolidated Subsidiaries to maintain and preserve, all of its properties that are used and useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where the failure to do so would not have a Material Adverse Effect.

(h) Reporting Requirements. Furnish to the Lenders or notify the Lenders of the availability of:

(i) as soon as available and in any event within 50 days after the end of each of the first three quarters of each fiscal year of the Company, the unaudited Consolidated balance sheet of the Company and its Consolidated Subsidiaries as of the end of such quarter and unaudited Consolidated statement of operations and cash flows of the Company and its Consolidated Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (except for the absence of footnotes and subject to year-end audit adjustments) by the chief financial officer of the Company as having been prepared in accordance with generally accepted accounting principles and a certificate of the chief financial officer, chief accounting officer or treasurer of the Company, which certificate shall include a statement that such officer has no knowledge, except as specifically stated, of any condition, event or act which constitutes a Default and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03 on the date of such balance sheet, provided that in the event that generally accepted accounting principles used in the preparation of such financial statements shall differ from GAAP, the Company shall also provide, if necessary for the

determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(ii) as soon as available and in any event within 95 days after the end of each fiscal year of the Company, a copy of the audited financial statements for such year for the Company and its Consolidated Subsidiaries, containing the Consolidated balance sheet of the Company and its Consolidated Subsidiaries as of the end of such fiscal year and Consolidated statement of operations and cash flows of the Company and its Consolidated Subsidiaries for such fiscal year, in each case accompanied by the report thereon of PricewaterhouseCoopers LLP or other independent public accountants of nationally recognized standing, together with a certificate of the chief financial officer, chief accounting officer or treasurer of the Company, which certificate shall include a statement that such officer has no knowledge, except as specifically stated, of any condition, event or act which constitutes a Default and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03 on the date of such financial statements, provided that in the event that generally accepted accounting principles used in the preparation of such financial statements shall differ from GAAP, the Company shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(iii) as soon as possible and in any event within ten days after the chief executive officer, chief operation officer, principal financial officer or principal accounting officer of the Company knows or has reason to know of the occurrence of each Default continuing on the date of such statement, a statement of such officer of the Company setting forth details of such Default and the action that the Company has taken and proposes to take with respect thereto;

(iv) promptly after the sending or filing thereof, copies of all quarterly and annual reports and proxy solicitations that the Company sends to any of its securityholders, and copies of all reports on Form 8-K and registration statements for the public offering of securities (other than pursuant to employee Plans) that the Company or any Consolidated Subsidiary files with the Securities and Exchange Commission;

(v) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Company or any of its Consolidated Subsidiaries of the type described in Section 4.01(f); and

(vi) such other information respecting the financial condition or business of the Company or any of its Consolidated Subsidiaries as any Lender through the Agent may from time to time reasonably request.

The financial statements required to be delivered pursuant to clauses (i) and (ii) and the reports and other materials required to be delivered pursuant to clause (iv) of this Section 5.01(h) shall be deemed to have been delivered on the date on which the Company notifies the Agent, in the case of clauses (i) and (ii), that the reports on Form 10-K and Form 10-Q, respectively, containing such financial statements and, in the case of clause (iv), that such reports and other materials have been posted on the SEC's website at www.sec.gov; provided that, notwithstanding the method of electronic delivery set forth in Section 9.02(b), the Company shall deliver paper copies of the reports (without the exhibits thereto) referred to in clauses (i), (ii) and (iv) of this Section 5.01(h) to the Agent or any Lender who requests the Company to deliver such paper copies until written notice to cease delivering paper copies is given by the Agent or such Lender; and provided further that in every instance the Company shall provide paper copies of the certificates required to be delivered in accordance with this Section 5.01(h) until such time as the Agent shall provide the Company notice otherwise.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Company will not:

(a) Liens, Etc. Create or suffer to exist, or permit any of its Consolidated Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its assets, whether now owned or hereafter acquired, other than:

(i) Liens existing on the Restatement Date;

(ii) any Lien existing on any asset of any corporation at the time such corporation becomes a Consolidated Subsidiary and not created in contemplation of such event;

(iii) any Lien on any asset securing Debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring such asset, provided that such Lien attaches to such asset concurrently with or within 90 days after the acquisition thereof;

(iv) any Lien on any asset of any corporation existing at the time such corporation is merged into or consolidated with the Company or a Consolidated Subsidiary and not created in contemplation of such event;

(v) any Lien existing on any asset prior to the acquisition thereof by the Company or a Consolidated Subsidiary and not created in contemplation of such acquisition;

(vi) any Lien created in connection with capitalized lease obligations, but only to the extent that such Lien encumbers property financed by such capital lease obligation and the principal component of such capitalized lease obligation is not increased;

(vii) Liens arising in the ordinary course of its business which (A) do not secure Debt and (B) do not in the aggregate materially impair the operation of the business of the Company and its Consolidated Subsidiaries, taken as a whole;

(viii) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section, provided that such Debt is not increased and is not secured by any additional assets;

(ix) Liens securing taxes, assessments, fees or other governmental charges or levies, Liens securing the claims of materialmen, mechanics, carriers, landlords, warehousemen and similar Persons, Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance and other similar laws, Liens to secure surety, appeal and performance bonds and other similar obligations not incurred in connection with the borrowing of money, and attachment, judgment and other similar Liens arising in connection with court proceedings so long as the enforcement of such Liens is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;

(x) any Liens on property arising in connection with a securities repurchase transaction;

(xi) any contractual right of set-off or any contractual right to charge or contractual security interest in or Lien on the accounts of the Company or any of its Consolidated Subsidiaries to effect the payment of amounts to such depositary institution whether or not due and payable in respect of any Debt or financing arrangement and any other Lien arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights;

(xii) any Liens on assets of Subsidiaries organized outside of the United States in favor of lenders under short-term working capital lines of credit entered into in the ordinary course of business;

(xiii) Liens arising in the ordinary course of banking transactions and securing Debt in an aggregate amount of not more than $15,000,000 that matures not more than one year after the date on which it is originally incurred;

(xiv) any Lien arising out of the L/C Cash Deposit Account; and

(xv) Liens not otherwise permitted by the foregoing clauses of this Section securing Debt in an aggregate principal amount at any time outstanding not to exceed $10,000,000.

(b) Mergers, Etc. (i) Merge or consolidate with or into any Person (other than a Consolidated Subsidiary of the Company) except that the Company may agree to merge or consolidate any Consolidated Subsidiary with any Person in connection with an acquisition of such Person or (ii) sell, lease or otherwise transfer (whether in one transaction or a series of transactions) all or substantially all of the Company's business or assets (whether now owned or hereafter acquired) to any Person (other than a Consolidated Subsidiary of the Company), or permit any Consolidated Subsidiary to merge or consolidate with or into or transfer (whether in one transaction or a series of transactions) all or any substantial part of its assets (whether now owned or hereafter acquired) to any Person except (x) the Company or another Consolidated Subsidiary of the Company or to any other Person if the Board of Directors of the Company (or the finance committee or an officer of the Company duly authorized for such purpose) determines in good faith that the Consolidated Subsidiary or the assets of such Consolidated Subsidiary, as the case may be, are not material to the Company and its Consolidated Subsidiaries taken as a whole, and (y) any Consolidated Subsidiary may merge with or consolidate into any Person in connection with an acquisition of such Person, provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Accounting Changes. Make or permit, or permit any of its Consolidated Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles or applicable statutory requirements.

(d) Change in Nature of Business. Engage, or permit any Consolidated Subsidiary to engage, predominantly in any business other than business of the same general type as conducted on the date hereof by the Company and its Consolidated Subsidiaries.

(e) Acquisitions. Except as set forth on Schedule 5.02(e) and except for required payments, or optional payments made in lieu of required payments when in the best interest of the Company (as determined in good faith by the appropriate officers of the Company), pursuant to agreements relating to such purchases and acquisitions entered into prior to March 1, 2005, purchase or otherwise acquire all or substantially all of the assets, or a business unit or division, of any Person except to the extent that (i) the consideration of such purchase or acquisition consists solely of capital stock of the Company or (ii) the cash consideration of all such purchases and acquisitions shall not exceed (x) $50,000,000 in the aggregate for the period from the Restatement Date to the first anniversary of the Restatement Date and (y) $50,000,000 in the aggregate for the period from the first anniversary of the Restatement Date to the Termination Date; provided that the cash amount permitted in clause (ii) above shall be increased by the amount of Net Cash Proceeds received from any disposition of assets or any business or entity during the applicable period.

(f) Restricted Payments. Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any shares of its common stock now or hereafter outstanding, return any capital to its stockholders as such, or make any distribution of assets, equity interests, obligations or securities to its stockholders as such (any of the foregoing, a "Restricted Payment"), except that, so long as no Default shall have occurred and be continuing at the time of any action described in clause (i), (ii), (iii) or (iv) below or would result therefrom, the Company may (i) declare and pay dividends and distributions payable either only in common stock of the Company or in a combination of common stock of the Company and cash to the extent permitted by clause (iv) below, (ii) purchase, redeem, retire, defease or otherwise acquire

shares of its capital stock (A) with the proceeds received contemporaneously from the issue of new shares of its capital stock with equal or inferior voting powers, designations, preferences and rights or (B) in connection with the exercise of options by the employees of the Company or its Subsidiaries, (iii) issue preferred stock (or the right to purchase preferred stock) of the Company in connection with a stockholders' rights plan or (iv) declare and pay cash dividends with respect to any convertible preferred stock, convertible trust preferred instruments or similar securities of the Company outstanding on or after the Restatement Date.

(g) Capital Expenditures. Make, or permit any of its Consolidated Subsidiaries to make, any Capital Expenditures that would cause the aggregate of all such Capital Expenditures made by the Company and its Consolidated Subsidiaries to exceed $210,000,000 in any calendar year. For purposes of this subsection, "Capital Expenditures" means, for any period, the sum of, without duplication, (x) all expenditures made, directly or indirectly, during such period for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have been or should be, in accordance with GAAP, reflected as additions to property, plant or equipment on a Consolidated balance sheet of a Person or have a useful life of more than one year plus (y) the aggregate principal amount of all Debt (including obligations under capitalized leases) assumed or incurred in connection with any such expenditures.

(h) Subsidiary Debt. Permit any of its Consolidated Subsidiaries to create or suffer to exist, any Debt other than (without duplication):

(i) Debt owed to the Company or to a Consolidated Subsidiary of the Company,

(ii) Debt existing on the Effective Date and described on Schedule 5.02(h) hereto (the "Existing Debt"), and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Existing Debt, provided that the principal amount of such Existing Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing,

(iii) Debt secured by Liens permitted by Section 5.02(a),

(iv) unsecured Debt incurred in the ordinary course of business of the Company's Consolidated Subsidiaries organized outside the United States,

(v) book overdraft amounts outstanding at any time, and

(vi) unsecured Debt incurred in the ordinary course of business of the Company's Consolidated Subsidiaries organized in the United States in an aggregate amount at any time outstanding of not more than $10,000,000.

SECTION 5.03. Financial Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Company will:

(a) Interest Coverage Ratio. Maintain, as of the end of the fiscal quarter ended September 30, 2005 and as of the end of each fiscal quarter thereafter, a ratio of (i) Consolidated EBITDA of the Company and its Consolidated Subsidiaries for the period of four fiscal quarters then ended to (ii) Interest Expense during such period by the Company and its Consolidated Subsidiaries, of not less than the ratio set forth opposite such fiscal quarter below:

Fiscal Quarter Ending	Ratio
September 30, 2005	2.15 to 1
December 31, 2005	1.75 to 1
March 31, 2006	1.85 to 1
June 30, 2006	1.45 to 1
September 30, 2006	1.75 to 1
December 31, 2006	2.15 to 1
March 31, 2007	2.50 to 1

(b) Debt to EBITDA Ratio. Maintain, as of the end of the fiscal quarter ended September 30, 2005 and as of the end of each fiscal quarter thereafter, a ratio of (i) Debt for Borrowed Money as of the end of such fiscal quarter to (ii) Consolidated EBITDA of the Company and its Consolidated Subsidiaries for the period of four fiscal quarters then ended, of not greater than the ratio set forth opposite such fiscal quarter below, provided, that for the purposes of this Section 5.03(b), the term "Debt" shall not include the indebtedness of the Company that, by its express terms, is subordinated in rights of payment to the obligations of the Company under this Agreement on terms no less favorable to the Lenders than the terms set forth on Schedule 5.03(b) or on such other terms as are satisfactory to the Required Lenders:

Fiscal Quarter Ending	Ratio
September 30, 2005	5.20 to 1
December 31, 2005	6.30 to 1
March 31, 2006	5.65 to 1
June 30, 2006	6.65 to 1
September 30, 2006	5.15 to 1
December 31, 2006	4.15 to 1
March 31, 2007	3.90 to 1

(c) Minimum EBITDA. Maintain Consolidated EBITDA of the Company and its Consolidated Subsidiaries for the period of four fiscal quarters ended September 30, 2005 and for each period of four fiscal quarters ended thereafter, commencing with the fiscal quarter ended September 30, 2005, of not less than the amount set forth opposite the date that ends such period below:

Four Fiscal Quarters Ending	Amount
September 30, 2005	$435,000,000
December 31, 2005	$360,000,000
March 31, 2006	$400,000,000
June 30, 2006	$340,000,000
September 30, 2006	$440,000,000
December 31, 2006	$545,000,000
March 31, 2007	$585,000,000

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Company or any other Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Company or any other Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within five Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Company or any Designated Subsidiary (or any of its officers) in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made; or

(c) (i) The Company shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(e) or (h), 5.02 (other than subsection (c) thereof) or 5.03; (ii) the Company or any other Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d) if such failure shall remain unremedied for 10 days after written notice thereof shall have been given to the Company by the Agent or any Lender; or (iii) the Company or any other Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any other Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Agent or any Lender; or

(d) The Company or any of its Consolidated Subsidiaries shall fail to pay any principal of or premium or interest on any Debt (but excluding Debt outstanding hereunder and Debt owed solely to the Company or to a Consolidated Subsidiary) of the Company or such Consolidated Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument creating or evidencing such Debt; or the Company or any of its Consolidated Subsidiaries shall fail to perform or observe any covenant or agreement to be performed or observed by it in any agreement or instrument creating or evidencing any such Debt and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any other event shall occur or condition shall exist under any agreement or instrument creating or evidencing any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument (and remain uncured three Business Days after the chief financial officer, chief operation officer, principal financial officer or principal accounting officer of the Company becomes aware or should have become aware of such event or condition), if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; provided that the aggregate principal amount (or, in the case of any payment default, failure or other event in respect of a Hedge Agreement, the net amount due and payable under such Hedge Agreement as of the date of such payment default, failure or event) of all Debt as to which any such payment defaults (whether or not at stated maturity thereof), failures or other events shall have occurred and be continuing exceeds $10,000,000; provided further that if any of the failures, actions, conditions or events set forth above in this subsection (d) shall be taken in

respect of, or occur with respect to, a Consolidated Subsidiary, such failure, action, condition or event shall not be the basis for or give rise to an Event of Default under this subsection (d) unless such failure, action, condition or event is not cured or such amount has not been repaid within five Business Days after the chief executive officer, chief operation officer, principal financial officer or principal accounting officer of the Company knows or has reason to know of the occurrence of such action or event; or

(e) The Company or any of its Consolidated Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Company or any of its Consolidated Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Company or any of its Consolidated Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); provided, that if any of the actions or events set forth above in this subsection (e) shall be taken in respect of, or occur with respect to, a Consolidated Subsidiary, such action or event shall not be the basis for or give rise to an Event of Default under this subsection (e) if (x) the assets or revenues of such Consolidated Subsidiary and its Consolidated Subsidiaries, taken as a whole, comprise 5% or less of the assets or revenues, respectively, of the Company and its Consolidated Subsidiaries, taken as a whole, and (y) the aggregate assets and revenues of all Consolidated Subsidiaries otherwise subject to such actions or events set forth above do not comprise more than 15% of the assets or revenues, respectively, of the Company and its Consolidated Subsidiaries taken as a whole; or

(f) Judgments or orders for the payment of money in excess of $10,000,000 in the aggregate shall be rendered against the Company or any of its Consolidated Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) (i) Any Person or two or more Persons acting in concert (other than the Company or a Consolidated Subsidiary) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Company (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of the Company; or (ii) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such period were directors of the Company shall cease for any reason to constitute a majority of the board of directors of the Company unless the election or nomination for election by the Company's stockholders of each new director was approved by the vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period; or

(h) The Company or any of its ERISA Affiliates shall incur liability, or in the case of clause (i) below, shall be reasonably likely to incur liability, in excess of $10,000,000 in the aggregate as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Company or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan; or

(i) so long as any Consolidated Subsidiary of the Company is a Designated Subsidiary, any provision of Article VII shall for any reason cease to be valid and binding on or enforceable against the Company, or the Company shall so state in writing;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Company and the other Borrowers, declare the obligation of each Lender to make Advances (other than Swing Line Advances by any Lender pursuant to Section 2.02(b) and Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)), and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Company and the other Borrowers, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon such Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances (other than Swing Line Advances by a Lender pursuant to Section 2.02(b) and Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)), and of the Issuing Banks to issue Letters of Credit shall automatically be terminated and (B) such Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Borrower.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Agent may with the consent, or shall at the request, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Company to, and forthwith upon such demand the Company will, (a) pay to the Agent on behalf of the Lenders in same day funds at the Agent's office designated in such demand, for deposit in the L/C Cash Deposit Account, an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding or (b) make such other reasonable arrangements in respect of the outstanding Letters of Credit as shall be acceptable to the Required Lenders. If at any time the Agent reasonably determines that any funds held in the L/C Cash Deposit Account are subject to any right or interest of any Person other than the Agent and the Lenders or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrowers will, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited and held in the L/C Cash Deposit Account, an amount equal to the excess of (x) such aggregate Available Amount over (y) the total amount of funds, if any, then held in the L/C Cash Deposit Account that are free and clear of any such right and interest. Upon the drawing of any Letter of Credit, to the extent funds are on deposit in the L/C Cash Deposit Account, such funds shall be applied to reimburse the Issuing Banks to the extent permitted by applicable law, and if so applied, then such reimbursement shall be deemed a repayment of the corresponding Advance in respect of such Letter of Credit. To the extent that any such Letter of Credit expires or otherwise terminates, and to the extent the applicable Issuing Bank's liability has ceased to exist under such Letter of Credit, and funds are on deposit in the L/C Cash Deposit Account in respect of such Letter of Credit, an amount equal to the undrawn amounts under such Letter of Credit shall be promptly returned from such L/C Cash Deposit Account to the Company. If any Event of Default has been waived or otherwise cured and no other Event of Default has occurred and is continuing, the balance, if any, in the L/C Cash Deposit Account shall be promptly returned to the Company. If, in accordance with this Section 6.02, the balance in the L/C Cash Deposit Account has not been otherwise returned, then after all such Letters of Credit shall have expired or been fully drawn upon and all other obligations of the Borrowers hereunder and under the Notes shall have been paid in full, the balance, if any, in such L/C Cash Deposit Account shall be promptly returned to the Company.

ARTICLE VII

GUARANTY

SECTION 7.01. Guaranty. The Company hereby absolutely, unconditionally and irrevocably guarantees, as a guarantee of payment and not of collection, the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all obligations of each other Borrower now or hereafter existing under or in respect of this Agreement and any Notes (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such obligations being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including, without limitation, fees and expenses of counsel) incurred by the Agent or any other Lender in enforcing any rights under this Article VII. Without limiting the generality of the foregoing, the Company's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any such Borrower to the Agent or any Lender under or in respect of this Agreement or any Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such Borrower.

SECTION 7.02. Guaranty Absolute. The Company guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of this Agreement and the Notes, if any, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Lender with respect thereto. The obligations of the Company under or in respect of this Article VII are independent of the Guaranteed Obligations or any other obligations of any other Borrower under or in respect of this Agreement and any Notes, and a separate action or actions may be brought and prosecuted against the Company to enforce this Article VII, irrespective of whether any action is brought against any Borrower or whether any Borrower is joined in any such action or actions. The liability of the Company under this Article VII shall be irrevocable, absolute and unconditional irrespective of, and the Company hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of this Agreement (other than this Article VII), the Notes, if any, or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other obligations of any Borrower under or in respect of this Agreement or the Notes, if any, or any other amendment or waiver of or any consent to departure from this Agreement or the Notes, if any, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Borrower or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any collateral for all or any of the Guaranteed Obligations or any other obligations of any Borrower under this Agreement or the Notes, if any, or any other assets of any Borrower or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Borrower or any of its Subsidiaries;

(f) any failure of any Lender or the Agent to disclose to the Company any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any Borrower now or hereafter known to such Lender or the Agent (the Company waiving any duty on the part of the Lenders and the Agent to disclose such information); or

(g) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Lender or the Agent that might otherwise constitute a defense available to, or a discharge of, any Borrower or any other guarantor or surety.

This Article VII shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Lender or the Agent or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

SECTION 7.03. Waivers and Acknowledgments. (a) The Company hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Article VII and any requirement that any Lender or the Agent protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Borrower or any other Person or any collateral.

(b) The Company hereby unconditionally and irrevocably waives any right to revoke this Article VII and acknowledges that the guaranty under this Article VII is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) The Company hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by any Lender or the Agent that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Company or other rights of the Company to proceed against any Borrower, any other guarantor or any other Person or any collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the obligations of the Company hereunder.

(d) The Company hereby unconditionally and irrevocably waives any duty on the part of any Lender or the Agent to disclose to the Company any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any Borrower or any of its Subsidiaries now or hereafter known by such Lender or the Agent.

(e) The Company acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by this Agreement and any Notes and that the waivers set forth in Section 7.02 and this Section 7.03 are knowingly made in contemplation of such benefits.

SECTION 7.04. Subrogation. The Company hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any Borrower or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Company’s Obligations under or in respect of this Article VII, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Lender or the Agent against any Borrower or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Borrower or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Article VII shall have been paid in full in cash and the Commitments shall have expired or been terminated. If any amount shall be paid to the Company in violation of the immediately preceding sentence at any time prior to the later of (a) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Article VII and (b) the Termination Date, such amount shall be received and held in trust for the benefit of the Lenders and the Agent, shall be segregated from other property and funds of the Company and shall forthwith be paid or delivered to the Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Article VII, whether matured or unmatured, in accordance with the terms of this Agreement, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this Article VII thereafter arising. If (i) the Company shall make payment to any Lender or the Agent of all or any part of the

Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Article VII shall have been paid in full in cash and (iii) the Termination Date shall have occurred, the Lenders and the Agent will, at the Company's request and expense, execute and deliver to the Company appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Company of an interest in the Guaranteed Obligations resulting from such payment made by the Company pursuant to this Article VII.

SECTION 7.05. Continuing Guaranty; Assignments. The guaranty under this Article VII is a continuing guaranty and shall (a) remain in full force and effect until the later of (i) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Article VII and (ii) the Termination Date, (b) be binding upon the Company, its successors and assigns and (c) inure to the benefit of and be enforceable by the Lenders and the Agent and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Lender may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it, if any) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as and to the extent provided in Section 9.07. The Company shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

ARTICLE VIII

THE AGENT

SECTION 8.01. Authorization and Action. Each Lender (in its capacities as a Lender and Issuing Bank, as applicable) hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of any Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of any Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Company or any other Borrower pursuant to the terms of this Agreement.

SECTION 8.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the Lender that made any Advance as the holder of the Debt resulting therefrom until the Agent receives and accepts an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 9.07; (ii) may consult with legal counsel (including counsel for the Company), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Company or any other Borrower or to inspect the property (including the books and records) of the Company or any other Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 8.03. Citibank and Affiliates. With respect to its Commitments, the Advances made by it and any Notes issued to it, Citibank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank in its individual capacity. Citibank and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Company, any of its Subsidiaries and any Person who may do business with or own securities of the Company or any such Subsidiary, all as if Citibank were not the Agent and without any duty to account therefor to the Lenders.

SECTION 8.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 8.05. Indemnification. (a) Each Lender severally agrees to indemnify the Agent (to the extent not promptly reimbursed by the Company) from and against such Lender's Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its Ratable Share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Company. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 8.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party.

(b) Each Lender severally agrees to indemnify the Issuing Banks (to the extent not promptly reimbursed by the Company) from and against such Lender's Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against any such Issuing Bank in any way relating to or arising out of this Agreement or any action taken or omitted by such Issuing Bank hereunder or in connection herewith; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse any such Issuing Bank promptly upon demand for its Ratable Share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Company under Section 9.04, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Company.

(c) The failure of any Lender to reimburse the Agent or any Issuing Bank promptly upon demand for its Ratable Share of any amount required to be paid by the Lenders to the Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Agent or any Issuing Bank for its Ratable Share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent or any Issuing Bank for such other Lender's Ratable Share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 8.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any Notes. Each of the Agent and each Issuing Bank agrees to return to the Lenders their respective Ratable Shares of any amounts paid under this Section 8.05 that are subsequently reimbursed by the Company or any Borrower.

SECTION 8.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Company and may be removed at any time with or without cause by the Required

Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 8.07. Sub-Agent. The Sub-Agent has been designated under this Agreement to carry out duties of the Agent. The Sub-Agent shall be subject to each of the obligations in this Agreement to be performed by the Sub-Agent, and each of the Company, each other Borrower and the Lenders agrees that the Sub-Agent shall be entitled to exercise each of the rights and shall be entitled to each of the benefits of the Agent under this Agreement as relate to the performance of its obligations hereunder.

SECTION 8.08. Other Agents. Each Lender hereby acknowledges that neither the documentation agent nor any other Lender designated as any "Agent" (other than the Agent) on the signature pages hereof has any liability hereunder other than in its capacity as a Lender.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or any Notes, nor consent to any departure by the Company or any other Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (a) waive any of the conditions specified in Section 3.01 or Section 3.02, (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Advances or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action hereunder, (f) reduce or limit the obligations of the Company under Section 7.01 or release or otherwise limit the Company's liability with respect to its obligations under Article VII or (g) amend the definition of "Required Lenders" or this Section 9.01; provided further that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note, (ii) no amendment, waiver or consent of Section 9.07(f) shall, unless in writing and signed by each Lender that has granted a funding option to an SPC in addition to the Lenders required above to take such action, affect the rights or duties of such Lender or SPC under this Agreement or any Note; (iii) no amendment, waiver or consent shall, unless in writing and signed by each Swing Line Bank in addition to the Lenders required above to take such action, adversely affect the rights or obligations of the Swing Line Banks in their capacities as such under this Agreement; and (iv) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Lenders required above to take such action, adversely affect the rights or obligations of the Issuing Banks in their capacities as such under this Agreement.

SECTION 9.02. Notices, Etc. All notices and other communications provided for hereunder shall be either (x) in writing (including facsimile communication) and mailed, telecopied or delivered or (y) as and to the extent set forth in Section 9.02(b) and in the proviso to this Section 9.02(a), if to the Company or any other Borrower, to (or in care of) the Company, at its address at 1114 Avenue of the Americas, New York, New York

10036, Attention: Senior Vice President and Treasurer (with a copy at the same address to the Senior Vice President and General Counsel); if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at Two Penns Way, New Castle, Delaware 19720, Attention: Bank Loan Syndications Department; or, as to the Company or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Company and the Agent, provided that materials required to be delivered pursuant to Section 5.01(h)(i), (ii) or (iv) shall be delivered to the Agent as specified in Section 9.02(b) or as otherwise specified to the applicable Borrower by the Agent. All such notices and communications shall, when mailed, telecopied or e-mailed, be effective when deposited in the mails, telecopied or confirmed by e-mail, respectively, except that notices and communications to the Agent pursuant to Article II, III or VII shall not be effective until received by the Agent. Delivery by facsimile of an executed counterpart of any amendment or waiver of any provision of this Agreement or any Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(b) So long as Citibank or any of its Affiliates is the Agent, materials required to be delivered pursuant to Sections 5.01(h)(i), (ii) and (iv) may be delivered to the Agent in an electronic medium in a format acceptable to the Agent and the Lenders by e-mail at oploanswebadmin@citigroup.com. Each Borrower agrees that the Agent may make such materials, as well as any other written information, documents, instruments and other material relating to such Borrower, any of its Subsidiaries or any other materials or matters relating to this Agreement, any Notes or any of the transactions contemplated hereby (collectively, the “Communications”) available to the Lenders by posting such notices on Intralinks (the “Platform”). Each Borrower acknowledges that (i) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution, (ii) the Platform is provided “as is” and “as available” and (iii) neither the Agent nor any of its Affiliates warrants the accuracy, adequacy or completeness of the Communications or the Platform and each expressly disclaims liability for errors or omissions in the Communications or the Platform. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by the Agent or any of its Affiliates in connection with the Platform.

(c) Each Lender agrees that notice to it (as provided in the next sentence) (a “Notice”) specifying that any Communications have been posted to the Platform shall constitute effective delivery of such information, documents or other materials to such Lender for purposes of this Agreement; provided that if requested by any Lender the Agent shall deliver a copy of the Communications to such Lender by e-mail or telecopier. Each Lender agrees (i) to notify the Agent in writing of such Lender’s e-mail address or addresses to which a Notice may be sent by electronic transmission (including by electronic communication) on or before the date such Lender becomes a party to this Agreement (and from time to time thereafter to ensure that the Agent has on record an effective e-mail address(es) for such Lender) and (ii) that any Notice may be sent to such e-mail address or addresses.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04. Costs and Expenses. (a) The Company agrees to pay on demand all reasonable out-of-pocket expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, any Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Company further agrees to pay on demand all costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, any Notes

and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 9.04(a).

(b) The Company agrees to indemnify and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) any Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Company, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto. The Company also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to any Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurocurrency Rate Advance is made by any Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(d) or (e), 2.10 or 2.12, acceleration of the maturity of any Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 9.07 as a result of a demand by the Company pursuant to Section 9.07(a), such Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Company and the other Borrowers hereunder, the agreements and obligations of the Company and the other Borrowers contained in Sections 2.11, 2.14 and 9.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any Notes.

SECTION 9.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Company or any Borrower against any and all of the obligations of the Company or any Borrower now or hereafter existing under this Agreement and any Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the appropriate Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 9.06. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company, the Agent and each Lender and their respective successors and assigns, except that neither the Company nor any other Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 9.07. Assignments and Participations. (a) Each Lender may and, so long as no Default shall have occurred and be continuing, if demanded by the Company (following a demand by such Lender pursuant to Section 2.11 or 2.14) upon at least 5 Business Days' notice to such Lender and the Agent, will assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, its Unissued Letter of Credit Commitment, the Advances owing to it, its participations in Letters of Credit and any Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement related to the Commitments or the Unissued Letter of Credit Commitment assigned thereby, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of (x) the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) the Unissued Letter of Credit Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $1,000,000 or an integral multiple of $1,000,000 in excess thereof, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Company pursuant to this Section 9.07(a) shall be arranged by the Company after consultation with the Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (v) no Lender shall be obligated to make any such assignment as a result of a demand by the Company pursuant to this Section 9.07(a) unless and until such Lender shall have received one or more payments from either the Company or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, and (vi) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note subject to such assignment and a processing and recordation fee of $3,500 payable by the parties to each such assignment, provided, however, that in the case of each assignment made as a result of a demand by the Company, such recordation fee shall be payable by the Company except that no such recordation fee shall be payable in the case of an assignment made at the request of the Company to an Eligible Assignee that is an existing Lender, and (vii) any Lender may, without the approval of the Company or the Agent, assign all or a portion of its rights to any of its Affiliates or to another Lender unless on the date of such assignment the assignee would be entitled to make a demand pursuant to Section 2.11 or 2.14, in which case such assignment shall be permitted only if the assignee shall waive in a manner satisfactory to the Company in form and substance its rights to make such a demand. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Section 2.11, 2.14 and 9.04 to the extent any claim thereunder relates to an event arising prior such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or any other Borrower or the performance or observance by the Company or any other Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own

credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Company.

(d) The Agent shall maintain at its address referred to in Section 9.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Company, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other entities (other than the Company or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and any Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrowers hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Company, the other Borrowers, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any rights as a Lender hereunder, including, without limitation, any right to make any demand under Section 2.11 or 2.14 or right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Company or any other Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, any Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, any Notes or any fees or other amounts payable hereunder or reduce or limit the obligations of the Company under Section 7.01 or release or otherwise limit the Company's liability with respect to its obligations under Article VII or amend this Section 9.07(e) in any manner adverse to such participant, in each case to the extent subject to such participation.

(f) Each Lender may grant to a special purpose funding vehicle (an "SPC") the option to fund all or any part of any Advance that such Lender is obligated to fund under this Agreement (and upon the exercise by such SPC of such option to fund, such Lender's obligations with respect to such Advance shall be deemed satisfied to the extent of any amounts funded by such SPC); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrowers hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) each Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (iv) any such option granted to an SPC shall not constitute a commitment by such SPC to fund any Advance, (v) neither the grant nor the exercise of such option to an SPC shall increase the costs or expenses or otherwise increase or change the obligations of any Borrower under this Agreement (including, without limitation, its obligations under Section 2.14) and (vi) no SPC shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by any Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, such Note or any fees or other amounts payable hereunder,

in each case to the extent subject to such grant of funding option, or postpone any date fixed for any payment of principal of, or interest on, such Note or any fees or other amounts payable hereunder, in each case to the extent subject to such grant of funding option. Each party to this Agreement hereby agrees that no SPC shall be liable for any indemnity or payment under this Agreement for which a Lender would otherwise be liable. In furtherance of the foregoing, each party hereto hereby agrees (which agreements shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof.

(g) Any Lender may, in connection with any assignment, participation or grant of funding option or proposed assignment, participation or grant of funding option pursuant to this Section 9.07, disclose to the assignee, participant or SPC or proposed assignee, participant or SPC, any information relating to any Borrower furnished to such Lender by or on behalf of such Borrower; provided that, prior to any such disclosure, the assignee, participant or SPC or proposed assignee, participant or SPC shall agree to preserve the confidentiality of any Borrower Information relating to any Borrower received by it from such Lender.

(h) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 9.08. Confidentiality. Neither the Agent nor any Lender may disclose to any Person any confidential, proprietary or non-public information of the Company furnished to the Agent or the Lenders by the Company (such information being referred to collectively herein as the "Borrower Information"), except that each of the Agent and each of the Lenders may disclose Borrower Information (i) to its and its Affiliates' employees, officers, directors, agents and advisors who need to know the Borrower Information in connection with this Agreement (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Borrower Information and instructed to keep such Borrower Information confidential on substantially the same terms as provided herein), (ii) to the extent requested by any applicable regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) to the extent necessary in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to an agreement for the benefit of the Company containing provisions substantially the same as those of this Section 9.08, to any assignee, participant, SPC, or prospective assignee, participant or SPC, (vii) to the extent such Borrower Information (A) is or becomes generally available to the public on a non-confidential basis other than as a result of a breach of this Section 9.08 by the Agent or such Lender, or (B) is or becomes available to the Agent or such Lender on a nonconfidential basis from a source other than the Company that, to the knowledge of the Agent or such Lender, is not in violation of any confidentiality agreement with the Company and (viii) with the consent of the Company. Notwithstanding anything herein to the contrary, the Agent and the Lenders may disclose to any and all Persons, without limitation of any kind, the U.S. tax treatment and tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Agent or the Lenders relating to such U.S. tax treatment and tax structure.

SECTION 9.09. Designated Subsidiaries. (a) Designation. The Company may at any time, and from time to time, by delivery to the Agent of a Designation Agreement duly executed by the Company and the respective Subsidiary and substantially in the form of Exhibit E hereto, designate such Subsidiary as a "Designated Subsidiary" for purposes of this Agreement and such Subsidiary shall thereupon become a "Designated Subsidiary" for purposes of this Agreement and, as such, shall have all of the rights and obligations of a Borrower hereunder. The Agent shall promptly notify each Lender of each such designation by the Company and the identity of the respective Subsidiary.

(b) Termination. Upon the payment and performance in full of all of the indebtedness, liabilities and obligations under this Agreement of any Designated Subsidiary then, so long as at the time no Notice of Borrowing in respect of such Designated Subsidiary is outstanding, such Subsidiary's status as a "Designated Subsidiary" shall terminate upon notice to such effect from the Agent to the Lenders (which notice the Agent shall

give promptly, and only upon its receipt of a request therefor from the Company). Thereafter, the Lenders shall be under no further obligation to make any Advance hereunder to such Designated Subsidiary.

SECTION 9.10. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.12. Judgment. (a) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in Dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase Dollars with such other currency at Citibank's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(b) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in a Committed Currency or Committed L/C Currency into Dollars, the parties agree to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase such Committed Currency or Committed L/C Currency with Dollars at Citibank's principal office in London at 11:00 A.M. (London time) on the Business Day preceding that on which final judgment is given.

(c) The obligation of the Company and each other Borrower in respect of any sum due from it in any currency (the "Primary Currency") to any Lender or the Agent hereunder shall, notwithstanding any judgment in any other currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Agent (as the case may be), of any sum adjudged to be so due in such other currency, such Lender or the Agent (as the case may be) may in accordance with normal banking procedures purchase the applicable Primary Currency with such other currency; if the amount of the applicable Primary Currency so purchased is less than such sum due to such Lender or the Agent (as the case may be) in the applicable Primary Currency, the Company and each other Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Agent (as the case may be) against such loss, and if the amount of the applicable Primary Currency so purchased exceeds such sum due to any Lender or the Agent (as the case may be) in the applicable Primary Currency, such Lender or the Agent (as the case may be) agrees to remit to the Company or such other Borrower such excess.

SECTION 9.13. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, if any, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Company and each other Borrower hereby further irrevocably consent to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Company at its address specified pursuant to Section 9.02. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any Notes in any New York State or federal

court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.14. Substitution of Currency. If a change in any Committed Currency or Committed L/C Currency occurs pursuant to any applicable law, rule or regulation of any governmental, monetary or multi-national authority, this Agreement (including, without limitation, the definitions of Eurocurrency Rate) will be amended to the extent determined by the Agent (acting reasonably and in consultation with the Company) to be necessary to reflect the change in currency and to put the Lenders and the Company in the same position, so far as possible, that they would have been in if no change in such Committed Currency or Committed L/C Currency had occurred.

SECTION 9.15. No Liability Regarding Letters of Credit. None of the Agent, the Lenders nor any Issuing Bank, nor any of their Affiliates, or the respective directors, officers, employees, agents and advisors of such Person or such Affiliate, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder, or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the applicable Issuing Bank; provided that the foregoing shall not be construed to excuse any Issuing Bank from liability to the applicable Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by such Borrower that are caused by such Issuing Bank’s failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof or any failure to honor a Letter of Credit where such Issuing Bank is, under applicable law, required to honor it. The parties hereto expressly agree that, as long as the Issuing Bank has not acted with gross negligence or willful misconduct, such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, an Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

SECTION 9.16. Patriot Act Notification. Each Lender and the Agent (for itself and not on behalf of any Lender) hereby notifies the Company and each other Borrower that pursuant to the requirements of Section 326 of the USA Patriot Act (Title III of Pub.L. 107-56 (signed into law October 26, 2001)) and the promulgated regulations thereto (the “Patriot Act”), it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender or the Agent, as applicable, to identify each Borrower in accordance with the Patriot Act. Each Borrower shall, and shall cause each of their Subsidiaries to, provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by the Agent or any Lenders in order to assist the Agent and the Lenders in maintaining compliance with the Patriot Act.

SECTION 9.17. Waiver of Jury Trial. Each of the Company, each other Borrower, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or any Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

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

THE INTERPUBLIC GROUP OF
COMPANIES, INC.

By: ______________________________
Title: Senior Vice President and Treasurer

CITIBANK, N.A.,
as Agent

By: ______________________________
Title:

Swing Line Bank

Swing Line Commitment
$5,000,000

CITIBANK, N.A.

By: ______________________________
Title:

$5,000,000 Total of the Swing Line Commitments

Initial Issuing Banks

Letter of Credit Commitment
$200,000,000

CITIBANK, N.A.

By: ______________________________
Title:

JPMORGAN CHASE BANK, N.A. (solely with respect
to Letters of Credit listed on Schedule 2.01(c))

By: ______________________________
Title:

KEYBANK NATIONAL ASSOCIATION
(solely with respect to Letters of Credit listed on
Schedule 2.01(c))

By: ______________________________
Title:

$200,000,000 Total of the Letter of Credit Commitments

Initial Lenders

Revolving Credit Commitment

$80,357,143

CITIBANK, N.A.

By: ______________________________
Title:

$73,928,571 JPMORGAN CHASE BANK, N.A.

By: ______________________________
Title:

$25,714,286 KEYBANK NATIONAL ASSOCIATION

By: ______________________________
Title:

$56,250,000 LLOYDS TSB BANK PLC

By: ______________________________
Title:

By: ______________________________
Title:

$70,714,286 HSBC BANK USA, NATIONAL ASSOCIATION

By: ______________________________
Title:

$16,071,429	ING BANK By: __________ Title:
$9,642,857	ROYAL BANK OF CANADA By: __________ Title:
$61,071,429	UBS LOAN FINANCE LLC By: __________ Title: By: __________ Title:
$40,178,571	SUNTRUST BANK By: __________ Title:
$16,071,429	CALYON NEW YORK BRANCH By: __________ Title: By: __________ Title:

$450,000,000 Total of the Revolving Credit Commitments

SCHEDULE I

LIST OF APPLICABLE LENDING OFFICES

Name of Initial Lender	Domestic Lending Office	Eurocurrency Lending Office
Citibank, N.A.	Two Penns Way, Suite 200 New Castle, DE 19720 Attn: Heather Puchalski T: 302 894-6021 F: 212 994-0961	Two Penns Way, Suite 200 New Castle, DE 19720 Attn: Heather Puchalski T: 302 894-6021 F: 212 994-0961
JPMorgan Chase Bank, N.A.	1411 Broadway, 5th Floor New York, NY 10018 Attn: Chris Bisram T: 212 391-6083 F: 212 391-6091	1411 Broadway, 5th Floor New York, NY 10018 Attn: Chris Bisram T: 212 391-6083 F: 212 391-6091
KeyBank National Association	127 Public Square Cleveland, OH 94111 Attn: Francis Lutz T: 216 689-9968 F: 216689-0511	127 Public Square Cleveland, OH 94111 Attn: Francis Lutz T: 216 689-9968 F: 216689-0511
Lloyds TSB Bank plc	Lloyds TSB Bank plc 1251 Avenue of the Americas 39th Floor New York, NY 10020 Attn: Patricia Kilian T: 212 930-8914 F: 212 930-5098	Lloyds TSB Bank plc 1251 Avenue of the Americas 39th Floor New York, NY 10020 Attn: Patricia Kilian T: 212 930-8914 F: 212 930-5098
HSBC Bank USA, National Association	1 HSBC Center Buffalo, NY 14203 Attn: Nancy Lomas/Donna Riley T: 716 841-7179/4178 F: 716 841-0269	1 HSBC Center Buffalo, NY 14203 Attn: Nancy Lomas/Donna Riley T: 716 841-7179/4178 F: 716 841-0269
ING Bank	1325 Avenue of the Americas 10th Floor New York, NY 10019 Attn: Eileen DiLorenzo T: 646 424-8232 F: 646 424-8256	1325 Avenue of the Americas 10th Floor New York, NY 10019 Attn: Eileen DiLorenzo T: 646 424-8232 F: 646 424-8256
Royal Bank of Canada	Royal Bank of Canada One Liberty Plaza, 4th Floor New York, NY 10006-1404 Attn: Manager, Loans Administration T: 212 428-6369 F: 212 428-2372 With a copy to: Attn: Nigel Delph/Barton Lund T: 212 428-6249/6509 F: 212 428-2319	Royal Bank of Canada One Liberty Plaza, 4th Floor New York, NY 10006-1404 Attn: Manager, Loans Administration T: 212 428-6369 F: 212 428-2372 With a copy to: Attn: Nigel Delph/Barton Lund T: 212 428-6249/6509 F: 212 428-2319

Name of Initial Lender	Domestic Lending Office	Eurocurrency Lending Office
UBS Loan Finance LLC	677 Washington Boulevard, 6th Floor Stamford, CT 06901 Attention: Denise Conzo T: 203 719-3853 F: 203 719-3888	677 Washington Boulevard, 6th Floor Stamford, CT 06901 Attention: Denise Conzo T: 203 719-3853 F: 203 719-3888
SunTrust Bank	Mail Code 1928 303 Peachtree Street, 10th Floor Atlanta, GA 30308 Attn: Heidi Khambatta T: 404 827-6957 F: 404 658-4905 With a copy to: LaWanda Griffeth Mail Code 1928 303 Peachtree Street, 10th Floor Atlanta, GA 30308 T: 404 230-5413 F: 404 575-2730	Mail Code 1928 303 Peachtree Street, 10th Floor Atlanta, GA 30308 Attn: Heidi Khambatta T: 404 827-6957 F: 404 658-4905 With a copy to: LaWanda Griffeth Mail Code 1928 303 Peachtree Street, 10th Floor Atlanta, GA 30308 T: 404 230-5413 F: 404 575-2730
Calyon New York Branch	1301 Avenue of the Americas New York, NY 10019 Attn: Marie-Lyrvold Bosse Doleyres T: 212 261-7164 F: 212 261-7696	1301 Avenue of the Americas New York, NY 10019 Attn: Marie-Lyrvold Bosse Doleyres T: 212 261-7164 F: 212 261-7696

SCHEDULE 2.01(C)

EXISTING LETTERS OF CREDIT

Issuing Bank	Beneficiary	L/C Number	Expiration	Total Amount
JPMorgan Chase Bank	TV Eye Limited, et al.	T-238779	6/26/04	£70,000,000
JPMorgan Chase Bank	Atlantic Mutual Companies	T-222830	2/28/05	US$1,100,000
JPMorgan Chase Bank	Atlantic Mutual Companies	T-235678	2/28/05	US$1,100,000
KeyBank National Association	W9/ONS Real Estate Limited Partnership	S308483	3/31/05	US$400,000
KeyBank National Association	Frenkel Insurance Cos.	S308220	12/31/04	US$1,976,600
KeyBank National Association	American Protection Insurance	S308157	12/31/04	US$92,588

SCHEDULE 5.02(e)

ACQUISITIONS

None.

SCHEDULE 5.02(h)

SUBSIDIARY DEBT

(US$ 000's)

Payable to Banks	$ 572.4
Capitalized Leases	398.7
Mortgage Payable	73.7
Letters of Credit (Undrawn)	11,088.7
Total	**$ 12,133.5**

SCHEDULE 5.03(b)

TERMS OF SUBORDINATION

1. Agreement to Subordinate. The Company agrees, and each holder (a "Holder") of the [**Insert: Debt being subordinated**] (the "Notes") by accepting a Note agrees, that the indebtedness evidenced by the Notes is subordinated in right of payment, to the extent and in the manner provided herein, to the prior payment in full, in cash or cash equivalents of all Senior Indebtedness[1] (as defined below) and that the subordination is for the benefit of and enforceable by the holders of such Senior Indebtedness. Only Senior Indebtedness shall rank senior to the Notes in accordance with the provisions set forth herein. The Notes shall in all respects rank *pari passu* with, or be senior to, all other Indebtedness of the Company.

2. Liquidation, Dissolution, Bankruptcy. Upon any payment or distribution of the assets of the Company to creditors upon a total or partial liquidation or dissolution of the Company, in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, an assignment by the Company for the benefit of its creditors or the marshaling of the assets and liabilities of the Company:

(1) the holders of Senior Indebtedness shall be entitled to receive payment in full of all obligations due in respect of such Senior Indebtedness before any Holder of the Notes shall be entitled to receive any payment of principal of, premium or interest on the Notes; and

(2) until such Senior Indebtedness is paid in full in cash or cash equivalents, any distribution to which Holders would be entitled but for the subordination provision contained herein shall be made to holders of such Senior Indebtedness as their interests may appear;

except that Holders may receive (a) securities that are subordinated to the Senior Indebtedness on terms substantially similar to the terms of subordination contained herein (the "Permitted Junior Securities") and (b) payments and other distributions made from any defeasance trust created pursuant to [**Insert reference to relevant defeasance provisions**.]

Section 3. Default on the Designated Senior Indebtedness of the Company. (a) The Company may not pay the principal of, premium or interest on the Notes or make any deposit into any defeasance trust account and may not repurchase, redeem or otherwise retire any Notes (collectively, "pay the Notes"), other than payments and other distributions in the form of Permitted Junior Securities or from any defeasance trust created pursuant to this Indenture if:

(1) a payment default on the Designated Senior Indebtedness occurs and is continuing beyond any applicable grace period; or

(2) any other default occurs and is continuing on such Designated Senior Indebtedness that permits the holders thereof to accelerate its maturity and the [**Insert name of Trustee under the indenture under which the Notes are issued**] (the

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1 Senior Indebtedness and Designated Senior Indebtedness will include all obligations of [the Company] now or hereafter existing under or in respect of the 3-Year Credit Agreement, dated as of May 10, 2004, as amended and restated on September 27, 2005 among the Company, the Agent and the Lenders party thereto (including, without limitation, any extensions, modifications, substitutions, replacements, refinancings, amendments or renewals of any or all of the foregoing obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (including all interest and expenses accruing after the commencement of a proceeding under any Bankruptcy Law, whether or not constituting an allowed claim in such proceeding). Senior Indebtedness will include, and Designated Senior Indebtedness may include, all other existing indebtedness for money borrowed of the Company.

"Trustee") receives a notice of that default (a "Payment Blockage Notice") from the Company or [**Insert representative for holders of Designated Senior Indebtedness**].

(b) Payments on the Notes may and shall be resumed:

(1) in the case of a payment default, upon the date on which it is cured or waived; and

(2) in case of a Payment Blockage Notice relating to a nonpayment default, the earlier of the date on which it is cured or waived or 179 days after the date on which such Payment Blockage Notice is received, unless the maturity of the relevant Designated Senior Indebtedness has been accelerated.

(c) No new Payment Blockage Notice may be delivered unless and until:

(1) 360 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice; and

(2) all scheduled payments of principal of and interest on the Notes that have come due have been paid in full in cash.

(d) No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless that default shall have been cured or waived for a period of not less than 180 days.

4. When Distribution Must Be Paid Over. If a distribution is made to Holders that because of these subordination provisions should not have been made to them, the Holders who receive the distribution shall hold it in trust for holders of the Senior Indebtedness and pay it over to them (or their representative) as their interests may appear.

5. Subrogation. After all Senior Indebtedness is paid in full in cash or cash equivalents and until the Notes are paid in full in cash or cash equivalents, Holders shall be subrogated to the rights of holders of the Senior Indebtedness to receive distributions applicable to the Senior Indebtedness. A distribution made under these subordination provisions to holders of such Senior Indebtedness which otherwise would have been made to Holders is not, as between the Company and Holders, a payment by the Company on such Senior Indebtedness.

6. Relative Rights. These subordination provisions define the relative rights of the Holders and holders of Senior Indebtedness. Nothing in this Indenture shall:

(1) impair, as between the Company and Holders, the obligation of the Company, which is absolute and unconditional, to pay its obligations in respect of the Notes in accordance with their terms; or

(2) prevent the Trustee or any Holder from exercising its available remedies upon a Default, subject to the rights of holders of Senior Indebtedness to receive distributions otherwise payable to Holders as provided herein.

7. Subordination May Not Be Impaired by the Company. No right of any holder of Senior Indebtedness of the Company to enforce the subordination of the Indebtedness evidenced by the Notes shall be impaired by any act or failure to act by the Company or by its failure to comply with this [Indenture].

8. Trust Moneys Not Subordinated. Notwithstanding anything contained herein to the contrary, payments from money or the proceeds of U.S. Government Obligations held in trust under

[**Insert reference to relevant defeasance provisions**] by the Trustee for the payment of principal of and interest on the Notes shall not be subordinated to the prior payment of any Senior Indebtedness or subject to the restrictions set forth herein, and none of the Holders shall be obligated to pay over any such amount to the Company or any holder of Senior Indebtedness or any other creditor of the Company.

9. Reliance by Holders of Senior Indebtedness on Subordination Provisions. Each Holder by accepting a Note acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness, whether such Senior Indebtedness was created or acquired before or after the issuance of the Notes, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of such Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness.

EXHIBIT A - FORM OF NOTE

U.S.$ __________ Dated: __________, 200_

FOR VALUE RECEIVED, the undersigned, THE INTERPUBLIC GROUP OF COMPANIES, INC., a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of __________(the "Lender") for the account of its Applicable Lending Office on the Termination Date (each as defined in the Credit Agreement referred to below) the principal sum of U.S.$[amount of the Lender's Revolving Credit Commitment in figures] or, if less, the aggregate principal amount of the Revolving Credit Advances and Swing Line Advances made by the Lender to the Borrower pursuant to the 3-Year Credit Agreement dated as of May 10, 2004, amended and restated as of September 27, 2005, among the Borrower, the Lender and certain other lenders parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, HSBC Bank USA, Lloyds TSB Bank plc and UBS AG, Stamford Branch, as co-documentation agents, Citigroup Global Markets Inc., as lead arranger and book manager, and Citibank, N.A. as Agent for the Lender and such other lenders (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) outstanding on such date.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Credit Advance and each Swing Line Advance from the date of such Revolving Credit Advance or such Swing Line Advance, as the case may be, until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest in respect of each Advance (i) in Dollars are payable in lawful money of the United States of America to the Agent at its account maintained at 399 Park Avenue, New York, New York 10043, in same day funds and (ii) in any Committed Currency are payable in such currency at the applicable Payment Office in same day funds. Each Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Revolving Credit Advances and Swing Line Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Revolving Credit Advance and Swing Line Advance being evidenced by this Promissory Note, (ii) contains provisions for determining the Dollar Equivalent of Advances denominated in Committed Currencies and (iii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By ______________________________
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

Citibank, N.A., as Agent
for the Lenders parties
to the Credit Agreement
referred to below
Two Penns Way
New Castle, Delaware 19720

[Date]

Attention: Bank Loan Syndications Department

Ladies and Gentlemen:

The undersigned, [The Interpublic Group of Companies, Inc.][Name of Designated Subsidiary], refers to the 3- Year Credit Agreement dated as of May 10, 2004, amended and restated as of September 27, 2005 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among The Interpublic Group of Companies, Inc., certain Lenders parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, HSBC Bank USA, Lloyds TSB Bank plc and UBS AG, Stamford Branch, as co-documentation agents, Citigroup Global Markets Inc., as lead arranger and book manager, and Citibank, N.A., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is ______, 200_.

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurocurrency Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is [$______][for a Revolving Credit Borrowing in a Committed Currency, list currency and amount of Revolving Credit Borrowing].

(iv) [The initial Interest Period for each Eurocurrency Rate Advance made as part of the Proposed Borrowing is ___month[s].]

(v) The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Revolving Credit Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement [and in the Designation Agreement of the undersigned] are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default, and

(C) the proceeds of the Proposed Borrowing will be used to fund known cash requirements of the Company and its Consolidated Subsidiaries in the ordinary course of their respective businesses.

Very truly yours,

[THE INTERPUBLIC GROUP OF
COMPANIES, INC.][DESIGNATED SUBSIDIARY]

By ______________________________________
Title:

Reference is made to the 3-Year Credit Agreement dated as of May 10, 2004, amended and restated as of September 27, 2005 (as amended or modified from time to time, the "Credit Agreement") among The Interpublic Group of Companies, Inc., a Delaware corporation (the "Company"), the Lenders (as defined in the Credit Agreement), JPMorgan Chase Bank, N.A., as syndication agent, HSBC Bank USA, Lloyds TSB Bank plc and UBS AG, Stamford Branch, as co-documentation agents, Citigroup Global Markets Inc., as lead arranger and book manager, and Citibank, N.A., as agent for the Lenders (the "Agent"). Terms defined in the Credit Agreement and not defined herein are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule 1 hereto agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to the percentage interest specified on Schedule I hereto of all outstanding rights and obligations under the Credit Agreement together with participations in Letters of Credit held by the Assignor on the date hereof. After giving effect to such sale and assignment, the amount of the Assignee's Revolving Credit Commitment, and Letter of Credit Commitment and the amount of the Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or the performance or observance by the Company of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note, if any, held by the Assignor [and requests that the Agent exchange such Note for a new Note payable to the order of [the Assignee in an amount equal to the Revolving Credit Commitment assumed by the Assignee pursuant hereto or new Notes payable to the order of the Assignee in an amount equal to the Revolving Credit Commitment assumed by the Assignee pursuant hereto and] the Assignor in an amount equal to the Revolving Credit Commitment retained by the Assignor under the Credit Agreement[, respectively,] as specified on Schedule 1 hereto].

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01(e) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service forms required under Section 2.14 of the Credit Agreement.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Assignment and Acceptance (the

"Assignment Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Agent, as of the Assignment Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.11, 2.14 and 9.04 of the Credit Agreement to the extent any claim thereunder relates to an event arising prior to this Assignment and Acceptance) and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Assignment Effective Date, the Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and facility fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Assignment Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by facsimile shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

Schedule 1
to
Assignment and Acceptance

Percentage interest assigned:		—%
Assignee’s Revolving Credit Commitment:	$	—
Assignee’s Letter of Credit Commitment:	$	—
Aggregate outstanding principal amount of Advances assigned:	$	—
Principal amount of Note payable to Assignee:	$	—
Principal amount of Note payable to Assignor:	$	—
Assignment Effective Date*:_______________, 200_		

[NAME OF ASSIGNOR], as Assignor

By ____________________________________
Title:
Dated: _______________, 200_

[NAME OF ASSIGNEE], as Assignee

By ____________________________________
Title:

Dated: _______________, 200_

Domestic Lending Office:
[Address]

Eurocurrency Lending Office:
[Address]

* This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to the Agent.

Accepted [and Approved]** this

___________________________ day of ___________________________, 200_
CITIBANK, N.A., as Agent

By___________________________

Title:
[Approved this___day
of ________________________, 200_

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By ________________________]*

** Required if the Assignee is an Eligible Assignee solely by reason of clause (iii) of the definition of “Eligible Assignee”.

* Required if the Assignee is an Eligible Assignee solely by reason of clause (iii) of the definition of “Eligible Assignee”.

EXHIBIT D-1 — FORM OF OPINION OF CLEARY, GOTTLIEB, STEEN & HAMILTON

[Restatement Date]

The parties named as Lenders in
the below-referenced Credit Agreement

Ladies and Gentlemen:

We have acted as special counsel to The Interpublic Group of Companies, Inc., a Delaware corporation (the "Company"), in connection with that certain 3-Year Credit Agreement dated as of May 10, 2004, amended and restated as of September 27, 2005 (the "Credit Agreement"), among the Company, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, HSBC Bank USA, Lloyds TSB Bank plc and UBS AG, Stamford Branch, as co-documentation agents, Citigroup Global Markets Inc., as lead arranger and book manager, and Citibank, N.A., as Agent for said Lenders. This opinion is furnished to you pursuant to Section 3.01(d)(iv) of the Credit Agreement.

In arriving at the opinions expressed below, we have reviewed the following documents:

(1) an executed copy of the Credit Agreement;

(2) executed copies of the Notes (as defined in the Credit Agreement), dated the date hereof, of the Company payable to the Lenders named therein (the "Company Notes"); and

(3) the other documents furnished by the Company pursuant to Article III of the Credit Agreement.

In addition, we have reviewed the originals or copies certified or otherwise identified to our satisfaction of all such corporate records of the Company and such other instruments and other certificates of public officials, officers and representatives of the Company and such other persons, and we have made such investigations of law, as we have deemed necessary as a basis for the opinions expressed below.

In rendering the opinions expressed below, we have assumed the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies. In addition, we have assumed and have not verified the accuracy as to factual matters of each document we have reviewed (including, without limitation, the accuracy of the representations and warranties of the Company in the Credit Agreement).

Based upon the foregoing and subject to the further assumptions and qualifications set forth below, it is our opinion that:

1. The Company has corporate power to enter into the Credit Agreement and the Company Notes and to perform its obligations thereunder.

2. The execution and delivery by the Company of the Credit Agreement and the Company Notes have been duly authorized by all necessary corporate action of the Company.

3. The performance by the Company of its obligations under the Credit Agreement and the Company Notes (a) does not require any consent, approval, authorization, registration or qualification of or with any governmental authority of the United States, the State of Delaware or the State of New York and (b) does not result in a violation of any applicable United States federal or New York State law, rule or regulation or the Delaware General Corporation Law.

4. The Credit Agreement is a valid, binding and enforceable agreement of the Company.

5. The Company Notes, after giving effect to the initial borrowing by the Company under the Credit Agreement, will be valid, binding and enforceable obligations of the Company.

Insofar as the foregoing opinions relate to the validity, binding effect or enforceability of any agreement or obligation of the Company, (a) we have assumed that each party to such agreement or obligation has satisfied those legal requirements that are applicable to it to the extent necessary to make such agreement or obligation enforceable against it (except that no such assumption is made as to the Company regarding matters of the federal law of the United States of America, the law of the State of New York or the General Corporation Law of the State of Delaware that in our experience normally would be applicable to general business entities with respect to such agreement or obligation) and (b) such opinions are subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity.

We express no opinion as to the applicability or effect of the laws of any jurisdiction other than the State of New York wherein any Lender may be located or wherein enforcement of the Credit Agreement or the Notes may be sought that may limit the rates of interest which may be charged or collected.

We express no opinion as to (a) Section 2.15 of the Credit Agreement insofar as it provides that any Lender purchasing a participation from another Lender pursuant thereto may exercise set-off or similar rights with respect to such participation or (b) Section 9.12 of the Credit Agreement.

We have assumed that any assignments made by or among the Lenders of their rights and obligations under the Credit Agreement will not contravene New York Judiciary Law Section 489 (which makes it a criminal offense to take an assignment of a debt obligation with the intent of and for the purpose of bringing an action or proceeding thereon).

We note that the designations in Section 9.13(a) of the Credit Agreement are (notwithstanding the waiver in Section 9.13(b) of the Credit Agreement) subject to the power of such federal court to transfer actions pursuant to 28 U.S.C. §1404(a) or to dismiss such actions or proceedings on the grounds that such a federal court is an inconvenient forum for such action or proceeding.

With respect to the first sentence of Section 9.13(a) of the Credit Agreement, we express no opinion as to the subject matter jurisdiction of any United States federal court to adjudicate any action relating to the Credit Agreement where jurisdiction based on diversity of citizenship under 28 U.S.C. §1332 does not exist.

The opinion expressed in paragraph 3 above relates only to those laws, rules and regulations that, in our experience, are normally applicable to general business entities with respect to performance of transactions of the type referred to in the Credit Agreement.

The foregoing opinions are limited to the law of the State of New York, the General Corporation Law of the State of Delaware and the federal law of the United States, but we express no opinion as to any state securities or Blue Sky laws or United States federal securities laws.

We are furnishing this opinion letter to you solely for your benefit in connection with the Credit Agreement. This opinion letter is not to be relied on or furnished to any other person or used, circulated, quoted or otherwise referred to for any other purpose. Notwithstanding the foregoing, a copy of this opinion letter may be furnished to, and relied upon by, your successors and a permitted transferee who becomes a party to the Credit Agreement as a Lender thereunder, and you or any such successor or transferee may show this opinion to any governmental authority pursuant to requirements of applicable law or regulations. The opinions expressed herein are rendered on and as of the date hereof, and we assume no obligation to advise you or any such transferee or governmental authority or any other person, or to make any investigations, as to any legal developments or factual matters arising subsequent to the date hereof that might affect the opinions expressed herein.

Very truly yours,

CLEARY, GOTTLIEB, STEEN & HAMILTON

By: ______________________________

Andrea G. Podolsky, a Partner

EXHIBIT D-2 — FORM OF
OPINION OF IN-HOUSE
COUNSEL OF THE COMPANY

[Restatement Date]

To each of the Lenders parties
to the 3-Year Credit Agreement dated as of May 10, 2004,
amended and restated as of September 27, 2005,
among The Interpublic Group of Companies, Inc.,
said Lenders and Citibank, N.A.,
as Agent for said Lenders, and
to Citibank, N.A., as Agent

3-Year Credit Agreement

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 3.01(d)(iv) of the 3-Year Credit Agreement dated as of May 10, 2004, amended and restated as of September 27, 2005 (the "Credit Agreement"), among The Interpublic Group of Companies, Inc. (the "Company"), the Lenders parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, HSBC Bank USA, Lloyds TSB Bank plc and UBS AG, Stamford Branch, as co-documentation agents, Citigroup Global Markets Inc., as lead arranger and book manager, and Citibank, N.A., as Agent for said Lenders. Terms defined in the Credit Agreement are used herein as therein defined.

I have acted as General Counsel for the Company in connection with the preparation, execution and delivery of the Credit Agreement.

In arriving at the opinions expressed below, I have examined the following documents:

(1) An executed copy of the Credit Agreement.

(2) The documents furnished by the Company pursuant to Article III of the Credit Agreement.

(3) A copy of the Restated Certificate of Incorporation of the Company and all amendments thereto (the "Charter").

(4) A copy of the by-laws of the Company and all amendments thereto (the "By-laws").

(5) A certificate of the Secretary of State of Delaware, dated ___, 2005, attesting to the continued corporate existence and good standing of the Company in that State.

In addition, I have examined the originals, or copies certified or otherwise identified to my satisfaction, of such other corporate records of the Company, certificates of public officials and of officers of the Company and such other persons as I have deemed necessary as a basis for the opinions expressed below.

In rendering the opinions expressed below, I have assumed the authenticity of all documents submitted to me as originals and the conformity to the originals of all documents submitted to me as copies. In addition, I have assumed and have not verified the accuracy as to factual matters of each document I have reviewed (including, without limitation, the accuracy of the representations and warranties of the Company in the Credit Agreement).

Based upon the foregoing and subject to the further assumptions and qualifications set forth below, it is my opinion that:

1. The Company is a corporation validly existing and in good standing under the laws of the State of Delaware.

2. The execution, delivery and performance by the Company of the Credit Agreement and the Notes to be delivered by it, and the consummation of the transactions contemplated thereby, are within the Company's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Charter or the By-laws or (ii) any material contractual or legal restriction known to me contained in any material document to which the Company is a party or by which it is bound. The Credit Agreement and the Notes have been duly executed and delivered on behalf of the Company.

3. To the best of my knowledge, no authorization, approval or other action by, and no notice to or filing with, any third party is required for the execution, delivery and performance by the Company of the Credit Agreement and the Notes.

4. To the best of my knowledge, there are no pending or overtly threatened actions or proceedings against the Company or any of its Consolidated Subsidiaries before any court, governmental agency or arbitrator that purport to affect the validity, binding effect or enforceability of the Credit Agreement or any of the Notes or the consummation of the transactions contemplated thereby or, except as disclosed in the Company's reports filed with the Securities and Exchange Commission prior to the Restatement Date, that are likely to have a materially adverse effect upon the financial condition or operations of the Company and its Consolidated Subsidiaries taken as a whole.

With regard to clause (ii) of paragraph 2 above, I express no opinion as to whether the deposit of cash into the L/C Cash Deposit Account would be permissible under the applicable lien covenants (all of which permit the Company to create liens in an amount based on its consolidated net worth) at the time such cash is provided.

The foregoing opinions are limited to the law of the State of New York, the General Corporation Law of the State of Delaware and the Federal law of the United States.

I am furnishing this opinion letter to you solely for your benefit in connection with the Credit Agreement. This opinion letter is not to be used, circulated, quoted or otherwise referred to for any other purpose. Notwithstanding the foregoing, a copy of this opinion letter may be furnished to, and relied upon by, your successors and a permitted transferee who becomes a party to the Credit Agreement as a Lender thereunder, and you or any such successor or transferee may show this opinion to any governmental authority pursuant to requirements of applicable law or regulations. The opinions expressed herein are, however, rendered on and as of the date hereof, and I assume no obligation to advise you or any such transferee or governmental authority or any other person, or to make any investigations, as to any legal developments or factual matters arising subsequent to the date hereof that might affect the opinions expressed herein.

Very truly yours,

____

Nicholas J. Camera, General Counsel

[DATE]

To each of the Lenders
parties to the Credit Agreement
(as defined below) and to Citibank, N.A.
as Agent for such Lenders

Ladies and Gentlemen:

Reference is made to the 3-Year Credit Agreement dated as of May 10, 2004, amended and restated as of September 27, 2005, among The Interpublic Group of Companies, Inc. (the "Company"), certain other borrowers parties thereto, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as syndication agent, HSBC Bank USA, Lloyds TSB Bank plc and UBS AG, Stamford Branch, as co-documentation agents, Citigroup Global Markets Inc., as lead arranger and book manager, and Citibank, N.A., as Agent for said Lenders (the "Credit Agreement"). Terms used herein and defined in the Credit Agreement shall have the respective meanings ascribed to such terms in the Credit Agreement.

Please be advised that the Company hereby designates its undersigned Subsidiary, ____________ ("Designated Subsidiary"), as a "Designated Subsidiary" under and for all purposes of the Credit Agreement.

The Designated Subsidiary, in consideration of each Lender's agreement to extend credit to it under and on the terms and conditions set forth in the Credit Agreement, does hereby assume each of the obligations imposed upon a "Designated Subsidiary" and a "Borrower" under the Credit Agreement and agrees to be bound by the terms and conditions of the Credit Agreement. In furtherance of the foregoing, the Designated Subsidiary hereby represents and warrants to each Lender as follows:

(a) The Designated Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of ____________.

(b) The execution, delivery and performance by the Designated Subsidiary of this Designation Agreement, the Credit Agreement and the Notes to be delivered by it are within the Designated Subsidiary's corporate powers, have been duly authorized by all necessary corporate action and do not contravene (i) the Designated Subsidiary's charter or by-laws or (ii) any law, rule or regulation applicable to the Designated Subsidiary or (iii) any material contractual or legal restriction binding on the Designated Subsidiary. The Designation Agreement and the Notes delivered by it have been duly executed and delivered on behalf of the Designated Subsidiary.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Designated Subsidiary of this Designation Agreement, the Credit Agreement or the Notes to be delivered by it.

(d) This Designation Agreement is, and the Notes to be delivered by the Designated Subsidiary when delivered will be, legal, valid and binding obligations of the Designated Subsidiary enforceable against the Designated Subsidiary in accordance with their respective terms.

(e) There is no pending or, to the knowledge of the Designated Subsidiary , threatened action or proceeding affecting the Designated Subsidiary or any of its Subsidiaries before any court, governmental agency or arbitrator which purports to affect the legality, validity or enforceability of this Designation Agreement, the Credit Agreement or any Note of the Designated Subsidiary.

This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By ______________________________
Name:
Title:

[THE DESIGNATED SUBSIDIARY]

By ______________________________
Name:
Title:

Exhibit 10(iii)(A)(82)

SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT made as of January 31, 2005 between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation **("Interpublic"**) and **BRIAN J. BROOKS** (**"Executive"**).

W I T N E S S E T H:

WHEREAS, Interpublic and Executive are parties to a Confidential Separation Agreement and General Release made as of February 27, 2004 (hereinafter referred to as the **"Agreement"**); and

WHEREAS, Interpublic and Executive desire to amend the Agreement;

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

1. Paragraph 3(d) of the Agreement is hereby amended, effective as of February 27, 2005 to read in its entirety as follows:

"During the Consulting Period (as defined in the Agreement), Executive shall provide certain executive recruiting services to Interpublic and its subsidiaries.

(i) During the Consulting Period, Executive shall receive an annual fixed fee of Eight Hundred Twenty-Five Thousand Dollars ($825,000), payable in equal monthly installments. Except as set forth below, there will be no calculation of or reconciliation to commissions.

(ii) Executive will devote sixty percent (60%) of his working time to providing recruiting services to McCann Worldgroup (**"McCann"**) and forty percent (40%) of his working time to providing recruiting and database

management services to Interpublic and its subsidiaries, other than McCann. It being understood that positions for which Executive's services will be requested will be not less than an annual base salary of Two Hundred Fifty Thousand Dollars ($250,000). As part of his services, Executive will develop and maintain a comprehensive worldwide recruitment data-base to be owned and utilized by Interpublic. During the Consulting Period, Executive shall report to the Chief Human Resources Officer of Interpublic and the Chief Executive Officer of McCann.

(iii) Interpublic will provide Executive with office space and the services of his three (3) current staff members. Out-of-pocket expenses will be charged to and paid by the particular entity for which Executive is providing services.

(iv) In the event Executive provides recruiting services to Interpublic agencies (other than McCann) which result in a successful placement, an amount equal to between ten percent (10%) and twenty percent (20%) of the first year's total cash compensation of such individual (**"placement fee"**) will be credited to a bonus pool on Executive's behalf. (The agreed amount will be re-charged by Interpublic to the agency for which the placement was made, it being understood that the specific commission amount will be between ten percent (10%) and twenty percent (20%), and will be mutually agreed between Executive and the applicable agency.) Within thirty (30) days of the end of the Consulting Period, Executive will be paid the aggregate amount of placement fees credited to the pool.

(v) Not less than sixty (60) days prior to February 27, 2006, Executive

and Interpublic will agree (which agreement shall be set forth in a writing) on whether to continue their relationship beyond such date.

(vi) Executive will be deemed to be a consultant to Interpublic and will be provided with an appropriate 1099 at the end of each calendar year during which Executive is providing services."

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/ Timothy Sompolski
Timothy Sompolski
Executive Vice President
Chief Human Resources Officer

McCANN WORLDGROUP

By: /s/ Marcio Moreira
Marcio Moreira
Vice Chairman, Global Professional Management

/s/ Brian J. Brooks
Brian J. Brooks

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Domestic:			
The Interpublic Group of Companies, Inc. (Registrant)	Delaware	—	—
Bragman Nyman Cafarelli, Inc.	California	100	Registrant
Bragman Nyman Cafarelli LLC	California	100	Bragman Nyman Cafarelli, Inc.
Campbell Mithun of California, Inc.	California	100	Registrant
Casanova Pendrill Publicidad, Inc.	California	100	Registrant
D&H Imagewerks, Inc.	California	100	Registrant
Dailey & Associates, Inc.	California	100	Registrant
Deutsch LA, Inc.	California	100	DA Acquisition Corp.
Goldberg, Moser, O'Neill LLC	California	100	Lowe & Partners/SMS Inc.
Graphic Orb, Inc.	California	100	Registrant
Initiative Media Worldwide, Inc.	California	100	Registrant
International Business Services, Inc.	California	100	Infoplan Int'l, Inc.
Kaleidoscope Films Group, LLC	California	51	Interpublic KFI Ventures, Inc.
Lowe Bozell McAdams, Inc.	California	100	Lowe Group Holdings Inc.
Marketing Drive San Francisco, Inc.	California	100	Marketing Drive Worldwide, Inc.
North Light, Ltd.	California	100	Dailey & Assoc., Inc.
Outdoor Advertising Group	California	100	Registrant
PIC — TV, Inc.	California	100	Initiative Media Worldwide, Inc.
PMK/HBH, Inc.	California	100	Registrant
The FutureBrand Company, Inc.	California	100	Registrant
WIM Traffic, Inc.	California	100	Registrant
Momentum-NA, Inc.	Colorado	100	McCann-Erickson USA, Inc.
ClinARC Co.	Connecticut	100	Registrant
Adair Greene, Inc.	Delaware	100	McCann-Erickson USA, Inc.
Advantage Int'l Holdings, Inc.	Delaware	100	Registrant
Ammirati Puris Ltd.	Delaware	100	Lowe & Partners Worldwide, Inc.
AMS Advanced Marketing Services, Inc.	Delaware	100	Shandwick Investments Ltd.
Amster Yard, Inc.	Delaware	100	Registrant
Anderson & Lembke, Inc.	Delaware	100	Registrant
Asset Recovery Group, Inc.	Delaware	100	Registrant
Barbour Griffith & Rogers, Inc.	Delaware	100	Registrant
Berenter Greenhouse & Webster, Inc.	Delaware	100	Bozell Group, Inc.
Bozell Group, Inc.	Delaware	100	True North Communications, Inc.
Bozell, Jacobs, Keyton & Eckhardt, Inc.	Delaware	100	True North Communications, Inc.
Bozell Kamstra Inc.	Delaware	100	Bozell Group, Inc.
BSG Holding LLC	Delaware	100	Protech Holdings
Business Science Research Corp.	Delaware	100	Registrant
Campbell-Ewald Company	Delaware	100	Registrant
Campbell Mithun, Inc.	Delaware	100	Registrant
Capita Technologies, Inc.	Delaware	100	Registrant
Caribiner Newco, Inc.	Delaware	100	IPG Caribiner Acquisition Corp.
Conotour Marketing Services, Inc.	Delaware	100	Registrant
Decibel Marketing, Inc.	Delaware	100	Registrant
Draft, Inc.	Delaware	100	Registrant
FCB Japan Inc.	Delaware	100	FCB Worldwide, L.L.C.
FCB Worldwide Inc.	Delaware	100	FCB Worldwide, L.L.C.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Domestic:			
FCB Worldwide, LLC	Delaware	100	True North Communications, Inc.
GDI Holdings LLC	Delaware	100	Protech Holdings, Inc.
Global Event Marketing & Management (GEMM) Inc.	Delaware	100	Registrant
Gravity Games LLC	Delaware	50	Octagon, Inc.
Healthcare Capital, Inc.	Delaware	100	McCann Healthcare, Inc.
Hill, Holliday, Connors, Cosmopulos, Inc.	Delaware	100	Registrant
Howard, Merrell & Partners, Inc.	Delaware	100	Bozell Group, Inc.
Hypermedia Solutions, L.L.C.	Delaware	80	The Coleman Group, L.L.C.
IBS Holding Corp.	Delaware	100	Registrant
ICN Acquisition Corp.	Delaware	100	Registrant
ID Media, Inc.	Delaware	100	Draft, Inc. (50); Initiative Media Worldwide, Inc. (50)
Infoplan International, Inc.	Delaware	100	Registrant
Interpublic Game Shows, Inc.	Delaware	100	Registrant
Interpublic KFI Ventures, Inc.	Delaware	100	Registrant
Interpublic Sports & Entertainment Group, Inc.	Delaware	100	Registrant
Interpublic SV Ventures, Inc.	Delaware	100	Registrant
IPG Caribiner Acquisition Corp.	Delaware	100	Jack Morton Worldwide,Inc.
IPG GIS US, Inc.	Delaware	100	Registrant
IPG Interactive Investment Corp.	Delaware	100	Registrant
IPG S&E, Inc.	Delaware	100	Registrant
IPG S&E Ventures, Inc.	Delaware	100	Registrant
Jack Morton Worldwide Inc.	Delaware	100	Registrant
Jack Tinker Advertising, Inc.	Delaware	100	Registrant
Jay Advertising, Inc.	Delaware	100	Registrant
JMP Holding Company, Inc.	Delaware	100	Registrant
Kaleidoscope Sports and Entertainment LLC	Delaware	100	Registrant
LFS, Inc.	Delaware	100	Registrant
LMMS-USA, Inc.	Delaware	100	McCann-Erickson USA, Inc.
Lowe & Partners Worldwide, Inc.	Delaware	100	Registrant
Lowe Live New York, Inc.	Delaware	100	Lowe & Partners/SMS Inc.
Magna Global USA, Inc.	Delaware	100	Registrant
Marketing Communications Technologies, Inc.	Delaware	100	Registrant
Marketing Corporation of America	Delaware	100	Registrant
Marketing Drive USA, Inc.	Delaware	100	Marketing Drive Worldwide, Inc.
Marketing Drive Worldwide, Inc.	Delaware	100	True North Communications, Inc.
McAvey & Grogan, Inc.	Delaware	100	Registrant
McCann-Erickson Corporation (Int’l)	Delaware	100	Registrant
McCann-Erickson Corporation (S.A.)	Delaware	100	Registrant
McCann-Erickson (Paraguay) Co.	Delaware	100	Registrant
McCann-Erickson USA, Inc.	Delaware	100	Registrant
McCann-Erickson Worldwide, Inc.	Delaware	100	Registrant
McCann Healthcare, Inc.	Delaware	100	McCann-Erickson USA, Inc.
McCann Worldwide Marketing Communications Co.	Delaware	100	Registrant
Media Direct Partners, Inc.	Delaware	100	Media Partnership Corporation
Media Partnership Corporation	Delaware	100	Registrant
Momentum-NA, Inc.	Delaware	100	Registrant
MRM Gould, Inc.	Delaware	100	Registrant

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Domestic:			
NAS Recruitment Communications, Inc.	Delaware	100	McCann-Erickson USA. Inc.
New America Strategies Group LLC	Delaware	100	True North Communications, Inc.
Newspaper Services of America, Inc.	Delaware	100	Registrant
Octogan CSI, Inc.	Delaware	100	Octagon CSI Limited
Octagon Worldwide Inc.	Delaware	100	Registrant
Octagon Worldwide Brazil Inc.	Delaware	100	Octagon Worldwide Inc.
Pedersen & Gesk, Inc.	Delaware	100	McCann-Eriuckson USA, Inc.
Player LLC	Delaware	100	Registrant
Protech Holdings, Inc.	Delaware	100	Capita Technologies, Inc.
Regan, Campbell & Ward LLC	Delaware	60	Protech Holdings, Inc.
R/GA Media Group, Inc.	Delaware	100	True North Communications, Inc.
RX Media, Inc.	Delaware	100	Registrant
Skott, Inc.	Delaware	100	Newspaper Services of America, Inc.
Springpoint, Inc.	Delaware	100	Registrant
Stedman Graham & Partners LLC	Delaware	77	New America Strategies Group, L.L.C.
The Botway Group, Ltd.	Delaware	100	Registrant
The Coleman Group, LLC	Delaware	100	Registrant
The Coleman Group Worldwide LLC	Delaware	100	Registrant
The Hacker Group, Inc.	Delaware	100	True North Communications Inc.
The Iso Healthcare Group, Inc.	Delaware	100	Registrant
The Lowe Group, Inc.	Delaware	100	Lowe Worldwide Holdings B.V.
The Murphy Pintak Gautier Hudome Agency, Inc.	Delaware	100	Registrant
The MWW Group, Inc.	Delaware	100	Registrant
The Publishing Agency, Inc.	Delaware	100	Registrant
The Publishing Agency Int’l, Inc.	Delaware	100	Registrant
The Works, LLC	Delaware	100	Kaleidoscope Sports & Enter. LLC
TM Advertising LP	Delaware	99	TM Holdings, Inc.
TM Holdings, Inc.	Delaware	100	Temerlin McClain of Texas, Inc.
TN Media, Inc.	Delaware	100	True North Communications, Inc.
TN Technologies, Inc.	Delaware	100	True North Communications, Inc.
True North Communications Inc.	Delaware	100	Registrant
True North Holdings (Asia/Pacific), Inc.	Delaware	100	True North Communications Inc.
True North Holdings (Europe), Inc.	Delaware	100	True North Communications Inc.
True North Holdings (Latin America), Inc.	Delaware	100	True North Communications, Inc.
Wahlstrom Group LLC	Delaware	100	True North Communications, Inc.
Weller & Klein Research, Inc.	Delaware	100	Registrant
WPR Acquisition Corp.	Delaware	100	McCann-Erickson USA, Inc.
XSR Corp.	Delaware	100	True North Communications Inc.
Zentropy, Inc.	Delaware	100	Registrant
H&C Holdings Limited	District of Colombia	100	Advantage Int’l Holdings, Inc.
Octagon Financial Services, Inc.	District of Colombia	100	Advantage Int’l Holdings, Inc.
Octagon, Inc.	District of Colombia	100	Advantage Int’l Holdings, Inc.
Rowan & Blewitt, Inc.	District of Colombia	100	Registrant

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Domestic:			
Ben Disposition, Inc.	Florida	100	LFS, Inc.
Austin Kelley Advertising, Inc.	Georgia	100	Registrant
Fitzgerald & Company	Georgia	100	Registrant
Studio “A”, Inc.	Georgia	100	Registrant
Quest Futures Group, Inc.	Kansas	100	Registrant
Lowe Grob Health & Sciences, Inc.	Massachusetts	100	Lowe Group Holdings Inc.
MSP Group, Inc.	Massachusetts	100	Hill, Holiday, Connors, Cosmopulos, Inc.
Mullen Advertising Inc.	Massachusetts	100	Lowe Group Holdings Inc.
C-E Communications, Inc.	Michigan	100	Registrant
Carmichael-Lynch, Inc.	Minnesota	100	Registrant
The Zipatoni Company, Inc.	Missouri	100	Lowe Group Holdings, Inc.
Complete Medical Communications, Inc.	New Jersey	90	Complete Med. Comm. Int’l
Global Healthcare Associates, Inc.	New Jersey	100	Registrant
Integrated Communications Corp.	New Jersey	100	Registrant
Interpublic, Inc.	New Jersey	100	Registrant
Pace, Inc.	New Jersey	100	Registrant
Target Research Associates, Inc.	New Jersey	100	McCann-Erickson Worldwide, Inc.
Torre Lazur Healthcare Group, Inc.	New Jersey	100	Registrant
Torre Lazur Specialty Services, Inc.	New Jersey	100	Registrant
TransWorld Marketing Corp.	New Jersey	100	McCann-Erickson USA, Inc.
Botway Print Advert., Inc.	New York	100	Registrant
CMGRP, Inc.	New York	100	True North Communications, Inc.
DA Acquisition Corp.	New York	100	DA Parent Acquisition Corp.
DA Parent Acquisition Corp.	New York	100	Registrant
Deutsch Inc.	New York	100	DA Acquisition Corp.
DeVries Public Relations, Ltd.	New York	100	Registrant
Diamond Art Studio Ltd.	New York	100	Diamond Marketing Group, Inc.
Diamond Marketing Group, Inc.	New York	100	The Lowe Group, Inc.
Diamond Promotion Group, Inc.	New York	100	Diamond Marketing Group, Inc.
Direct Approach Mktg. Services, Inc.	New York	100	McCannErickson USA, Inc.
D.L. Blair, Inc.	New York	100	Registrant
DTSC Acquisition Corp.	New York	100	Registrant
GDL. Inc.	New York	100	The Lowe Group, Inc. (100 of Common Stock) and Goldschmidt Dunst Lawson Corp. (100 Pref. Stock)
Goldschmidt Dunst & Lawson Corp.	New York	100	The Lowe Group, Inc
Initiative Trading LLC	New York	92.8	Initiative Media Worldwide, Inc.
LCF&L, Inc.	New York	100	The Lowe Group, Inc. (99.9); and GDL, Inc. (.1)
Lowe Group Holdings, Inc.	New York	100	Registrant
Lowe & Partners/SMS Inc.	New York	100	Lowe Int’l (16); Lowe Worldwide Holdings B.V. (4); and Registrant (80)
Ludgate Communications, Inc.	New York	100	Ludgate Group Limited
McCann-Erickson Marketing, Inc.	New York	100	Registrant
McCann Realtionship Marketing, Inc.	New York	100	Registrant
Media First International Inc.	New York	100	Registrant
Promotion & Merchandising, Inc.	New York	100	D.L. Blair, Inc.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Domestic:			
The Gotham Group, Inc.	New York	100	Registrant
The Interpublic Partnership, Inc.	New York	100	Registrant
The Sloan Group	New York	100	Draft Inc.
AW Sale Corp. of North Carolina	North Carolina	100	Registrant
Long Haymes Carr, Inc.	North Carolina	100	Registrant
F&S Disposition, Inc.	Ohio	100	Lowe & Partners Worldwide, Inc.
NAS Recruitment Communications LLC	Ohio	100	McCann-Erickson USA, Inc.
Diagnosis Healthcare Communications, Inc.	Pennsylvania	100	Registrant
Scientific Frontiers, Inc.	Pennsylvania	100	Registrant
Tierney & Partners, Inc.	Pennsylvania	100	True North Communications, Inc.
Custom Production Service, Inc.	Texas	100	True North Communications, Inc.
TM Advertising of Texas, Inc.	Texas	100	True North Communications, Inc.
Cabell Eanes, Inc.	Virginia	100	The Martin Agency, Inc.
Marketing Arts Corporation	Virginia	100	The Martin Agency, Inc.
The Martin Agency, Inc.	Virginia	100	Lowe & Partners/SMS Inc.
Weber McGinn, Inc.	Virginia	100	Registrant
Sedgwick Rd., Inc.	Washington	100	Registrant

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Cesar Mansilla Asociados SA	Argentina	90	Group Nueva Communicacion S.A.
FutureBrand S.A.	Argentina	70	Registrant (70); Luis Rey (15); Gustavo Kniszczer (15)
Grupo Nueva Comunicacion SA	Argentina	80	Registrant (80); Cesar Leonardo Mansilla (20)
Initiative Media S.A.	Argentina	99.99	Registrant
Interpublic S.A. de Publicidad	Argentina	100	Registrant
Nueva Communicacion SA	Argentina	100	Grupo Nuever Communications SA; Interpbublic SA de Publicidad
Nueva Communicacion SA (Rosario)	Argentina	90	Grupo Nuever Communications SA;
Pragma FCB Publicidad S.A.	Argentina	100	True North Holdings (Latin America), Inc.
Promocionar S.A.	Argentina	60	Interpublic S.A. de Publicidad
Servicio Integral de Comm. S.A.	Argentina	100	Grupo Nueva Communications SA, Interpublic SA de Publicidad
XYZ Produciones	Argentina	100	Pragma FCB Publicidad S.A
Advantage Holdings	Australia	100	Advantage Int’l Holdings Inc.
Australian Safari Pty. Limited	Australia	100	Octagon Australia Pty. Limited
Charcoal Nominees pty ltd	Australia	100	Octagon Australia Pty. Limited
Directory Investments Pty Ltd.	Australia	100	Shandwick Holdings Pty. Ltd. (91); Weber Shandwick W/Wide Pty. Ltd. (9)
Draft Australia Pty Ltd.	Australia	100	Registrant
Fuoote Cone Belding Australia Pty. Ltd.	Australia	100	True North Holdings (Asia/Pacific), Inc.
Foote Cone Belding Melbourne Pty. Limited	Australia	100	FCB Australia Pty. Ltd.
Foote Cone Belding Sydney Pty. Limited	Australia	100	FCB Australia Pty. Ltd.
Future Motorsports Concepts Pty. Ltd.	Australia	100	Octagon Australia Pty. Limited
Futurebrand FHA Pty. Ltd.	Australia	70	McCann-Erickson Advertising Pty Ltd.
Hammond & Thackeray Pty. Limited Group	Australia	70	True North Holdings (Asia/Pacific), Inc.
Harrison Advertising Pty Limited	Australia	100	McCann-Erickson Advertising Pty Ltd.
Initiative Media Australia Pty. Ltd.	Australia	100	Merchant and Partners Australia Pty. Limited
International Publications Relations Pty. Ltd.	Australia	100	Shandwick Holdings Pty. Ltd.
Interpublic Australia Proprietary Ltd.	Australia	100	Registrant
Jack Morton Worldwide Pty. Ltd.	Australia	100	Registrant
Kiteven Pty. Ltd.	Australia	100	McCann-Erickson Advertising Pty. Ltd.
Lowe Hunt (partnership)	Australia	59.5	Lowe Sydney Pty.(50); Lowe Hunt & Partners Pty Ltd. (9.5)
Lowe Melbourne Pty Ltd	Australia	100	Lowe Sydney Prop. Ltd.
Lowe Sydney Pty Ltd.	Australia	100	Registrant
McCann-Erickson Advertising Proprietary Limited	Australia	100	Registrant
Merchant and Partners Australia Pproprietary Limited	Australia	100	Registrant
Octagon Australia Pty. Ltd.	Australia	80	Advantage Holdings Pty Ltd.
Octagon CSI Australia Pty Limited	Australia	100	Octagon CSI Limited
Product Management Pty. Ltd.	Australia	100	Weber Shandwick Worldwide Pty. Ltd.
Shandwick Holdings Pty. Ltd.	Australia	100	AMS Investments Ltd.
Targa Tasmania Australia Pty. Ltd.	Australia	100	Charcoal Nominees Limited
The Lowe Group Oceania Pty Ltd	Australia	100	Lowe Sydney Pty. Ltd.
Universal Advertising Placement Pty. Ltd.	Australia	100	McCann-Erickson Advertising Pty Ltd.
Weber Shandwick Worldwide Pty. Ltd.	Australia	100	Shandwick Holdings Pty. Ltd.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Weber Shandwick Worldwide Superannuation Fund Pty. Ltd.	Australia	100	Weber Shandwick Worldwide Pty. Ltd.
FCB Kobza Werbeagentur GmbH	Austria	70	True North Holdings (Netherlands) BV
FCB Interactive Consulting & Werebeges GmbH	Austria	95	FCB Kobza Werbeagentur GmbH
FCB Retail Consulting & Werbeges M.B.H.	Austria	75	FCB Kobza Werbeagentur Gmbh
Initiative Group Werberholding Gesmbh	Australia	100	Registrant
Initiative Media Werbeagentur Ges M.B.H.	Austria	100	Ammirati Puris Lintas Holdings GmbH
Lowe GGK Wien Werbeagentur GmbH	Austria	85	Lowe Lintas GGK Holding AG.
Lowe Lintas GGK Beteiligungsverwaltungs AG	Austria	100	Lowe Worldwide Holdings B.V.
Lowe Lintas GGK Holding	Austria	100	Lowe Lintas GGK Beteiligungsverwaltungs AG.
McCann Erickson Advertising GmBH	Austria	100	McCann-Erickson GmBH
McCann-Erickson GmBH	Austria	100	Registrant
Panmedia Holding AG	Austria	51	Lowe Worldwide Holdings BV
Panmedia Western Werbeplanung GmbH	Austria	100	Panmedia Holding AG
Universal McCann Werbeberatungs	Austria	100	MCann-Erickson GmBH
You Two Media GmBH	Austria	100	McCann-Erickson GmBH
Insight Media Ltd	Azerbaijan	100	McCann Azerbaijan
McCann Azerbaijan	Azerbaijan	100	Registrant
Global Public Relations Ltd.	Bahamas	100	Weber Shandwick WW Asia Pacific Ltd.
Advantage Belgium	Belgium	100	Octagon Worldwide Holdings BVBA
Charles Barker BSMG SA	Belgium	100	BSMG Worldwide B.V.
Direct Creations S.A.	Belgium	100	Lowe S.A.
FCB Global Healthcare SA	Belgium	100	True North Holdings (Netherlands) B.V.
FCB Worldwide SA	Belgium	100	True North Holdings (Europe), Inc.
Feedback S.P.R.L.	Belgium	100	Draft, Inc.
Initiative Media S.A.	Belgium	100	Lowe S.A. (96); Initiative Media Paris SA (4)
Interpublic Belgium Holdings II SPRL	Belgium	99	Interpublic Group Denmark Holdings APS
Interpublic Belgium Holdings SA	Belgium	100	Interpublic Group Denmark Holdings APS
Karamba S.A.	Belgium	100	Draft Group Holdings Ltd.
Lowe S.A.	Belgium	100	Lowe Worldwide Holdings B.V.
McCann-Erickson Company S.A.	Belgium	100	Registrant
Momentum Brussels SA	Belgium	85	McCann-Erickson Company S.A.
Octagon CIS NV	Belgium	100	Octagon Worldwide Holdings BVBA
Octagon Worldwide Holdings BVBA	Belgium	100	Octagon Worldwide Holdings B.V.
Outdoor Services SA.	Belgium	100	Interpublic Belgium Holdings SA
Programming Media International PMI S.A.	Belgium	100	Registrant
Promo Sapiens S.A.	Belgium	100	Draft Group Holding Ltd. (99.5); Draft WW Inc. (.5)
The Advanced Marketing Centre S.A.	Belgium	100	Draft Group Holdings Ltd.
Universal Media, S.A.	Belgium	100	Registrant
Weber Shandwick Belgium S.A.	Belgium	100	AMS Investments Ltd.
Weber Shandwick Brussel C.R.L.	Belgium	100	Charles Barker BSMG SA
SAH Limited	Bermuda	100	Lowe & Partners South America Holdings SA
Triad Assurance Limited	Bermuda	100	Registrant
Bullet Promocoes Ltda.	Brazil	60	Interpublic Publicidade e Pesquisas Sociedade Ltda

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Contemporanea Ltda.	Brazil	60	Interpublic Brazil (54); Intelan SA (Uruguay) (6)
Datamidia Database Marketing Ltda.	Brazil	60	Giovanni/FCB
DM Marketing Direto Ltda.	Brazil	100	Draft, Inc.
DM Marketing Direto Sao Paulo Ltda.	Brazil	100	Draft, Inc.
Futurebrand BC&H Ltda	Brazil	60	Harrison Comunicacoes Ltda
Giovanni/FCB SA	Brazil	60	TN Holdings (Latin America),Inc.
Harrison Comunicacoes Ltda	Brazil	100	Interpublic Publicidade e Pesquisas Sociedade Ltda
Interpublic Publicidade e Pesquisas Sociedade Ltda.	Brazil	100	Int'l Business Services, Inc.
Lowe Brazil Holding Ltda	Brazil	100	Lowe Group Holding
Lowe Ltda.	Brazil	98.75	Registrant
McCann-Erickson Publicidade Ltda.	Brazil	100	Registrant
New Momentum Ltda	Brazil	86.50	Interpublic Publicidade E Pesquisas Sociedade Ltda
Octagon do Brazil Participacoes S/C Ltda.	Brazil	100	Octagon Worldwide, Inc.
Pap-Promotion, Advertising & Production Ltda	Brazil	100	Lowe & Partners South America Holdings SA
Sight Momentum Ltda	Brazil	69.99	Intelan S.A.
Sun MRM Ltda.	Brazil	65	Interpublic Publicidade e Pesquisas Sociedade Ltda.
Thunder House Communications Ltd	Brazil	99.8	Interpublic Publicidade e Pesquisas Sociedade Ltda
TorreLazur-McCann Healthcare Ltda	Brazil	99.99	Interpublic Publicidade e Pesquisas Sociedade Ltda.
Universal Publicidade Ltda.	Brazil	100	Interpublic Publicidade E Pesquisas Sociedade Ltda.
McCann-Erickson Sofia	Bulgaria	51	Registrant
Universal McCann	Bulgaria	100	McCann-Erickson Sofia
Mcann-Erickson Cameroon	Cameroon	65	McCann-Erickson Ivory Coast
6048536 Canada Inc.	Canada	100	Draft Mondial Quebec Inc.
9086-8969 Quebec Inc.	Canada	100	6048536 Canada Inc.
Ammirati Puris Ltd.	Canada	100	Ammirati Puris Lintas, Inc.
Calimero Partenariat, Inc.	Canada	100	DraftWorldwide Canada, Inc.
CMC Canada Ltd.	Canada	60	Torre Lazur McCann Healthcare Worldwide Specialty Services Ltd.
Continental Communications Inc.	Canada	100	Shandwick Investments of Canada Ltd.
Corporation BDDS Shandwick	Canada	100	3707822 Canada Inc.
Deutsch Inc.	Canada	100	Registrant
Diefenbach Elkins Limited	Canada	100	FBI(US)
Draft Modial Quebec Inc.	Canada	100	DraftWorldwide Canada
DraftWorldwide Canada, Inc.	Canada	100	DraftWorldwide Inc.
Everest Commandities (G.E.C.M.) Inc.	Canada	100	Draft Modial Quebec Inc.
Everest Estrie Publicite (G.E.C.M.) Inc.	Canada	100	Draft Modial Quebec Inc.
Everest Publicite Promotions (G.E.M.C.) Inc.	Canada	100	6048536 Canada Inc.
Everest Relations Publiques (G.E.C.M.) Inc.	Canada	100	Draft Modial Quebec Inc.
Everest Versant Quest Inc.	Canada	100	6048536 Canada Inc.
Foote Cone & Belding Worldwide (Canada) Ltd.	Canada	100	Interpublic Holdings (Canada) Ltd.
HyperMedia Solutions (1998) Inc.	Canada	100	Hypermedia Solutions

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Interpublic Holdings (Canada) Ltd.	Canada	100	True North Holdings Asia Pacific Inc.
ISOGROUP Canada, Inc.	Canada	100	The ISO Healthcare Group, Inc.
Kaleidovision Inc.	Canada	100	Interpublic Holdings (Canada) Ltd.
Kelly Management Group Inc.	Canada	100	Octagon Canada Inc.
Lambert Multimedia (G.E.C.M.) Inc.	Canada	100	Draft Modial Quebec Inc.
MacLaren McCann Canada Inc.	Canada	100	Registrant
Media Ida Vision Inc.	Canada	100	6048536 Canada Inc.
Media Vision WWP Inc.	Canada	100	6048536 Canada Inc.
Octagon Canada Inc.	Canada	100	Octagon Worldwide Inc.
P&T Communications, Inc.	Canada	100	DraftWorldwide Canada
Paul Martel Inc.	Canada	100	9086-8969 Quebec Inc.
Pederson & Gesk (Canada) Ltd.	Canada	100	Registrant
Sensas (GECM) Inc.	Canada	100	Draft Modial Quebec Inc.
Shandwick Investment of Canada Ltd.	Canada	100	AMS Investments Ltd.
Temerlin McClain Canada Inc.	Canada	100	Temerlin McClain of Texas, Inc.
The FutureBrand Company, Inc.	Canada	75	MacClaren Canada Inc.
The Interpublic Group of Companies Canada, Inc.	Canada	100	Registrant
The Medicine Group Limited	Canada	73.54	Torre Lazur McCann Healthcare Worldwide Specialty Services Ltd. (45.92); Registrant (27.62)
3707822 Canada, Inc.	Canada	100	Registrant
Trans World Marketing Canada Corp	Canada	100	McCann Erickson USA Inc
True North Communications (Canada) Ltd.	Canada	100	Interpublic Holdings (Canada) Ltd.
Weber Shandwick Worldwide (Canada) Inc.	Canada	100	Golin/Harris International Inc. (50); Shandwick Investment Of Canada Ltd. (50)
Bozell Chile S.A.	Chile	100	True North Holdings (Latin America), Inc.
Creactiva S.A.	Chile	60	DraftWorldwide Chile Limitada
Dittborn & Urzueta/MRM	Chile	60	McCann-Erickson S.A. de Publicidad
DraftWorldwide Chile Ltda.	Chile	100	DraftWorldwide Latinoamerica Ltda.
DraftWorldwide Latinoamerica Ltda.	Chile	100	Draft, Inc.
Futurebrand SA	Chile	99	Futurebrand SA (Argentina)
IDB/FCB SA	Chile	70	TN Holdings (Latin America),Inc.
Initiative Media Servicios de Medios Ltda.	Chile	99	Inmobiliaria Ammirati Puris Lintas Chile S.A.
Inmobiliaria Ammirati Puris Lintas Chile S.A.	Chile	100	Lowe Worldwide Holdings B.V.
Lowe (Chile) Holdings SA	Chile	100	Lowe & Partners South America Holdings SA
McCann-Erickson S.A. de Publicidad	Chile	100	Registrant
Servicious De Marketing Directo Limitada	Chile	99	Dittborn & Unzueta/MRM
Guangzhou Shandwick PR Consultant	China	100	Weber Shandwick (Asia Pacific) Limited
Interpublic Marketing Services Shanghai Ltd.	China	100	IPG Hong Kong Ltd.
McCann-Erickson Guangming Advertising Limited	China	51	McCann-Erickson Worldwide
Octagon Marketing Consulting Ltd.	China	100	Octagon Marketing Limited
Ammirati Puris Lintas S.A.	Colombia	100	International Business Services, Inc.
Artefilme Ltda.	Colombia	100	True North Holdings (Latin America), Inc.
Epoca Publicidad S.A.	Colombia	60	Epoca McCann S.A. (Panama)
FCB Worldwide Colombia S.A.	Colombia	100	TN Holdings (Latin America),Inc.
Initiative Media Colombia S.A.	Colombia	100	Ammirati Puris Lintas Colombia

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Arte y Cinema S.A.	Costa Rica	100	TN Holdings (Latin America), Inc.
Atitlan	Costa Rica	100	TN Holdings (Latin America), Inc.
FCB De Costa Rica S.A.	Costa Rica	100	TN Holdings (Latin America), Inc.
McCann-Erickson Centroamericana (Costa Rica) Ltda.	Costa Rica	100	Registrant
McCann Relationship Marketing (MRM) SA	Costa Rica	100	McCann-Erickson Centroamericana (Costa Rica) Ltda.
McCann-Erickson Zagreb	Croatia	100	McCann-Erickson Int'l GmbH
Draft Prague S.R.O.	Czech Rep.	100	Lowe Worldwide Holdings B.V.
Foote, Cone & Belding, S.R.O.	Czech Rep.	100	Wilkens Group BV
Initiative Media Prague S.R.O.	Czech Rep.	100	Registrant
Lowe Lintas GGK spol. S.R.O.	Czech Rep.	100	Lowe Lintas GGK Holdings AG
McCann-Erickson Prague, Spol. S.R.O.	Czech Rep.	100	McCann-Erickson International GmbH
Pan Media Western Praha S.R.O.	Czech Rep.	100	Lowe Lintas GGK Holdings AG (51);
Ammirati Puris Lintas Denmark A/S	Denmark	100	Ammirati Puris Lintas Praha, s.r.o. (49) Lowe A/S
Campbell-Ewald Aps	Denmark	100	Registrant
Initiative Universal Media A/S	Denmark	100	Registrant
Interpublic Group Denmark ApS	Denmark	100	Interpublic Group (Luxembourg) S.A.R.L.
Interpublic Group Denmark Holdings ApS	Denmark	100	Interpublic Group Denmark ApS
IUM A/S	Denmark	100	Initiative Universal Media A/S
Lowe A/S	Denmark	75	Lowe Worldwide Holdings BV
Lowe Holdings ApS	Denmark	100	IPG Group Denmark Holdings ApS
Magic Hat A/S	Denmark	100	M-E Holdings ApS
McCann-Erickson Holdings APS	Denmark	100	Interpublic Group Denmark Holdings ApS
McCann Momentum A/S	Denmark	100	McCann-Erickson Holdings APS
Octagon Holdings ApS	Denmark	100	Interpublic Group Denmark Holdings ApS
Parafilm A/S	Denmark	100	APL Denmark A/S
Progaganda, Reuther, Lund & Priesler Reklamebureau Aps	Denmark	91.66	Registrant
Scandinavian Design Group ApS	Denmark	75	Scandanavian Design Group AS
Signatur ApS	Denmark	100	Ammirati Puris Lintas Denmark A/S
Signatur Internet ApS	Denmark	100	Ammirati Puris Lintas Denmark A/S
ZP Group Denmark ApS	Denmark	100	ZEN
ZP Nordic A/S	Denmark	100	ZP Nordic Holdings AS
ZP Nordic Holdings A/S	Denmark	100	ZP Group Denmark ApS
Foote Cone & Belding Dominican Republic SA	Dominican Rep.	100	True North Holdings (Latin America), Inc.
Harrison Figuera Angencia De Counicaciones Integradas, S.A.	Dominican Rep.	70	McCann-Erick Dominicana, S.A.
McCann-Erickson Dominicana, S.A.	Dominican Rep.	100	Registrant
Artefileme SA	Ecuador	100	True North Holdings (Latin America), Inc.
Foote, Cone & Belding Ecuador	Ecuador	100	MCI US
Horizon FCB Limited (Egypt)	Egypt	100	Horizon Holdings Limited
FCB El Salvador Publicidad SA de CV	El Salvador	100	True North Holdings (Latin America), Inc.
McCann-Erickson Centro Americana (El Salvador) S.A.	El Salvador	100	Registrant
AS Division McCann-Erickson	Estonia	75	Registrant (75); Urmas Lilleng (9); Rain Pikand (9); Tonu Sikk (5); Andrus Lember (2)

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Ammirati Puris Lintas Oy	Finland	100	Lowe Worldwide Holdings BV
FCB ESPA OY	Finland	100	True North Holdings (Netherlands) B.V.
Hasan & Partners Oy	Finland	100	Fieldplan Ltd
Hasan & Partners Finland Oy	Finland	51	Hasan & Parners Oy
Kauppamainos/FCB OY	Finland	100	True North Holdings (Netherlands) B.V.
uintas Service Oy	Finland	100	Ammirati Puris Lintas Oy
Lowe & Partners Oy	Finland	57	Ammirati Puris Lintas Oy
Lowe Drive OY	Finland	52.5	Lowe & Partners Oy
Lowe Forever Oy	Finland	60	Lowe & Partners Oy
Mainostoinisto Ami Hasan & Company Oy	Finland	100	Hasan & Partners, Inc.
Mainostoinisto Womena - McCann Oy	Finland	100	Registrant
McCann Helsinki Oy	Finland	100	IPG
MRM McCann Relationship Marketing Oy	Finland	100	McCann Helsinki Oy
Neo Geo Graphic Design Oy	Finland	100	McCann-Erickson Europe Holding France SAS
Pool Media International Oy	Finland	66	APL Oy
Sodapop Momentum Oy	Finland	86	McCann Helsinki Oy
Aastuce et Boules de Gommes SA	France	100	MBR SAS
ACAM	France	51	True North Holdings (France) SAS
Agence Virtuelle	France	99.84	Fieldplant Limited
Antennes SA	France	100	Lowe Alica SA
Astuce Archi Sarl	France	65	MBR SAS
Astuce Interactiv’ Sarl	France	100	MBR SAS
Astuce Pack Sarl	France	100	MBR SAS
Astuce Way Sarl	France	100	MBR SAS
Creative Marketing Service SAS	France	100	France C.C.P.M.
Dimension 4	France	99.80	20/80 Group
Draft Paris	France	100	Draft Group Holdings Ltd.
Empir Media S.A.	France	100	True North Holdings (France) SAS
Fab + S.A.	France	99.99	SP3 S.A.
Foote Cone & Belding S.A.	France	100	True North Holdings (France) SAS
Formes et Facons SARL	France	100	True North Holdings (France) SAS
France C.C.P.M. S.A.	France	100	Lowe Worldwide Holdings BV
FutureBrand Menu	France	51	FBC
Huy Oettgen Oettgen S.A.	France	100	DraftDirect Worldwide S.A.
Initiative Media Paris S.A.	France	100	France C.C.P.M.
Leuthe L-autre Agence	France	99.8	McCann-Erickson France
Lowe Alice S.A.	France	100	France C.C.P.M. S.A.
Lowe Zoa SRL	France	100	Lowe Alice
MACAO Communications S.A.	France	83.71	McCann-Erickson France
MacLaren Multimedia S.A.	France	100	France C.C.P.M.
MBR SAS	France	80	20/80 (FCB Solutions)
McCann Governance Agency	France	99.8	McCann-Erickson France
McCann-Erickson France SAS	France	100	Interpublic Group Denmark Holdings APS
McCann-Erickson Paris	France	100	McCann-Erickson France
McCann-Erickson Rhone Alpes S.A.	France	100	SP3 S.A
McCann Governance Agency	France	66	McCann-Erickson France SAS
McCann Momentum	France	99.92	Macao Communications S.A.
McCann Sante	France	74	McCann-Erickson France Holding Co.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
MRM Partners	France	99.70	MACAO Communications S.A.
Octagon Sports Marketing S.A.	France	100	Advantage Int'l Holdings Inc.
Promo Factory SA	France	99.88	Macao Communications S.A.
SP3 S.A.	France	100	McCann-Erickson France SAS
Strateus S.A	France	73.73	France C.C.P.M. SA
Thera McCann Healthcare	France	81.92	McCann Sante
True North Holdings (France) SAS	France	100	True North Holdings (Netherlands) B.V.
20/80 (FCB Solution)	France	80	Foote Cone & Belding S.A.
Universal Comcord	France	100	Registrant
Universal Media S.A.	France	100	McCann-Erickson France SAS
Valefi	France	55	McCann-Erickson France SAS
Weber Shandwick France Sarl	France	100	Weber Shandwick Holdings SA
Weber Shandwick Holding SA	France	100	AMS Investments Ltd.
Worldgroup Europe SARL	France	100	McCann-Erickson France SAS
Acts & Artisits Entertainment GmbH	Germany	100	Jack Morton Worldwide BV
Adplus Werbeagentur GmbH	Germany	100	McCann-Erickson Brand Comm Agency
Baader, Lang, Behnken Werbeagentur GmbH	Germany	100	Lowe Communication Group GmBH
BCG Marketing Communications GMBH	Germany	100	Interpublic GMBH
Change Communications GmbH	Germany	100	Lowe Communication Group GmBH
Creative Media Services GmbH	Germany	100	Lowe Communication Group GmBH
DCM Dialog-Creation-Munchen Agentur fur Dialogmarketing GmbH	Germany	80	M&V Agentur fur Dialogmarketing und Verkaufsforderung GmbH
Draft Agentur Fur Marketing M.K. GmBH (Draftworldwide Agentur Fur M.K.)	Germany	100	M&V Agentur fur Dialogmarketing und Verkaufsforderung GmbH
Draft Agentur Fur Marketing Kommunikation GmBH	Germany	100	M&V Agentur fur Dialogmarketing und Verkaufsforderung GmbH
Draft Worldwide Stuttgart-Kretives Direktmarketing GMBH	Germany	100	DraftDirect Worldwide Holdings GmbH Germany
DraftDirect Worldwide Holdings GmbH	Germany	100	Draft Group Holdings Limited
Farewell Beteillgungages MBH & Co. KG	Germany	100	Farewell GmbH
Farewell GmbH	Germany	100	Spring & Jacoby GmbH Beteiligungsgesellschaft
FCB Berlin Werbung GMBH	Germany	100	FCB/Wilkens GMBH
FCB Frankfurt GmbH	Germany	91.9	True North Holdings (Germany) Gmbh
FCBi Deutschland GMBH	Germany	100	FCB/Wilkens GMBH
FCB/Wilkens GmbH	Germany	100	True North Holdings (Germany) Gmbh
FutureBrand AG	Germany	100	FutureBrand AG
FutureBrand Deutschland GMBH	Germany	100	Interpublic GmBH
Golin/Harris B&L GmBH	Germany	100	Interpublic GmBH
Heinrich Hoffman & Partner GmbH	Germany	100	McCann Erickson Brand Comm Agency
Initiativ Media GmbH, Kronberg Initiative Group GmBH	Germany	100	Lowe Communications Group GmbH
Interpublic GmbH	Germany	100	Registrant
Isogroup Europe Consultants GMBH	Germany	100	Isogroup Europe BV
Jack Morton Worldwide GMBH	Germany	100	JMC-Mack Morton Company
Karrasch	Germany	50.20	BSMG Worldwide Deutschland Gmbh

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Lintas Pension GMBH	Germany	100	Lowe Communications Group GmbH
Lowe and Partners GMBH, Dusseldorf	Germany	100	Lowe Deutschland Holding GMBH
Lowe Communication Group GmbH	Germany	100	Registrant
Lowe Deutschland Holding GmbH	Germany	100	Lowe Worldwide Holdings B.V. (75); Registrant (25)
Lowe Hamburg GMBH	Germany	100	Lowe Communications Group GmbH
Lowe Hoffman Schnakenberg Werbeagentur GMBH	Germany	100	Lowe Deutschland Holding GMBH
M&V Agentur fur Dialog Marketing und Verkaufsforderung GmbH	Germany	100	DraftDirect Worldwide Holdings GmbH
Magna Global GmbH	Germany	100	Initiative Media GmbH, Kronberg
Mailpool Adressen — Management GmBH	Germany	100	DraftDirect Worldwide Holdings GmbH
Max W.A. Kamer GmbH	Germany	100	Lowe Communications Group GmbH
McCann-Erickson Brand Communications Agency GMBH	Germany	100	Interpublic GmBH
McCann-Erickson Communications House Berlin GMBH	Germany	100	Interpublic GmBH
McCann-Erickson Deutschland GmbH	Germany	100	McCann-Erickson (Int’l) GmbH
McCann-Erickson Deutsch. GmbH & Co. Mgmt. Prop. KG (Partnership)	Germany	100	Interpublic GmBH
McCann-Erickson Hamburg GmbH	Germany	100	Interpublic GmBH
McCann-Erickson (International) GmbH	Germany	100	Registrant
McCann-Erickson Nurnberg GmbH	Germany	100	Interpublic GmBH
McCann-Erickson Thunderhouse	Germany	100	Interpublic GmBH
McCann-Erickson Werbeagentur GMBH	Germany	100	McCann-Erickson (International) GmBH
Media Satel GMBH	Germany	100	True North Holdings (Germany) Gmbh
Momentum IMC Gesellschaft Fur Erlebins Marketing GmbH	Germany	100	Interpublic GmBH
MRM McCann Relationship Marketing GMBH	Germany	100	Interpublic GmBH
Pro Concept Marketing Gesellschaft Fur Sale Comm.	Germany	51	Interpublic GmBH
PWS Promarket Werbeservice GMBH & Co. KG	Germany	100	Interpublic GmBH
Servicepro Agentur fur Dialogmarketing und Verkaufsforderung GmbH	Germany	100	M&V Agentur Fur Dialogmarketing und Verkaufsforderung GmbH
Shandwick Europe Holdings GmBH	Germany	100	AMS Investments Ltd.
Spectrum Communications GmbH	Germany	100	Jack Morton Worldwide Inc.
Springer & Jacoby Beteiligungsgesellschaft mbH	Germany	51	True North Communications, Inc.
Springer & Jacoby Design GMBH	Germany	100	Spring & Jacoby Holding GMBH
Springer & Jacoby Dritte Werbeagentur GMBH	Germany	100	Spring & Jacoby Holding GMBH
Springer & Jacoby Dritte Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby E-fact GmbH & Co. KG	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Erste Werbeagentur GMBH	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Erste Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Holding GMBH

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Springer & Jacoby Funfte Werbeagentur GMBH	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Funfte Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Holding GMBH	Germany	100	Farewell Beteillgungages MBH & Co. KG
Springer & Jacoby Holding GMBH & Co. KG	Germany	100	Farewell Beteillgungages MBH & Co. KG
Springer & Jacoby International GmbH	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Media GmbH & Co. KG	Germany	100	Springer & Jacoby Holding GMBH
Springr & Jacoby Planning GMBH	Germany	100	Springer & Jacoby Holding GMBH
Springr & Jacoby Planning GMBH & CO. KG	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Sechste Werbeagentur GMBH	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Sechste Werbeagentur GMBH & CO, KG	Germany	100	Springer & Jacoby Holding GMBH
npringer & Jacoby Siebte Werbeagentur GMBH	Germany	100	Springer & Jacoby Holding GMBH
upringer & Jacoby Siebte Werbeagentur GMBH & CO KG	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Vierte Werbeagentur GMBH	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Vierte Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Werbung GMBH	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Werbung GmbH & Co. KG	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Zweite Werbeagentur GMBH	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacoby Zweite Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Holding GMBH
Springer & Jacobyosterreich GMBH	Germany	100	Springer & Jacoby Holding GMBH & Co. KG.
Team Consulting GmbH	Germany	100	Interpublic GmBH
Torre Lazur McCann GMBH	Germany	87	Interpublic GMBH
True North Holdings (Germany) GmbH	Germany	100	True North Holdings (Netherlands) B.V.
Typo-Wenz Artwork GmbH	Germany	100	Interpublic GmbH
Universal McCann GMBH	Germany	100	Interpublic GmBH
Unterstuetzungskasse der H.K. McCann Company GmbH	Germany	100	McCann-Erickson (Int'l) GmbH
Verwaltung's Chaft Springer & Jacoby Digital GMBH	Germany	100	Springer & Jacoby Holding GMBH
Weber Shandwick Deutschland GmBH	Germany	100	FCB/Wilkens GmBH
Interpublic (Gibraltar) Limited	Gilbraltar	100	Registrant
Group Africa Ghana Limited	Ghana	100	Asdia Limited
Ashley & Holmes S.A.	Greece	51	Registrant
Brand Connection Advertising SCA	Greece	51	Communication Channels Management Services SCA
Communication Channels Management Services SCA	Greece	100	Fieldplant Limited (UK852C)
Initiative Media Advertising S.A.	Greece	100	Fieldplant Limited
Le Spot Productions SA	Greece	100	Ashley & Holmes S.A.
Lowe Communications SA	Greece	100	Fieldplant Ltd.
McCann-Erickson Athens S.A.	Greece	100	WorldGroup Europe SARL
MWG Alco SA	Greece	51	McCann-Erickson Athens S.A.
MWG Politics SA	Greece	72	McCann-Erickson Athens S.A.
Universal Media Hellas S.A.	Greece	100	McCann-Erickson (Int'l) GmbH
Arte Filme SA	Guatemala	100	True North Holdings (Latin America), Inc.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
FCB Publicidad S.A.	Guatemala	100	True North Holdings (Latin America), Inc.
Publicidad McCann-Erickson Centroamericana (Guatemala), S.A.	Guatemala	100	Registrant
FCB/Honduras	Honduras	100	True North Holdings (Latin America), Inc.
McCann-Erickson Centroamericana S. de R.L.	Honduras	100	Registrant
AMF Productions Limited	Hong Kong	100	FCB Hong Kong Limited
Anderson & Lembke Asia Limited	Hong Kong	100	Registrant
Bozell Worldwide (China) Holdings Ltd.	Hong Kong	100	True North Holdings (Asia Pacific), Inc.
Dailey International Enterprises Ltd.	Hong Kong	100	Registrant (50), Lowe Lintas & Partners LTD (50)
Dailey Investments Limited	Hong Kong	100	Registrant (50), Lowe Lintas & Partners Ltd (50)
DraftWorldwide Limited	Hong Kong	100	Draft, Inc.
FCB Asia (Holding) Ltd.	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
Foote Cone & Belding Ltd.	Hong Kong	99	FCB Asia (Holding) Ltd.
Foote Cone & Belsing (Taiwan) Ltd.	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
Futurebrand Hong Kong Limited	Hong Kong	100	McCann-Erickson (HK) Limited
Golin/Harris International Limited	Hong Kong	100	IPG
Initiative Media Ltd.	Hong Kong	100	Pope Kiernan & Black Limited
Interface Communications Limited	Hong Kong	100	Pope Kiernan & Black
IPG Hong Kong Ltd	Hong Kong	100	The Interpublic Group of Companies, Inc.
Jack Morton Worldwide Limited	Hong Kong	100	Registrant
Kart Mall	Hong Kong	100	Karting Marketing & Management Corp.
Lowe Digital HK Limited	Hong Kong	100	Lowe Group Holdings, Inc.
Lowe Limited	Hong Kong	100	Lowe Worldwide Holdings BV
Marketing Communications Technologies A/P LTD.	Hong Kong	100	McCann-Erickson (HK) Limited
McCann-Erickson, Guangming Ltd.	Hong Kong	51	Registrant
McCann-Erickson (HK) Limited	Hong Kong	100	Registrant
Octagon CSI SAM Pacific Ltd.	Hong Kong	100	Octagon CSI International Holdings S.A.
Octagon Greater China Limited	Hong Kong	70	Octagon Sports Marketing Limited
Octagon Marketing Limited	Hong Kong	99	Octagon Asia, Inc.
Orvieto Limited	Hong Kong	100	Asiatic Corp.
Pope Kieman & Black Limited	Hong Kong	100	FCB HK Limited (80) FCB Asia Holding Ltd (20)
Premium Surge (Hong Kong) LTD	Hong Kong	100	PS
Presko Limited	Hong Kong	100	Shandwick Asia Pacific Limited
Scotchbrook/BSMG Worldwide Ltd. (Hong Kong)	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
Springpoint Asia Limited	Hong Kong	100	Springpoint Limited.
TN Media Limited	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
Weber Shandwick Worldwide (Asia Pacific) Limited	Hong Kong	100	AMS Investments Limited
Weber Shandwick Worldwide (H.K.) Limited	Hong Kong	100	Weber Shandwick Asia Pacific Limited
CMS Brand Connection Hungary KFT	Hungary	100	Lowe Communication Group GmBH Kommunicacios KFT
Foote Cone & Belding KFT	Hungary	70	True North Holdings (Netherlands) B.V.
GGK Direct Marketing Kft.	Hungary	80	Lowe Lintas GGK Holdings AG
GJW Politikai es Kommunikacios Tanacsado KFT	Hungary	100	GJW Government Relations Ltd.
Initiative Media Hungary	Hungary	100	Lowe Communication Group GmBH

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Lowe Lintas GGK Kft.	Hungary	80.95	Lowe Lintas GGK Holdings AG
McCann-Erickson Budapest Ltd	Hungary	100	McCann Worldwide
McCann Relationship Marketing KFT	Hungary	100	McCann-Erickson Budpaest Ltd.
Momentum Hungary Pr & Advertising Ltd.	Hungary	100	McCann-Erickson Budpest Ltd. (97) McCann Relationship Marketing KFT.(3)
Panmedia Western Kft.	Hungary	70	Lowe Lintas GGK Holdings AG
Associated Corporate Consultants (India) Pvt. Ltd.	India	99.60	McCann-Erickson (India) Private Ltd.
DraftWorldwide India PVT Ltd.	India	74	Draft, Inc.
FCB Ulka Advertising Ltd.	India	51	Adcom
Interface Communications Limited	India	100	FCB Ulka Advertising Ltd.
McCann-Erickson (India) Ltd.	India	100	McCann-Erickson Worldwide Inc.
McCann-Erickson (NEPAL) Pvt. Ltd	India	100	McCann-Erickson (India) Private Limited
Result Services Private Ltd.	India	99	McCann-Erickson (India) Private Ltd.
Initiative Media Indonesia	Indonesia	53.85	Registrant
Lowe Indonesia	Indonesia	53.2	Registrant
P.T. Fajar Cahaya Buana	Indonesia	65	FCB Singapore
PT Impurema Konsultama	Indonesia	100	ME Mauritious Holding
PT Intra Primustana Respati	Indonesia	100	AMS Investment Ltd.
Experimental Marketing Company Limited	Ireland	100	McCann-Erickson Dublin Limted
McCann-Erickson Dublin Limited	Ireland	100	Registrant
Spice Studios Limited	Ireland	100	McCann-Erickson Dublin Limited
Sugar Films Limited	Ireland	100	McCann-Erickson Dublin Limted
Universal Media Ireland Limited	Ireland	100	McCann-Erickson Dublin Limted
Weber Shandwick/FCC Limited	Ireland	100	Registrant
Frontline Marketing Limited	Isle of Man	100	Horizon Holdings Limited
Horizon FCB Limited	Isle of Man	100	Horizon Holdings Limited
Horizon Holdings Limited	Isle of Man	51	FCB Worldwide L.L.C.
Pool Limited	Isle of Man	100	Interpublic Group Denmark Holdings APS
A.T. M. Z Holding Company LTD	Israel	75	Registrant
BTL Momentum LTD	Israel	100	Registrant
Elazr Golan & Co. Advertising & Marketing (1999) LTD	Israel	100	McCann/Kesher Barrel & Co. Advertising Limited
Elazr Golan & Company Advertising & Marketing Limited	Israel	100	McCann/Kesher Barrel & Co. Advertising Limited
FutureBrand Israel LTD	Israel	70	McCann/Kesher Barrel & Co. Advertising Limited
Intitiative Media Tel-Aviv Limited	Israel	78	Registrant
McCann-Erickson Group’s Momentum Israel	Israel	100	McCann/Kesher Barrel & Co. Advertising Limited
McCann/Kesher Barrel & Co.	Israel	50	Registrant
MRM Israel LTD	Israel	100	McCann/Kesher Barrel & Co. Advertising Limited
Promoseven Ltd.	Israel	78	Registrant
Universal McCann Israel LTD	Israel	100	McCann/Kesher Barrel & Co. Advertising Limited
Weber Shandwick Rimon-Cohen LTD	Israel	60	McCann/Kesher Barrel & Co. Advertising Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Buozell Marketing Services, Srl	Italy	100	FCB Italia Srl
Bridge Editore S.R.L.	Italy	100	Weber Shandwick Italia Holding SRL
Chorus Media Srl	Italy	100	Lowe Pirella Gottsche SpA (49) Initiative Media Milano SRL (51)
Colnaghi & Manciani/Springer & Jacoby S.R.L. Mailand	Italy	42.5	Springer & Jacoby International GmBH
Compagnia del Marketing Diretto Communicazione	Italy	100	FCB Italia Srl
Compagnia del Marketing Diretto Systems SRL	Italy	100	Compagnia del Marketing Diretto Communicazione
Draft Direct Worldwide Srl.	Italy	100	Draft, Inc.
Exel S.R.L	Italy	99	Lowe Pirella S.P.A.
FCB Italia Srl	Italy	100	True North Holdings (Netherlands) B.V.
Futurebrand Gio' Rossi Associati SPA	Italy	71	Consouteur BV
Idea Azione Spa	Italy	100	Draft Direct Worldwide SRL
InfoPlan Italiana S.P.A	Italy	100	Registrant
Initiative Media Milano S.R.L	Italy	100	Lowe Pirella S.P.A
Interpublic (IPG) Worldgroup Italia S.R.L.	Italy	100	Worldgroup Europe SARL
IT Interactive Touch S.R.L	Italy	100	McCann-Erickson WorldGroup Italia S.P.A
Lowe Pirella S.P.A.	Italy	100	Lowe Worldwide Holdings BV
McCann-Erickson Roma S.P.A.	Italy	100	McCann Erickson Worldwide Italia S.P.A.
McCann-Erickson S.P.A	Italy	100	McCann-Erickson WorldGroup Italia S.P.A
McCann-Erickson Worldgroup Italia S.P.A.	Italy	100	Interpublic Group Holdings (Italy) SRL
Momentum Italia S.R.L.	Italy	51	McCann Erickson Worldwide Italia S.P.A.
MRM Dialogo S.R.L.	Italy	100	McCann-Erickson Worldwide Italia SpA
Pool Media International (P.M.I.) S.r.l.	Italy	100	Registrant (95) and Business; Science Research Corp (5)
RGB Torre Lazur McCann Healthcare	Italy	100	Interpublic (IPG) Worldgroup Italia S.R.L.
Universal Media S.R.L.	Italy	100	McCann-Erickson WorldGroup Italia SPA
Weber Shandwick Italia Holding Srl	Italy	100	AMS Investments Limited
Weber Shandwick Italia S.P.A.	Italy	100	Weber Shandwick Italia Holding Srl
Weber Shandwick Massmedia S.P.A.	Italy	100	Shandwick Investments Limited
McCann-Erickson Cote D'Ivoiret	Ivory Coast	98.80	McCann-Erickson France
McCann-Erickson (Jamaica) Ltd	Jamaica	100	Registrant
Ammirati Puris Lintas K.K.	Japan	100	Ammirati Puris Lintas Nederland
Aoyama Graphic Design, Inc.	Japan	100	BV (24); Registrant (76) McCann-Erickson Inc.
FCB Worldwide (Japan), KK	Japan	100	True North Holdings (Asia/Pacific), Inc.
FutureBrand Inc.	Japan	100	McCann Erickson, Inc.
Golin Harris International Co. Ltd.	Japan	100	Weber Shandwick Worldwide
Harrison McCann Inc.	Japan	100	McCann-Erickson, Inc.
Infoplan, Inc.	Japan	100	McCann-Erickson, Inc.
Initiative Media Tokyo Japan K.K.	Japan	100	The Interpublic Group of Companies, Inc.
International Management Consulting Inc.	Japan	100	Weber Shandwick Worldwide, Inc.
International PR Inc.	Japan	100	Weber Shandwick Worldwide, Inc.
IPG Japan Inc.	Japan	100	Registrant
ISD Japan Inc.	Japan	100	McCann-Erickson, Inc.
McCann-Erickson Inc.	Japan	100	Registrant
Momentum MIK, Inc.	Japan	75	McCann-Erickson, Inc.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
MRM Inc.	Japan	100	McCann-Erickson, Inc.
McCann Healthcare Inc.	Japan	100	Torre Lazur Communications Inc.
McCann-Erickson Management Service Inc.	Japan	100	McCann-Erickson, Inc.
Octagon Japan, Inc.	Japan	100	Octagon Worldwide Holdings B.V.
PR Services Co. Ltd.	Japan	100	Weber Shandwick Worldwide, Inc.
TLM Japan Inc.	Japan	100	Torre Lazur Communications Inc.
Torre Lazur Communications, Inc.	Japan	100	McCann Healthcare, Inc.
Weber Shandwick Worldwide Inc.	Japan	100	AMS Investments Limited
Third Dimension (Holdings) Limited	Jersey	100	Interpublic Limited
McCann-Erickson Kazakhstan	Kazakhstan	100	McCann-Erickson Network (UK)
McCann-Erickson (Kenya) Ltd.	Kenya	73	Registrant
FCB Hahnin Inc.	Korea	61	True North Holdings Asia/Pacific), Inc.
McCann-Erickson Inc. (Korea)	Korea	100	McCann-Erickson Marketing, Inc.
Universal McCann Inc.	Korea	100	McCann-Erickson Inc (Korea)
Momentum Latvija Sia	Latvia	75	SIA McCann-Erickson RIGA
Sabiedrisko Attiecibu Birojs SIA	Latvia	75	SIA McCann-Erickson RIGA
SIA McCann-Erickson RIGA	Latvia	75	Registrant
Horizon FCB SARL	Lebanon	100	Horizon Holdings Limited
Communication Services International Holdings SA	Luxembourg	100	Registrant
Interpublic Group of Companies Holding (Luxembourg) SARL	Luxembourg	100	Registrant
Interpublic Group (Luxembourg) SARL	Luxembourg	100	Interpublic Group of Companies Holding (Luxembourg) SARL
API Sponsorship SDM.BHD	Malaysia	100	Octagon Sports Marketing Ltd.
DraftWorldwide Sdn. Bhd.	Malaysia	100	Draft, Inc.
Foote Cone & Belding Sdn. Bhd.	Malaysia	100	True North Holdings (Asia/Pacific), Inc.
Initiative Media (M) Sdn. Bhd.	Malaysia	100	Lowe Lintas & Partners (Malaysia) Sdn. Bhd.
Interface Advertising Sdn. Bhd.	Malaysia	80	FCB Malaysia
Lowe & Partners SDN, BHD	Malaysia	71	Registrant
McCann-Erickson (Malaysia) Sdn. Bhd.	Malaysia	100	Registrant
Mutiara-McCann (Malaysia) Sdn. Bhd.	Malaysia	100	Registrant
Universal Communication Sdn. Bhd.	Malaysia	100	McCann-Erickson (Malaysia) Sdn. Bhd.
Weber Shandwick Worldwide (Malaysia) Sdn. Bhd.	Malaysia	100	AMS Investments Limited (92); Briefcope Limited (8)
Advertisement and Communication Services Ltd.	Mauritius	100	True North Holdings (Asia/Pacific), Inc.
Lowe Mauritius Limited	Mauritius	100	Lowe Group Holdings Inc.
M-E Mauritius Holdings Ltd.	Mauritius	100	Interpublic Group Denmark Holdings
Artest S.A. de C.V.	Mexico	100	FCB Worldwide S.A. de C.V.
BSR/MRM de Mexico SA de CV	Mexico	60	Interpublic Holding Co. SA de CV
Corporacion Interpublic Mexicana, S.A. de C.V.	Mexico	100	Interpublic Holding Co. SA de CV
Direct Digital Data Base S.A. de CV	Mexico	100	FCB Worldwide S.A. de C.V.
Diversified Advertising Services S.A. de C.V	Mexico	100	Lowe SA De CV
Foote Cone & Belding Worldwide S.A. de C.V.	Mexico	100	True North Holdings (Latin America), Inc.
FutureBrand Mexico, SA de CV	Mexico	100	Interpublic Holding Co. SA de CV
Golin Harris Consulting SC	Mexico	96	Interpublic Holding Co. SA de CV (48) Inversionsta Asociados, S.A De CV (48)
Golin Harris Services S.A. de C.V.	Mexico	99.8	Interpublic Holding Co. SA de CV
IM Initiative Media SA DE CV	Mexico	100	Interpublic Holding Company S.A. DE CV

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Interpublic Holding Company S.A. De C.V.	Mexico	100	Registrant
Inversionistas Asociados, S.A. De C.V.	Mexico	100	Corporacion Interpublic Mexicana
Lowe SA DE CV	Mexico	100	Interpublic Holding Co. SA de CV
Marketing Division SA DE CV	Mexico	98	FCB Worldwide S.A. de C.V.
McCann-Erickson de Mexico, S.A. de cv	Mexico	100	Interpublic Holding Co. SA de CV
MRM Servicious S.A. de CV	Mexico	60	Interpublic Holding Co. SA de CV
Pedrote Momentum Services Administravos S.A. de C.V.	Mexico	60	Interpublic Holding Co. SA de CV
Publicidad Nortena, S. De R.L. De C.V.	Mexico	100	Corporation Interpublic Mexicana, SA de CV
TN Media SA DE CV	Mexico	100	FCB Worldwide S.A. de C.V.
Weber Shandwick S.A. DE C.V.	Mexico	99.8	Interpublic Holding Company S.A. DE C.V.
Zimat Golin/Harris S.A. de C.V.	Mexico	100	Interpublic Holding Company S.A. DE C.V.
Octogan SAM	Monaco	100	Communication Services Int’l (Holdings) S.A.
Anderson & Lembke Europe B.V.	Netherlands	100	Registrant
Borus Groep B.V.	Netherlands	100	IPG Nederland BV
Bozell Advertising B.V.	Netherlands	100	True North Holdings (Netherlands) B.V.
Brand Connection B.V.	Netherlands	100	Overall Media Administration BV
BSMG Worldwide, B.V.	Netherlands	100	True North Holdings (Netherlands) B.V.
Decision/Data Database Media Marketing BV	Netherlands	100	VDBJ Communicatiegroep BV
Draftworldwide Nederland B.V.	Netherlands	100	Borus Groep B.V.
FHP Print Consult B.V.	Netherlands	100	VDBJ Communicatiegroep BV
Future Brand B.V.	Netherlands	100	Future Brand Holding BV
Future Brand Holdings B.V.	Netherlands	71	IPG Nederland B.V.
Initiative Group B.V.	Netherlands	100	IPG Nederland B.V.
Initiative Media B.V.	Netherlands	100	Overall Media Administration B.V.
IPG Nederland B.V.	Netherlands	100	Registrant (37.57); Fieldplan Ltd. (62.43)
ISOGroup Europe BV	Netherlands	100	The ISO Healthcare Group, Inc.
Jack Morton Worldwide BV	Netherlands	51.25	IPG Nederland B.V.
Lowe & Partners BV	Netherlands	100	Lowe Worldwide Holdings BV
Lowe Holland BV	Netherlands	100	Lowe Worldwide Holdings BV
Lowe Live BV	Netherlands	73.75	Lowe & Partners BV
Lowe Worldwide Holdings BV	Netherlands	100	Interpublic Netherlands
McCann-Erickson (Nederland) BV	Netherlands	100	IPG Nederland BV
McCann Recruitment BV	Netherlands	100	VDBJ Communicatiegroep BV
Momentum CF BV	Netherlands	100	McCann-Erickson (Nederland) BV
Octagon CIS BV	Netherlands	100	Advantage Belgium
Octagon CSI International BV	Netherlands	100	Octagon CSI International NV
Octagon Maasstricht BV	Netherlands	100	Advantage Int’l Holdings Inc.
Octagon Worldwide Holdings BV	Netherlands	100	Octagon Worldwide Inc.
Ozlo BV	Netherlands	100	Lowe & Partne BV (77.5); Lowe Direct B.V. (22.5)
Pluspoint B.V.	Netherlands	100	IPG Nederland B.V.
Programming Media International BV	Netherlands	100	Registrant
Roomijsfabriek “De Hoop” BV	Netherlands	100	Lowe Worldwide Holdings BV
True North Holding (Netherlands) BV	Netherlands	100	True North Communications Inc.
Universal Media BV	Netherlands	100	IPG Nederland B.V.
VDBJ Communicatiegroep BV	Netherlands	60	IPG Nederland B.V.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Walbouw Haerlem BV	Netherlands	100	IPG Nederland BV
Weber Shandwick BV	Netherlands	100	AMS Investments Limited
Weber Shandwick International BV	Netherlands	100	AMS Investments Limited
Weber Shandwick Netherlands BV	Netherlands	100	AMS Investments Limited
Western International Media Holdings BV	Netherlands	100	Lowe Group Holdings, Inc. (52), Ammirati Puris Lintas (38), Western Media (10)
Wilkens Group BV	Netherlands	100	True North Holdings (Europe), Inc.
Wilkens Group Netherlands BV	Netherlands	100	Wilkens Group BV
APL Digital LTD	New Zealand	100	Lowe Limited
Channel & Limited	New Zealand	100	Lowe Limited
Draftworldwide New Zealand Limited	New Zealand	100	Lowe Limited
Foote Cone & Belding Ltd.	New Zealand	100	True North Holdings (Asia/Pacific), Inc.
Lowe Limited	New Zealand	100	Registrant
McCann-Erickson Limited	New Zealand	99.9	Registrant
Octagon New Zealand PTY LTD	New Zealand	100	Octagon Australia PTY Ltd
Pritchard Wood-Quadrant Ltd.	New Zealand	100	Registrant
Shandwick New Zealand Limited	New Zealand	100	AMS Investment LTD
Universal McCann Limited	New Zealand	100	McCann-Erickson Limited
Universal Media Limited	New Zealand	99.9	McCann-Erickson Limited
Initiative Universal Media A/S	Norway	100	McCann-Ericson AS (Norway)
JBR McCann A/S	Norway	100	McCann-Erickson A/S
JBR McCann Production A/S	Norway	100	McCann-Erickson A/S
Lowe Forever A/S	Norway	100	Lowe Norway A/S Holding
Lowe Norway A/S Holding	Norway	100	Lowe Norway A/S Holding
McCann-Erickson A/S	Norway	100	McCann-Erickson Marketing
McCann Informasjon A/S	Norway	100	McCann-Erickson AS
Scandinavian Design Group AS	Norway	100	McCann-Erickson AS
Epoca McCann S.A.	Panama	100	Registrant
McCann-Erickson DE Panama, SA	Panama	100	Registrant
McCann-Erickson Worldgroup Panama	Panama	100	Epoca McCann S.A. (Panama)
Universal Ideas, SA	Panama	100	McCann-Erickson Ideas, SA
Mayo/FCB Publicidad SA	Peru	60	True North Holdings (Latin America), Inc.
McCann-Erickson Corporacion Publicidad, S.A.	Peru	100	Registrant
Park Advertising & Direct Marketing S.A.	Peru	60	True North Holdings (Latin America), Inc.
Fasttrack Intergrated Marketing Communications, Inc.	Philippines	100	Lowe Inc.
Group Asia Face to Face, Inc.	Philippines	100	McCann-Erickson(Philippines) Inc.(70) McCann Group of Companies, Inc. (30)
Harrison Communications, Inc.	Philippines	100	McCann-Erickson (Philippines) Inc.
Lowe Inc.	Philippines	100	Treyna Holdings Inc. (70) Lowe Worldwide Holdings BV (30)
McCann-Erickson (Philippines), Inc.	Philippines	58	Registrant (30), Business Science Research Corp. (28)
McCann Group of Companies, Inc.	Philippines	100	Registrant
Paradgim Production & Design Inc	Philippines	100	Lowe Inc.
Ad Fabrika FCB Sp. z.o.o.	Poland	100	Wilkens Group BV & (Netherlands)
Brand Connection SP.Z.O.O	Poland	100	Initiative Media Warszawa ZP ZOO
GGK Public Relations Sp. z.o.o.	Poland	90	Lowe Lintas GGK Holding AG

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Initiative Media Warszawa SP Zoo	Poland	100	Ammirati Puris Lintas Warsaw
Lowe Brand Sp. z.o.o.	Poland	100	Lowe Lintas GGK Holding AG
Lowe GGK Spolka Z.O.O	Poland	100	Lowe Lintas GGK Holding AG
Magna Entertainment SP. Z.O.O.	Poland	100	Magna Global Polska
Magna Global Polska	Poland	100	Pan Media Western Warszawa Sp Zoo (33.33), Initiative Media Warszawa Spzoo (33.33), Universal Media Publicidade, LTDA(33.33)
McCann-Erickson Polska SP. Z.O.O.	Poland	100	McCann-Erickson Int'l GmbH (50), Walbouw Haerlem BV (50)
McCann Erickson Worldgroup Poland SPO Z.O.O.	Poland	100	Registrant
McCann Relationship Marketing Spo aKa Z	Poland	100	McCann-Erickson Worldgroup Poland
Momentum Experimental Marketing Spo aKa Z Orgazniczon	Poland	100	McCann-Erickson Worldgroup Poland
Panmedia Western Warszawa SP. Z.O.O.	Poland	90	Lowe Lintas GGK Holding AG
Prisma Communications Spo aKa Z Orgazniczon	Poland	100	McCann-Erickson Worldgroup Poland
Universal McCann SP Z.O.O.	Poland	100	McCann-Erickson Polska
Brand Connection-Actividades Publicitares, Ltda.	Portugal	99.8	Interpublic SGPS/LDA
Experientia Marketing Experenciical Ltda	Portugal	98	McCann-Erickson Portugal Pub. Ltda
FCB Publicidade Lda.	Portugal	80	True North Holdings (Netherlands), Inc.
Iniciativas De Meios-Actividades Publicitarias, Limitada	Portugal	99.87	Lowe Lintas & Partner (Portugal)
Interpublic SGPS/LDA	Portugal	95	Registrant
Lowe Lintas & Partners (Portugal)	Portugal	100	Interpublic SGPS, LDA
McCann-Erickson Portugal Publicidade Limitada	Portugal	99.84	Interpublic SGPS/LDA
McCann-Erickson SGPS SA	Portugal	100	Interpublic SGPS, LDA
McCann Relation Marketing MRM Portugal Marketing Relacional	Portugal	98	McCann-Erickson Portugal Pub. Ltda
Universal McCann Connections-Publicidade LDA	Portugal	100	Interpublic SGPS, LDA
Universal Media Publicidade, Ltda.	Portugal	98	McCann-Erickson Portugal Pub. Ltda
FCB Worldwide (Puerto Rico), Inc.	Puerto Rico	100	TN Holdings (Latin America),Inc.
Marketing Drive, Inc.	Puerto Rico	100	TN Holdings (Latin America),Inc.
B.V. McCann-Erickson Advertising SRL	Romania	75	Registrant
McCann-Erickson Senegal	Senegal	100	MCCann-Ericksonc Ivory Coast
Ammirati Puris Lintas (S) Private Ltd.	Singapore	100	Registrant
DraftWorldwide Pte. Ltd.	Singapore	100	Draft, Inc.
FCB Singapore Pte. Ltd.	Singapore	100	FCB Asia (Holding) Ltd.
Futurebrand Singapore Pte. Ltd.	Singapore	100	McCann-Erickson (Singapore) Private Ltd
Golin/Harris International Pte Limited	Singapore	100	Golin Harris International Limited
Initiative Media Singapore Pte Ltd	Singapore	100	Registrant
Lowe & Partners Singapore Pte. Ltd.	Singapore	100	Lowe Group Holdings Inc.
McCann-Erickson (Singapore) Private Limited	Singapore	100	Registrant
Octagon CSI Pte Limited	Singapore	100	Octagon CSI International Holdings SA
Scotchbrook/BSMG Worldwide (Singapore Ltd.)	Singapore	100	True North Holdings (Asia/Pacific), Inc.
Weber Shandwick Worldwide (Singapore) Pte Ltd.	Singapore	100	AMS Investment Ltd
Lowe Lintas GGK, Sro	Slovak Rep.	87	Lowe Lintas GGK Holdings AG
McCann-Erickson Bratislava	Slovak Rep.	100	McCann-Erickson Prague Spol. srl
Panmedia Bratislava Spol s.r.o.	Slovak Rep.	86	Lowe Lintas GGK Holdings AG

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Adsearch (Proprietary) Limited	South Africa	100	Registrant
Advantage Sponsorship Pty Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Ammirati Puris Lintas (Proprietary) Limited	South Africa	100	Lowe Worldwide Holdings BV (76); Registrant (24)
Azaguys Advertising & Marketing (Pty)	South Africa	100	FCB Holdings (SA)
Black Ads Media Pty Ltd.	South Africa	100	The Media Shop (Pty) Limited
Court Road Properties (Pty.) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Electric Ocean (Pty.) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Active (PTY) Ltd	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Africa (Pty) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Cape Town (Pty.) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Durban (Pty.) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Fuze (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Global Media Pty. Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Impact Pty. Ltd	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Johannesburg (Pty.) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Jonssons PTY Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Plato Healthcare Promotions (Pty.) Limted	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Shoptalk (Pty.) Limted	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB South Africa (Pty.) Limted	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB South Africa Holding (Pty) Limited	South Africa	100	FCB Hold Pty. Ltd. (40.89); Hanks International (18.89), Registrant (40.22)
FCB South Africa (Pty) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB South Africa Properties (Pty) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Finset (Pty) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Foote Cone & Belding Holdings (SA)	South Africa	100	True North Holdings (Asia/Pacific), Inc.
Galaxy Media (Pty) Limited	South Africa	100	The Media Shop (Pty.) Ltd.
Herdbuoys McCann-Erickson Holding (Pty) Ltd.	South Africa	51	McCann-Erickson South Africa (Proprietary) Ltd.
Herdbuoys McCann-Erickson South Africa (Pty) Ltd.	South Africa	100	Herdbuoys McCann-Erickson Holding (Pty)
Herdbuoys Sales Promotions (Pty) Ltd.	South Africa	100	Herdbuoys McCann-Erickson South Africa (Pty)
Joe Public (Pty) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Lexshell 262 Investment Holdings (Pty) Limited	South Africa	100	The Admark Trust
Lindsay Smithers Design Pty. Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Lindsay Smithers — FCB Cape Pty. Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Lindsay Smithers FCB Distributors (Pty) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Lindsay Smithers Group Management Service	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Lindsay Smithers Staff Investments (Pty) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
McCann-Erickson Promotions (Proprietary) Ltd.	South Africa	100	McCann-Erickson South Africa (Proprietary) Ltd.
McCann-Erickson South Africa (Pty) Ltd.	South Africa	100	Registrant
McCann International (Pty) Ltd.	South Africa	100	McCann-Erickson South Africa (Proprietary) Ltd.
McCann-Erickson Africa (Pty) Ltd.	South Africa	100	Registrant
McCann-Erickson Worldgroup Africa	South Africa	100	The Interpublic Group of Companies, Inc.
Media Initiative (Proprietary) Limited	South Africa	100	Ammirati Puris Lintas (Prop.) Ltd.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
NU-Integrated Media Shop (Pty) Limited	South Africa	100	The Media Shop (Pty) Limited
O2 Media Pty Ltd	South Africa	100	The Media Shop (Pty) Limited
Octagon Communication Services Int'l (Pty) Ltd	South Africa	51	Octagon Marketing PTY Ltd
Octagon Ikageng (Pty) Ltd	South Africa	100	Octagon Marketing PTY Ltd
Octagon Marketing Pty Ltd.	South Africa	67	Octagon Sports Marketing Limited
Park Advertising Investment Holdings (Pty) Ltd	South Africa	100	The Admark Trust
Partnership in Advertising (Namibia) PTY	South Africa	100	The Admark Trust
Perceive Advertising Pty Ltd	South Africa	100	The Media Shop (Pty) Limited
Sprigg Abbott Eighty (Pty.) Limited	South Africa	100	FCB South Africa Properties (Pty.) Ltd.
The Admark Trust	South Africa	100	Octagon Marketing
The Media Shop (Pty.) Ltd.	South Africa	100	Park Adv. Inv. Hold. (Pty.) Ltd.
Torre Lazur McCann Africa (Pty) Ltd	South Africa	100	McCann-Erickson South Africa (Proprietary) Ltd.
Universal McCann (Pty.) Ltd.	South Africa	100	Herbuoys McCann-Erickson South Africa (Pyt) Ltd.
Alpha Grupo de Comunicacion Cientifica, S.L.	Spain	60	Shandwick Iberica S.A.
Cachagua S.L.	Spain	100	The Interpublic Group of Companies de Espana S.A.
Cathedral The Creative Center	Spain	94	McCann-Erickson S.A.
Centro De Investigaction Y Compra De Medios, S.A.	Spain	100	True North Holding Espana, S. L.
Clouseau, S.L.	Spain	80	DraftWorldwide S.A.
DraftWorldwide S.A.	Spain	100	Draft Group Holdings Limited
FCB/Tapsa Barcelona S.A.	Spain	100	FCB Tapsa, SA
Foote Cone & Belding Direct, SA	Spain	64	True North Holdings Espana SL
Foote Cone & Belding Tapsa TFM, SA	Spain	51	FCB Tapsa, SA
Foote Cone & Belding/Tapsa SA	Spain	100	True North Bozell Espana SL
Futurebrand, S.A.	Spain	100	McCann-Erickson S.A.
Golin Harris International, Inc. Sucursal en Espana	Spain	100	Golin Harris International, Inc.
Iniciativas de Medios, S.A.	Spain	100	Lowe Lintas & Partners, S.A.
Lowe FMRG S.A	Spain	81	Lowe W.W. Holdings BV
Lowe & Partners SA	Spain	100	Interpublic Group of Companies de Espana SA
Magna Global S.A.	Spain	100	The Interpublic Group of Companies de Espana S.A.
Marketing y Communicacion Integral, S.A.	Spain	89	McCann-Erickson S.A.
McCann-Erickson Barcelona S.A.	Spain	100	The Interpublic Group of Companies de Espana S.A.
McCann-Erickson S.A.	Spain	100	The Interpublic Group of Companies de Espana S.A.
Momentum Communicacion Barcelona SA	Spain	100	McCann-Erickson SA
Momentum Madrid S.A.	Spain	89	McCann-Erickson S.A.
Momentum Servicios Promocionales SA	Spain	89	McCann-Erickson S.A.
Momentum Task Force S.A.	Spain	89	McCann-Erickson S.A.
MRM Cano & Martinez Direct, S.A.	Spain	80	McCann-Erickson, S.A.
MRM Common Sense, S.A.	Spain	80	McCann-Erickson S.A.
MRM Conten, S.L.	Spain	100	McCann-Erickson S.A.
MRM Directing S.A.	Spain	99.99	McCann-Erickson S.A.
MRM Infomark, S.A.	Spain	75	McCann-Erickson S.A.

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Reporter, S.A.	Spain	75	MRM Conten S.L.
Shandwick Iberica, S.A.	Spain	100	AMS Investments Limited
Springer & Jacoby Espana S.A.	Spain	100	Springer & Jacoby International GmBH
The Design House 2000, S.A.	Spain	100	The Interpublic Group of Companies de Espana S.A.
True North Holding Espana SL	Spain	100	True North Holdings (Europe), Inc.
Universal McCann S.A.	Spain	100	McCann-Erickson S.A.
Valmorisco Communications, S.A	Spain	100	Interpublic Group of Companies De Espana, S.L
Western International Media SA	Spain	99.9	Western Int’l Media Holdings BV
Aktiebolaget Grundstenen 89942	Sweden	100	True North Holdings (Netherlands) BV
Anderson & Lembke AB	Sweden	100	Anderson & Lembke (US)
Draft Promotion AB	Sweden	100	DraftWorldwide Trampolin AB
DraftWorldwide Sweden AB	Sweden	100	DraftWorldwide Trampolin AB
DraftWorldwide Trampolin AB	Sweden	100	Inter P Group Sweden AB
Exp Creator Momentum AB	Sweden	80	McCann-Erickson AB
Fastbridge AB	Sweden	100	Message Plus Media AB-50; PMI-50
FB Company AB	Sweden	100	McCann-Erickson AB
Inter P Group Sweden AB	Sweden	100	Interpublic Group Denmark Holdings APS
Lowe Brindfors Annonsbyra AB	Sweden	100	Lowe Nordic AB
Lowe Forever AB	Sweden	100	Lowe Brindfors Annonsbyra AB
Lowe Nordic AB	Sweden	86	Lowe Worldwide Holdings BV
Lowe People AB	Sweden	100	Lowe Worldwide Holdings BV
McCann Annonsbyra I Malmoe AB	Sweden	100	McCann-Erickson AB
McCann MRM Sweden AB	Sweden	100	McCann-Erickson AB
McCann-Erickson AB	Sweden	100	Registrant
Message Plus Digital AB	Sweden	100	Lowe Nordic AB
PMI Initiative Universal Media AB	Sweden	100	Lowe Lintas AB (50); McCann-Erickson AB (50)
Ronnberg & McCann A.B.	Sweden	100	McCann-Erickson AB
Storakers Sverige AB	Sweden	50	Ronnberg & McCann A.B.
Trigger AB	Sweden	80	McCann-Erickson AB
Bosch & Butz AG Zollikon	Switzerland	100	Lowe Worldwide Holdings BV
FCB Leutengger Krull AG	Switzerland	70	True North Holdings (Switzerland), Inc.
Futurebrand AG	Switzerland	71	Coleman Group Worldwide LLC
Get Neue Gestaltungstechnik AG	Switzerland	100	Bosch & Butz Werbeagenter AG
Initiative Media Western AG	Switzerland	100	Western Int’l Media Holdings BV
Lowe AG Zurich	Switzerland	82	Lowe Worldwide Holdings BV
McCann-Erickson S.A.	Switzerland	100	Registrant
MRM Worldwide S.A.	Switzerland	67.5	McCann-Erickson
Octagon Switzerland AG	Switzerland	100	Octagon Holdings ApS
Octagon Worldwide Limited	Switzerland	100	Octagon WW Inc.
True North Holdings (Switzerland) AG	Switzerland	100	True North Holdings (Netherlands) BV
Type Art AG, Wallisellen	Switzerland	100	FCB Leutenegger Krull AG
Unimedia S.A.	Switzerland	100	Registrant
Universal McCann SA	Switzerland	100	McCann-Erickson S.A
Weber Shandwick Switzerland S.a.r.l.	Switzerland	100	Registrant
FCB Taiwan Ltd.	Taiwan	80	TN Holdings (Asia/Pacific)

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Interface Intergrated Ltd.	Taiwan	80	True North Holdings (Asia Pacific), Inc.
Lowe Taiwan	Taiwan	100	Registrant
McCann-Erickson Communications Group Co. Ltd.	Taiwan	100	Registrant
Weber Shandwick Worldwide (Taiwan) Ltd.	Taiwan	100	Weber Shandwick Asia Pacific Limited
BTL (Thailand) Ltd.	Thailand	100	Weber Shandwick Thailand Ltd.
Initiative Media Limited	Thailand	99.9	Registrant
Lowe Limited	Thailand	99.9	Registrant
Magnus Nankervis & Curl/FCN Limited	Thailand	100	True North Holding Asia Pacific
McCann Worldgroup (Thailand) Ltd.	Thailand	100	Registrant
Shandwick Holdings Limited	Thailand	100	AMS Investments Limited
Weber Shandwick (Thailand) Ltd.	Thailand	100	Shandwick Holdings Ltd. (51); Orvieto Ltd. (49)
Communications Insights Limited	Trinidad	100	Registrant
McCann-Erickson (Trinidad) Limited	Trinidad	100	Registrant
FCB Rekiam Hizmertieri, A.S.	Turkey	69.99	True North Holdings (Netherlands) BV
Information Rekalmcilik Ltd. STI	Turkey	100	Pars McCann-Erickson Reklamcilik AS
IPG Tanitim VE Halkla Iliskiler AS	Turkey	100	Registrant
Link/McCann-Erickson Reklamcilik AS	Turkey	100	Pars McCann-Erickson Reklamcilik AS
Lotus Medya Planlama VE Dagitim AS	Turkey	100	McCann-Erickson Istanbul Reklamcilik AS
Lowe Tanitim Hizmetleri AS	Turkey	86	Lowe Worldwide Holdings BV
McCann-Erickson Istanbul Reklamcilik AS	Turkey	100	PARS McCann-Erickson Reklamcilik A.S. Reklamcilik A.S. (“PARS”)
Momentum Beyaz Reklam Tantitim Hizmetleri AS	Turkey	100	PARS McCann-Erickson Reklamcilik A.S.
Momentum Iletisim Hizmetleri Dansismanlik E Ticaret A.S	Turkey	100	PARS McCann-Erickson Reklamcilik A.S.
MRM Reklam VE Tanitama Servisleri AS	Turkey	100	Registrant
PARS McCann-Erickson Reklamcilik A.S.	Turkey	100	Registrant
Universal McCann Media Planlama Ve Dagitim A.S.	Turkey	100	Registrant
Horizon FCB (LLC)	U.A.E.	100	Horizon Holdings Limited
Linea 12 McCann-Erickson	Ukraine	51	IPG
10 Media Limited	United Kingdom	50	Genus Media Limited
021 Limited	United Kingdom	100	1995 Ventures Limited
10 Media Limited	United Kingdom	100	Genus Media Limited
1995 Ventures Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Acclaro International Limited	United Kingdom	100	Weber Shandwick Limited
Addition Communications Limited	United Kingdom	100	APL Group Limited
Addition Marketing Group Limited	United Kingdom	100	APL Group Limited
Advantage Soccer Limited	United Kingdom	100	Octagon Sports Marketing Limited
Advantage Sponsorship Canada Limited	United Kingdom	100	Octagon Sports Marketing Limited
Advantage Sports Media Limited	United Kingdom	100	Octagon Sports Marketing Limited
Advantage Television Limited	United Kingdom	100	Octagon Sports Marketing Limited
Ammirati Puris Lintas Limited	United Kingdom	100	APL Group Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Ammirati Puris Lintas Russia Limited **(In liquidation)**	United Kingdom	100	Lowe & Partners Worldwide Limited
AMS Advanced Marketing Services Investments Limited	United Kingdom	100	AMS Advanced Marketing Services Limited
AMS Advanced Marketing Services Limited	United Kingdom	100	Interpublic Limited
Analytic I Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
APL Digital Limited	United Kingdom	50	APL Group Limited
APL Group Limited	United Kingdom	100	Interpublic Limited
Bahbout and Stratton Limited	United Kingdom	100	The Interpublic Group of Companies, Inc.
Blue Interactive Limited	United Kingdom	100	1995 Ventures Limited
Bozell UK Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Brand Connection Limited	United Kingdom	100	Genus Media Limited
Briefcope Limited	United Kingdom	100	Weber Shandwick Limited
Brilliant Pictures Limited	United Kingdom	50	Ammirati Puris Lintas Limited
		50	APL Group Limited
Broadway Communications Group (Holdings) Limited	United Kingdom	100	Newtonvale Limited
Brompton Advertising Limited	United Kingdom	100	The Brompton Group Limited
Brompton Promotions Limited	United Kingdom	100	The Brompton Group Limited
BSMG Medical & Health Communications Limited	United Kingdom	100	Weber Shandwick Limited
BSMG Worldwide (Europe) Limited	United Kingdom	100	Weber Shandwick Limited
Bureau of Commercial Information Limited	United Kingdom	100	Interpublic Limited
Business Geographics Limited	United Kingdom	80	International Poster Manager Limited
Cab (No.1) Limited	United Kingdom	100	
Cab (No.2) Limited	United Kingdom	100	
Cab (No.3) Limited	United Kingdom	100	
Cab (No.4) Limited	United Kingdom	100	
Cab (No.5) Limited	United Kingdom	100	
Caudex Medical (Abingdon) Ltd	United Kingdom	46.600	The Interpublic Group of Companies, Inc.
		53.400	McCann Medical Communications Limited
Charles Barker ESOP Trustee Limited	United Kingdom	100	Charles Barker Limited
Charles Barker Healthcare Limited	United Kingdom	100	Charles Barker Limited
Charles Barker Limited	United Kingdom	100	Weber Shandwick Limited
Charles Barker Publishing Limited	United Kingdom	100	Charles Barker Limited
CM: Lintas International Limited	United Kingdom	99.995	Interpublic Limited
Complete Congress Services Limited	United Kingdom	33.333	The Interpublic Group of Companies, Inc.
		66.667	McCann Medical Communications Limited
Complete Exhibition Services Limited	United Kingdom	20	The Interpublic Group of Companies, Inc.
		80	McCann Medical Communications Limited
Complete Healthcare Training Limited	United Kingdom	25	The Interpublic Group of Companies, Inc.
		75	McCann Medical Communications Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Complete HealthVizion Limited	United Kingdom	100	McCann Medical Communications Limited
Complete Market Research Limited	United Kingdom	25	The Interpublic Group of Companies, Inc.
		75	McCann Medical Communications Limited
Complete Medical Communications (UK) Limited	United Kingdom	20	The Interpublic Group of Companies, Inc.
		80	Complete Medical Group Limited
Complete Medical Group Limited	United Kingdom	15	The Interpublic Group of Companies, Inc.
		85	McCann Medical Communications Limited
Creation Communications Design Limited	United Kingdom	100	Jack Morton Worldwide Limited
Creation Communications Limited	United Kingdom	100	Jack Morton Worldwide Limited
Cyclops Productions Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Davies Day Limited	United Kingdom	80	Octagon Sponsorship Consulting Limited
Davies/Baron Limited	United Kingdom	100	FBC (FutureBrand) Limited
Delaney Fletcher Delaney Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Draft Group Holdings Limited	United Kingdom	100	Interpublic Limited
Draft London Limited	United Kingdom	100	Lowe International Limited
Engels (No.1) Limited	United Kingdom	100	Interpublic Limited
Engels (No.2) Limited	United Kingdom	100	Interpublic Limited
EPIC (Events & Programming International Consultancy) Limited	United Kingdom	99	Interpublic Limited
Exp. Momentum Limited	United Kingdom	100	Interpublic Limited
Expert Media Limited	United Kingdom	100	Genus Media Limited
F.C.B. Management Services Limited	United Kingdom	100	Foote, Cone & Belding Europe Limited
FBC (FutureBrand Consumer) Limited	United Kingdom	100	FBC (FutureBrand) Limited
FBC (FutureBrand Digital) Limited	United Kingdom	100	FBC (FutureBrand) Limited
FBC (FutureBrand) Limited	United Kingdom	100	Interpublic Limited
FCB Advertising Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
FCB London Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
FCBi London Limited	United Kingdom	100	1995 Ventures Limited
Fieldplan Limited	United Kingdom	100	Interpublic Limited
Fleet Financial Communications Limited	United Kingdom	100	Square Mile Holdings Limited
Foote Cone & Belding International Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Foote, Cone & Belding Europe Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Genus Media Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
GJW Europe Limited	United Kingdom	100	GJW Holdings Limited
GJW Government Relations Limited	United Kingdom	100	GJW Holdings Limited
GJW Holdings Limited	United Kingdom	100	BSMG Worldwide Europe Limited
GJW International Limited	United Kingdom	100	GJW Holdings Limited
GJWS Limited	United Kingdom	100	GJW Government Relations Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Globespan Marketing Services Limited	United Kingdom	100	Marketing Drive Group Limited
Go Figure Limited	United Kingdom	100	Initiative Media London Limited
Golin/Harris International Limited	United Kingdom	100	Interpublic Limited
Gotham Limited	United Kingdom	100	Interpublic Limited
Grand Slam Millennium Television Limited	United Kingdom	85	Octagon Sports Marketing Limited
Grand Slam Sports Limited	United Kingdom	100	Octagon Sports Marketing Limited
GSD (Scotland) Limited	United Kingdom	100	Momentum Field Marketing Limited
GSD Momentum Limited	United Kingdom	100	Momentum Field Marketing Limited
H.K. McCann Limited	United Kingdom	100	McCann-Erickson Advertising Limited
Harrison Advertising (International) Limited	United Kingdom	99.995	Interpublic Limited
Hopkins and Bailey Limited	United Kingdom	100	Radclyffe Communications Group Limited
Initiative Media Limited	United Kingdom	100	APL Group Limited
Initiative Media London Limited	United Kingdom	100	Interpublic Limited
Interfocus Group Limited	United Kingdom	87.500	Lowe International Limited
Interfocus Network Limited	United Kingdom	100	Interfocus Group Limited
International Poster Management Limited	United Kingdom	100	Interpublic Limited
Interpublic GIS (UK) Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Interpublic Limited	United Kingdom	100	The Interpublic Group of Companies, Inc.
Interpublic Pension Fund Trustee Company Limited	United Kingdom	50	Interpublic Limited
Jack Morton Europe Limited	United Kingdom	100	IPG Caribiner Corp, Inc.
Jack Morton UK Limited	United Kingdom	100	Jack Morton Europe Limited
Jack Morton Worldwide Limited	United Kingdom	100	Jack Morton UK Limited
Joint Venture 36 Travel Limited	United Kingdom	100	McCann-Erickson Advertising Limited
Jones Britton Breckon Company Limited	United Kingdom	100	Genus Media Limited
Junk Mail Limited	United Kingdom	100	FCBi London Limited
JV Knightsbridge Travel Limited	United Kingdom	50	Lowe International Limited
Keith LIttlewood Associates Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Lewis Gace Bozell Health Care Worldwide Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
LHSB Management Services Limited	United Kingdom	100	Lowe International Limited
Lintas W A Limited	United Kingdom	99.900	Interpublic Limited
Locksway Limited	United Kingdom	100	Opus Holdings International Limited
Lowe & Howard-Spink Media Limited	United Kingdom	100	Lowe International Limited
Lowe & Partners Financial Limited	United Kingdom	100	Lowe International Limited
Lowe & Partners Limited	United Kingdom	100	Lowe International Limited
Lowe & Partners UK Limited	United Kingdom	100	Lowe International Limited
Lowe & Partners Worldwide Limited	United Kingdom	100	Interpublic Limited
Lowe Azure Limited	United Kingdom	100	Lowe International Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Lowe Broadway Limited	United Kingdom	99.998	Broadway Communications Group (Holdings) Limited
		0.002	Newtonvale Limited
Lowe Consulting Limited	United Kingdom	100	Lowe International Limited
Lowe Digital Limited	United Kingdom	100	Lowe International Limited
Lowe Fusion Healthcare Limited	United Kingdom	100	Lowe International Limited
Lowe International Limited	United Kingdom	100	Interpublic Limited
Ludgate Communications Limited	United Kingdom	100	Ludgate Group Limited
Ludgate Design Limited	United Kingdom	100	Ludgate Group Limited
Ludgate Group Limited	United Kingdom	100	Interpublic Limited
Ludgate Laud Limited	United Kingdom	100	Ludgate Group Limited
Luxon Carra Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Magister Consulting Limited	United Kingdom	100	The Interpublic Group of Companies, Inc.
Magna Global (UK) Limited	United Kingdom	100	Interpublic Limited
Mark Wallace Associates Limited	United Kingdom	100	Jack Morton Worldwide Limited
Marketing Communications Technologies (EMEA) Limited	United Kingdom	100	Interpublic Limited
Marketing Communications Technologies (Europe) Limited	United Kingdom	100	Interpublic Limited
Marketing Drive (Manchester) Limited	United Kingdom	100	Marketing Drive Group Limited
Marketing Drive Group Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Marketing Drive International Limited	United Kingdom	100	Marketing Drive Group Limited
Marketing Drive Limited	United Kingdom	100	Springer & Jacoby UK Holdings Limited
MBS Media Limited	United Kingdom	100	Initiative Media London Limited
McCann Communications Limited	United Kingdom	100	McCann-Erickson Advertising Limited
McCann Direct Limited	United Kingdom	100	Interpublic Limited
McCann Managed Care Services Limited	United Kingdom	100	The Interpublic Group of Companies, Inc.
McCann Medical Communications Limited	United Kingdom	100	Interpublic Limited
McCann Properties Limited	United Kingdom	1	Interpublic Limited
		99	McCann-Erickson Network Limited
McCann Weber Public Relations Limited	United Kingdom	1	Interpublic Limited
		99	McCann-Erickson Bristol Limited
McCann-Erickson (Windsor) Limited	United Kingdom	1	Interpublic Limited
		99	McCann-Erickson Network Limited
McCann-Erickson Advertising Limited	United Kingdom	100	McCann-Erickson UK Group Limited
		0.005	Interpublic Limited
McCann-Erickson Bristol Limited	United Kingdom	99.995	McCann-Erickson UK Group Limited
		0.005	Interpublic Limited
McCann-Erickson Central Limited	United Kingdom	99.995	McCann-Erickson Network Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
McCann-Erickson EMEA Limited	United Kingdom	100	Interpublic Limited
McCann-Erickson Healthcare UK Limited	United Kingdom	100	Interpublic Limited
McCann-Erickson Manchester Limited	United Kingdom	0.005	Interpublic Limited
		99.995	McCann-Erickson Network Limited
McCann-Erickson Network Limited	United Kingdom	100	Interpublic Limited
McCann-Erickson Payne Golley Limited	United Kingdom	100	McCann-Erickson Network Limited
McCann-Erickson UK Group Limited	United Kingdom	100	Interpublic Limited
MDGS Limited	United Kingdom	100	Marketing Drive Group Limited
Miller Starr Limited	United Kingdom	200	The Interpublic Group of Companies, Inc.
MLS Soccer Limited	United Kingdom	100	Octagon Sports Marketing Limited
Momentum Activating Demand Limited	United Kingdom	300	The Interpublic Group of Companies, Inc.
Momentum Experiential Marketing Limited	United Kingdom	99.995	McCann-Erickson Payne Golley Limited
Momentum Experiential Marketing Limited	United Kingdom	99.995	McCann-Erickson Payne Golley Limited
		0.005	Interpublic Limited
Momentum Field Marketing Limited	United Kingdom	100	The Interpublic Group of Companies, Inc.
Momentum on the Move Ltd	United Kingdom	100	Exp. Momentum Limited
Movie & Media Sports (Holdings) Limited	United Kingdom	49.931	Octagon Worldwide Limited
MRM Partners (UK) Limited	United Kingdom	81.533	The Interpublic Group of Companies, Inc.
		18.467	TPD Group Limited
MSW Management Ltd	United Kingdom	100	Octagon Sports Marketing Limited
mworks Limited	United Kingdom	100	Interpublic Limited
Nationwide Public Relations Limited	United Kingdom	100	Weber Shandwick Limited
NDI Momentum Limited	United Kingdom	99.999	The Interpublic Group of Companies, Inc.
NDI Retail Development Limited	United Kingdom	100	NDI Momentum Limited
Newtonvale Limited	United Kingdom	28.006	Lowe International Limited
Octagon Athlete Representation Limited	United Kingdom	100	Octagon Sports Marketing Limited
Octagon CSI Limited	United Kingdom	100	Third Dimension Holdings Limited (Jersey)
Octagon Event Marketing Limited	United Kingdom	100	Interpublic Limited
Octagon Marketing Services Limited	United Kingdom	100	Octagon Sports Marketing Limited
Octagon Motorsports Marketing Limited	United Kingdom	100	Octagon Worldwide Limited
Octagon Movie And Media Limited	United Kingdom	100	Movie & Media Sports (Holdings) Limited
Octagon SC Limited	United Kingdom	100	Octagon Sponsorship Consulting Limited
Octagon Sponsorship Consulting Limited	United Kingdom	100	Octagon Sports Marketing Limited
Octagon Sponsorship Europe Limited	United Kingdom	100	Octagon Sports Marketing Limited
Octagon Sponsorship Limited	United Kingdom	100	Octagon Sponsorship Consulting Limited
Octagon Sports Marketing Limited	United Kingdom	100	Octagon Worldwide Limited
Octagon Worldwide Limited	United Kingdom	100	Interpublic Limited
Opus Group International Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
Opus Holdings International Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Orbit International (1990) Limited	United Kingdom	100	Lowe International Limited
OSI Group UK Limited	United Kingdom	100	ISOGroup Europe BV
Poundhold Limited	United Kingdom	100	Lowe International Limited
PR Consultants Scotland Limited	United Kingdom	100	Weber Shandwick Limited
Propeller Creative Services Limited	United Kingdom	99	McCann-Erickson Manchester Limited
		1	Interpublic Limited
Radclyffe Communications Group Limited	United Kingdom	100	Weber Shandwick International Limited
Rebel Enterprises Limited	United Kingdom	100	Weber Shandwick UK Limited
Rebel Raceway Limited	United Kingdom	100	Weber Shandwick UK Limited
Rogers & Cowan Brand Placement Limited	United Kingdom	100	Weber Shandwick UK Limited
Rogers & Cowan International Limited	United Kingdom	100	Weber Shandwick International Limited
Salesdesk Limited	United Kingdom	99	Harrision Advertising International Limited
		1	Interpublic Limited
SCH International Limited	United Kingdom	100	Jack Morton Worldwide Limited
Shandwick Design Limited	United Kingdom	100	PR Consultants Scotland Limited
Shandwick North Limited	United Kingdom	100	Weber Shandwick International Limited
Shandwick Northern Ireland Limited	United Kingdom	100	Weber Shandwick Limited
Shandwick Public Affairs Limited	United Kingdom	100	Interpublic Limited
Shandwick Public Relations Limited	United Kingdom	100	Weber Shandwick Limited
Shandwick Scotland Limited	United Kingdom	100	PR Consultants Scotland Limited
Slaymaker Cowley White/Bozell (Holdings) Limited	United Kingdom	100	True North Holdings (United Kingdom) Limited
SM Activities Limited	United Kingdom	100	Octagon Sports Marketing Limited
Smithfield Lease Limited	United Kingdom	100	Lowe International Limited
Spectrum Communications Limited	United Kingdom	100	Jack Morton Worldwide Limited
Springer & Jacoby Design UK Limited	United Kingdom	100	Springer & Jacoby Holding GmbH & Co. KG
Springer & Jacoby UK Holdings Limited	United Kingdom	64	Marketing Drive Group Limited
Springer & Jacoby UK Limited	United Kingdom	100	Springer & Jacoby UK Holdings Limited
Springpoint Limited	United Kingdom	100	Weber Shandwick Marketing Services Limited
Springpoint UK Limited	United Kingdom	100	The Interpublic Group of Companies, Inc.
Square Mile Communications Limited	United Kingdom	100	Square Mile Holdings Limited
Square Mile Holdings Limited	United Kingdom	100	BSMG Worldwide Europe Limited
Still Price Court Twivy d'Souza Limited	United Kingdom	99.995	APL Group Limited
Stowe, Bowden, Wilson Limited	United Kingdom	99.995	McCann-Erickson Network Limited
		0.005	Interpublic Limited
Tavistock Advertising Limited	United Kingdom	100	Lowe International Limited
The Below The Line Agency Limited	United Kingdom	99.995	Interpublic Limited
The Brompton Group Limited	United Kingdom	100	Lowe International Limited
The Championship Group Limited	United Kingdom	100	Octagon Sports Marketing Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
The Howland Street Studio Limited	United Kingdom	99	Interpublic Limited
The HPI Research Group Limited	United Kingdom	100	Draft Group Holdings Limited
The Internet Factory Limited	United Kingdom	100	Business Geographics Limited
The Line Limited	United Kingdom	100	APL Group Limited
The Lowe Group Limited	United Kingdom	100	Lowe International Limited
The PR Centre Limited	United Kingdom	100	PR Consultants Scotland Limited
The Promotions Department Partnership Limited	United Kingdom	100	Momentum Activating Demand Limited
The Quay Advertising and Marketing Limited	United Kingdom	100	Bahbout and Stratton Limited
The Really Big Promotions Company Limited	United Kingdom	100	Interpublic Limited
The Rebel Group Limited	United Kingdom	100	
The Sloan Group Limited	United Kingdom	100	Lowe International Limited
Tinker and Partners Limited	United Kingdom	99.900	Interpublic Limited
TPD Group Limited	United Kingdom	100	The Interpublic Group of Companies, Inc.
TPD IP Limited	United Kingdom	100	TPD Group Limited
True North Holdings (United Kingdom) Limited	United Kingdom	52.389	FCB Worldwide, Inc
		28.811	True North Holdings (Europe) Inc
		18.798	True North Holding Netherlands B.V.
		0.002	True North Communications, Inc.
Two Six Seven Limited	United Kingdom	100	Lowe International Limited
Universal Advertising Limited	United Kingdom	99.995	Interpublic Limited
Universal Communications Worldwide Limited	United Kingdom	100	Interpublic Limited
Universal McCann Limited	United Kingdom	99.999	Interpublic Limited
		0.001	The Interpublic Group of Companies, Inc.
Virtual Reality Sports Limited	United Kingdom	100	Octagon Sports Marketing Limited
WAM/McCann-Erickson Limited	United Kingdom	99.995	McCann-Erickson UK Group Limited
		0.005	Interpublic Limited
Washington Soccer Limited	United Kingdom	100	Octagon Sports Marketing Limited
Weber Europe Limited	United Kingdom	100	Golin/Harris International Limited
Weber Shandwick Broadcast Limited	United Kingdom	100	Weber Shandwick International Limited
Weber Shandwick Consultants Limited	United Kingdom	100	Weber Shandwick International Limited
Weber Shandwick Consumer Limited	United Kingdom	100	Weber Shandwick Limited
Weber Shandwick International Limited	United Kingdom	100	Weber Shandwick Limited
Weber Shandwick Investor Relations Limited	United Kingdom	100	Weber Shandwick UK Limited
Weber Shandwick Limited	United Kingdom	54.084	Interpublic Limited
Weber Shandwick Marketing Services Limited	United Kingdom	100	AMS Advanced Marketing Services Limited
Weber Shandwick PR Company Limited	United Kingdom	100	Weber Shandwick International Limited
Weber Shandwick Technology Limited	United Kingdom	100	Interpublic Limited
Weber Shandwick Trustees Limited	United Kingdom	100	Weber Shandwick Limited

Name	Jurisdiction Under Which Organized	Percentage Of Voting Securities Owned By Immediate Parent (%)	Immediate Parent
Foreign:			
Weber Shandwick UK Limited	United Kingdom	100	Weber Shandwick International Limited
Western International Media Europe Limited	United Kingdom	100	Lowe International Limited
Western International Media Limited	United Kingdom	52	Lowe International Limited
		48	WIMC (UK) Limited
Widestrong Limited	United Kingdom	100	AMS Advanced Marketing Services Limited
WIMC (UK) Limited	United Kingdom	100	Interpublic Limited
Zentropy Partners United Kingdom Ltd	United Kingdom	100	MRM Partners (UK) Limited
Aderal S.A.	Uruguay	90	Grupo Nueva Communicacion S.A.
Asdia Uganda Limited	Uruguay	100	Asdia Limited
Intelan	Uruguay	100	Lingfield S.A. (S.A.F.I.)
Lingfield S.A. (S.A.F.I.)	Uruguay	100	Interpublic Publicidade e Pesquisas Sociedade Ltda.
Lintas Uruguay (S.A.F.I.)	Uruguay	100	Lowe LTDA
Lowe & Partners South America Holdings, S.A.	Uruguay	100	Lowe Group Holdings, Inc.
McCann-Erickson Latin America, S.A.	Uruguay	100	Universal Publicidad S.A. (S.A.F.I.)
Paradiser SA	Uraguay	80	True North Holdings (Latin America), Inc.
Universal Publicidad S.A. (S.A.F.I.)	Uruguay	100	McCann-Erickson Publicidade Ltda.
McCann Uzbekistan	Uzbekistan	100	Registrant
AJL Park Publicidad, CA	Venezuela	60	True North Holdings (Latin America), Inc.
FCB Publicidad, C.A.	Venezuela	100	Foote, Cone & Boeding Publicidad
Foote, Cone & Belding Publicidad, CA	Venezuela	100	True North Holdings (Latin America), Inc.
FutureBrand S.A.	Venezuala	99.9	The FutureBrand Company, Inc.
McCann-Erickson Publicidad De Venezuela, S.A.	Venezuela	100	Registrant
TN Medios Publicidad, CA	Venezuela	100	True North Holdings (Latin America), Inc.
Lowe Vietnam	Vietnam	100	Registrant
McCann-Erickson (Vietnam) Ltd	Vietnam	80	McCann-Erickson (Singapare) Private Ltd
Asiatic Corporation	Virgin Islands	100	AMS Investment Ltd
Hanks International	Virgin Islands	100	True North Communications, Inc.
Karting Marketing and Management Corporation	Virgin Islands	51	Brand Hatch Leisure Ltd.
Octagon Asia Inc.	Virgin Islands	100	Octagon Greater China Limited
Octagon CSI International Holdings S.A.	Virgin Islands	100	Octagon CSI S.A.
Octagon CSI S.A.	Virgin Islands	100	Communication Services Int’l (Holdings) S.A.
Afamal Advertising (Rhodesia) Private Limited	Zimbabwe	100	Registant
FCB MB&A	Zimbabwe	100	FCB South Africa Holding
Lintas (Private) Limited	Zimbabwe	80	Fieldplan Ltd.
Media Initiative (Zimbabwe) Pty. Limited	Zimbabwe	80	Ammirati Puris Lintas (Private) Ltd.

A number of inactive subsidiaries and other subsidiaries, all of which considered in the aggregate as a single subsidiary would not constitute a significant subsidiary, are omitted from the above list. These subsidiaries normally do business under their official corporate names. International Business Services, Inc. does business in Michigan under the name “McCann-I.B.S., Inc.” and in New York under the name “McCann International Business Services”. Lowe & Partners Worldwide, Inc. conducts business through its Ammirati Puris Lintas New York division. McCann-Erickson conducts

some of its business in the states of Kentucky and Michigan under the name “McGraphics”. McCann-Erickson USA, Inc. does business in Michigan under the name SAS and does business in Indiana, Michigan, New York, Pennsylvania and Wisconsin under the name of McCann-Erickson Universal Group.

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints MICHAEL I. ROTH, FRANK MERGENTHALER, NICK S. CYPRUS and NICHOLAS J. CAMERA, and each of them, as true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her, and in his or her name, place and stead, in any and all capacities, to sign the Report on Form 10-K for the year ended December 31, 2004, for The Interpublic Group of Companies, Inc., S.E.C. File No. 1-6686, and any and all amendments and supplements thereto and all other instruments necessary or desirable in connection therewith, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission and the New York Stock Exchange, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requested and necessary to be done in and about the premises as fully to all intents and purposes as he or she might do or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: September 27, 2005

/s/ Michael I. Roth Michael I. Roth	/s/ David A. Bell David A. Bell
/s/ Frank J. Borelli Frank J. Borelli	/s/ Reginald K. Brack Reginald K. Brack
/s/ Jill M. Considine Jill M. Considine	/s/ John J. Dooner, Jr. John J. Dooner, Jr.
/s/ Richard A. Goldstein Richard A. Goldstein	/s/ H. John Greeniaus H. John Greeniaus

/s/ J. Philip Samper	/s/ David M. Thomas
J. Philip Samper	David M. Thomas
/s/ Frank Mergenthaler	/s/ Nick S. Cyprus
Frank Mergenthaler	Nick S. Cyprus

THE INTERPUBLIC GROUP OF COMPANIES, INC.

Certified Resolutions

I, Nicholas J. Camera, Secretary of The Interpublic Group of Companies, Inc. (the “Corporation”), hereby certify that the resolutions attached hereto were duly adopted on September 27, 2005 by the Board of Directors of the Corporation and that such resolutions have not been amended or revoked.

WITNESS my hand and the seal of the Corporation this 27th day of September, 2005.

/s/ Nicholas J. Camera

Nicholas J. Camera

THE INTERPUBLIC GROUP OF COMPANIES, INC.

RESOLUTIONS OF THE BOARD OF DIRECTORS

Resolutions re Form 10-K

RESOLVED, that the Chairman of the Board and the Executive Vice President and Chief Financial Officer of the Corporation be, and each of them hereby is, authorized to execute and deliver on behalf of the Corporation an annual report on Form 10-K for the year ended December 31, 2004, in the form presented to this meeting with such changes therein as either of them with the advice of the General Counsel shall approve; and further

RESOLVED, that the Chairman of the Board in his capacity as Chief Executive Officer, the Executive Vice President and Chief Financial Officer in his capacity as Chief Financial Officer, and the Senior Vice President, Controller and Chief Accounting Officer in his capacity as Chief Accounting Officer of the Corporation be, and each of them hereby is, authorized to execute such annual report on Form 10-K; and further

RESOLVED, that the officers of the Corporation be and each of them hereby is, authorized and directed to file such annual report on Form 10-K, with all the exhibits thereto and any other documents that may be necessary or desirable in connection therewith, after its execution by the foregoing officers and by a majority of this Board of Directors, with the Securities and Exchange Commission and the New York Stock Exchange; and further

RESOLVED, that the officers and directors of the Corporation who may be required to execute such annual report on Form 10-K be, and each of them hereby is, authorized to execute a power of attorney in the form submitted to this meeting appointing Michael I. Roth, Frank Mergenthaler, Nicholas S. Cyprus and Nicholas J. Camera, and each of them, severally, his or her true and lawful attorneys and agents to act in his or her name, place and stead, to execute said annual report on Form 10-

K and any and all amendments and supplements thereto and all other instruments necessary or desirable in connection therewith; and further

RESOLVED, that the signature of any officer of the Corporation required by law to affix his signature to such annual report on Form 10-K or to any amendment or supplement thereto and such additional documents as they may deem necessary or advisable in connection therewith, may be affixed by said officer personally or by any attorney-in-fact duly constituted in writing by said officer to sign his name thereto; and further

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized to execute such amendments or supplements to such annual report on Form 10-K and such additional documents as they may deem necessary or advisable in connection with any such amendment or supplement and to file the foregoing with the Securities and Exchange Commission and the New York Stock Exchange; and further

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized to take such actions and to execute such other documents, agreements or instruments as may be necessary or desirable in connection with the foregoing.

Exhibit 31.1

CERTIFICATION

I, Michael I. Roth, certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 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.

/s/ Michael I. Roth

Michael I. Roth
Chairman and Chief Executive Officer

Date: September 30, 2005

Exhibit 31.2

CERTIFICATION

I, Frank Mergenthaler, certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 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.

/s/ Frank Mergenthaler

Frank Mergenthaler
Executive Vice President and Chief Financial Officer

Date: September 30, 2005

Exhibit 32

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED 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. (the "Company"), does hereby certify, to such officer's knowledge, that:

The annual report on Form 10-K for the year ended December 31, 2004 of the Company fully complies with the requirements of Section 13(a)(1) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the annual report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael I. Roth

Michael I. Roth
Chairman and Chief Executive Officer

Dated: September 30, 2005

/s/ Frank Mergenthaler

Frank Mergenthaler
Executive Vice President and Chief Financial Officer

Dated: September 30, 2005

(1) Except to the extent that management's report on internal control over financial reporting, or the disclaimer of opinion on internal control over financial reporting in the report of PricewaterhouseCoopers LLP, is ever deemed not to comply with the requirements of Section 13(a).