

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ending March 31, 1997

OR

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

For the transition period from _____ to _____

Commission file number 1-6686

THE INTERPUBLIC GROUP OF COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Delaware 13-1024020
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1271 Avenue of the Americas, New York, New York 10020
(Address of principal executive offices) (Zip Code)

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

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

Indicate the number of shares outstanding of each of the
issuer's classes of common stock, as of the latest
practicable date. Common Stock outstanding at April 30,
1997: 82,097,787 shares.

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THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES

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PART I - FINANCIAL INFORMATION
 THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
 CONSOLIDATED BALANCE SHEET

(Dollars in Thousands)

ASSETS

	MARCH 31, 1997	DECEMBER 31, 1996
Current Assets:		
Cash and cash equivalents (includes certificates of deposit: 1997-\$93,109; 1996-\$83,680)	\$ 411,614	\$ 468,526
Marketable securities, at cost which approximates market	34,074	35,408
Receivables (less allowance for doubtful accounts: 1997-\$33,082; 1996-\$33,301)	2,638,123	2,646,259
Expenditures billable to clients	145,100	130,185
Prepaid expenses and other current assets	84,858	73,081
Total current assets	3,313,769	3,353,459
Other Assets:		
Investment in unconsolidated affiliates	103,690	102,711
Deferred taxes on income	74,966	79,371
Other investments and miscellaneous assets	167,479	173,308
Total other assets	346,135	355,390
Fixed Assets, at cost:		
Land and buildings	82,136	82,332
Furniture and equipment	416,333	413,029
	498,469	495,361
Less accumulated depreciation	282,068	276,448
	216,401	218,913
Unamortized leasehold improvements	87,031	88,045
Total fixed assets	303,432	306,958
Intangible Assets (less accumulated amortization: 1997-\$194,131; 1996-\$186,189)	748,429	749,323
Total assets	\$4,711,765	\$4,765,130

See accompanying notes to consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars in Thousands Except Per Share Data)
LIABILITIES AND STOCKHOLDERS' EQUITY

	MARCH 31, 1997	DECEMBER 31, 1996
Current Liabilities:		
Payable to banks	\$ 306,528	\$ 121,655
Accounts payable	2,504,277	2,626,695
Accrued expenses	273,732	317,157
Accrued income taxes	112,317	133,522
Total current liabilities	3,196,854	3,199,029
Noncurrent Liabilities:		
Long-term debt	230,423	231,760
Convertible subordinated debentures	115,929	115,192
Deferred compensation and reserve for termination liabilities	200,896	210,670
Accrued postretirement benefits	46,702	46,726
Other noncurrent liabilities	60,736	66,457
Minority interests in consolidated subsidiaries	24,819	23,281
Total noncurrent liabilities	679,505	694,086
Stockholders' Equity:		
Preferred Stock, no par value shares authorized: 20,000,000 shares issued: none		
Common Stock, \$.10 par value shares authorized: 150,000,000 shares issued:		
1997 - 91,483,959		
1996 - 90,940,361	9,148	9,094
Additional paid-in capital	478,489	465,945
Retained earnings	868,521	859,660
Adjustment for minimum pension liability	(12,979)	(12,979)
Cumulative translation adjustments	(117,796)	(82,978)
	1,225,383	1,238,742
Less:		
Treasury stock, at cost:		
1997 - 9,920,250 shares		
1996 - 9,808,095 shares	339,834	319,377
Unamortized expense of restricted stock grants	50,143	47,350
Total stockholders' equity	835,406	872,015
Total liabilities and stockholders' equity	\$4,711,765	\$4,765,130

See accompanying notes to consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
THREE MONTHS ENDED MARCH 31

(Dollars in Thousands Except Per Share Data)

	1997	1996
Revenue	\$583,398	\$ 492,209
Other income	13,840	13,951
Gross income	597,238	506,160
Costs and expenses:		
Operating expenses	548,013	466,109
Interest	10,266	9,525
Total costs and expenses	558,279	475,634
Income before provision for income taxes	38,959	30,526
Provision for income taxes	16,763	13,126
Income of consolidated companies	22,196	17,400
Income applicable to minority interests	(3,356)	(1,828)
Equity in net income of unconsolidated affiliates	3,195	2,260
Net income	\$ 22,035	\$ 17,832
Weighted average number of common shares	81,293,374	79,252,013
Earnings per common and common equivalent share	\$.27	\$.23
Cash dividends per common share	\$.17	\$.155

See accompanying notes to consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31
(Dollars in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	1997	1996
Net income	\$ 22,035	\$ 17,832
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization of fixed assets	17,406	13,127
Amortization of intangible assets	7,942	6,383
Amortization of restricted stock awards	3,733	4,025
Equity in net income of unconsolidated affiliates	(3,195)	(2,260)
Income applicable to minority interests	3,356	1,828
Translation losses	873	560
Other	(6,256)	(5,438)
Changes in assets and liabilities, net of acquisitions:		
Receivables	24,942	201,093
Expenditures billable to clients	(17,231)	(27,594)
Prepaid expenses and other assets	(11,878)	(9,331)
Accounts payable and accrued expenses	(175,686)	(213,114)
Accrued income taxes	(21,975)	1,541
Deferred income taxes	(242)	(7,183)
Deferred compensation and reserve for termination liabilities	(7,644)	(8,294)
Net cash used in operating activities	(163,820)	(26,825)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(12,605)	(9,589)
Proceeds from sale of investments	101	177
Capital expenditures	(16,609)	(14,251)
Net (purchases) of marketable securities	(1,467)	(6,897)
Other investments and miscellaneous assets	(2,236)	(2,350)
Unconsolidated affiliates	2,000	(5,998)
Net cash used in investing activities	(30,816)	(38,908)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term borrowings	185,924	921
Proceeds from long-term debt	1,047	25,000
Payments of debt	(245)	(13,487)
Treasury stock acquired	(34,061)	(30,180)
Issuance of common stock	11,048	5,542
Cash dividends	(13,464)	(11,916)
Net cash provided by/(used in) financing activities	150,249	(24,120)
Effect of exchange rates on cash and cash equivalents	(12,525)	(5,721)
Decrease in cash and cash equivalents	(56,912)	(95,574)
Cash and cash equivalents at beginning of year	468,526	418,448
Cash and cash equivalents at end of period	\$411,614	\$322,874
See accompanying notes to consolidated financial statements.		

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Financial Statements

- (a) In the opinion of management, the consolidated balance sheet as of March 31, 1997, the consolidated income statements for the three months ended March 31, 1997 and 1996 and the consolidated statement of cash flows for the three months ended March 31, 1997 and 1996, contain all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at March 31, 1997 and for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in The Interpublic Group of Companies, Inc.'s (the "Company's") December 31, 1996 annual report to stockholders.

- (b) Statement of Financial Accounting Standards (SFAS) No. 95 "Statement of Cash Flows" requires disclosures of specific cash payments and noncash investing and financing activities. The Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Income tax cash payments were approximately \$33.0 million and \$12.5 million in the first three months of 1997 and 1996, respectively. Interest payments during the first three months of 1997 and 1996 were approximately \$4.4 million and \$5.9 million, respectively.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE

(Dollars in Thousands Except Per Share Data)

Primary	Three Months Ended March 31 1997	1996
Net income	\$ 22,035	\$ 17,832
Add:		
Dividends paid net of related income tax applicable to restricted stock	81	76
Net income, as adjusted	\$ 22,116	\$ 17,908
Weighted average number of common shares outstanding	78,936,986	76,995,040
Weighted average number of incremental shares in connection with restricted stock and assumed exercise of stock options	2,356,388	2,256,973
Total	81,293,374	79,252,013
Earnings per common and common equivalent share	.27	\$.23
	Three Months Ended March 31 1997	1996
Fully Diluted		
Net income	\$ 22,035	\$ 17,832
Add:		
Dividends paid net of related income tax applicable to restricted stock	91	89
Net income, as adjusted	\$ 22,126	\$ 17,921
Weighted average number of common shares outstanding	78,936,986	76,995,040
Weighted average number of incremental shares in connection with restricted stock and assumed exercise of stock options	2,623,166	2,610,143
Total	81,560,152	79,605,183
Earnings per common and common equivalent share	\$.27	\$.23

The effect of the conversion of subordinated debentures has been excluded as it is anti-dilutive.

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

LIQUIDITY AND CAPITAL RESOURCES

Working capital at March 31, 1997 was \$116.9 million, a decrease of \$37.5 million from December 31, 1996. The ratio of current assets to current liabilities was approximately 1.0 to 1 at March 31, 1997.

Historically, cash flow from operations has been the primary source of working capital and management believes that it will continue to be in the future. The principal use of the Company's working capital is to provide for the operating needs of its advertising agencies, which include payments for space or time purchased from various media on behalf of its clients. The Company's practice is to bill and collect from its clients in sufficient time to pay the amounts due media. Other uses of working capital include the payment of cash dividends, acquisitions, capital expenditures and the reduction of long-term debt. In addition, during the first three months of 1997, the Company acquired 690,818 shares of its own stock for approximately \$34.1 million for the purpose of fulfilling the Company's obligations under its various compensation plans.

RESULTS OF OPERATIONS

Three Months Ended March 31, 1997 Compared to Three Months Ended March 31, 1996

Total revenue for the three months ended March 31, 1997 increased \$91.2 million, or 18.5%, to \$583.4 million compared to the same period in 1996. Domestic revenue increased \$68.0 million or 34.9% from 1996 levels. Foreign revenue increased \$23.2 million or 7.8% during the first quarter of 1997 compared to 1996. Other income decreased by \$.1 million during the first quarter of 1997 compared to the same period in 1996.

Operating expenses increased \$81.9 million or 17.6% during the three months ended March 31, 1997 compared to the same period in 1996. Interest expense increased 7.8% as compared to the same period in 1996.

Pretax income increased \$8.4 million or 27.6% during the three months ended March 31, 1997 compared to the same period in 1996.

The increase in total revenue, operating expenses, and pretax income is primarily due to acquired companies' results of operations and contributions from new business gains.

Net losses from exchange and translation of foreign currencies for the three months ended March 31, 1997 were approximately \$1.8 million versus \$.5 million for the same period in 1996.

The effective tax rate for the three months ended March 31, 1997 and 1996 was 43.0%.

The difference between the effective and statutory rates is primarily due to foreign losses with no tax benefit, losses from translation of foreign currencies which provided no tax benefit, state and local taxes, foreign withholding taxes on dividends and nondeductible goodwill expense.

PART II - OTHER INFORMATION

Item 2. Changes In Securities

(c) Recent Sales In Unregistered Securities

On February 28, 1997, the Registrant acquired a small company in consideration for which it issued a total of 211,555 shares of Common Stock, par value \$.10 per share, to the company's former shareholders. The shares of Common Stock have a market value of \$10,710,000 on the date of issuance.

The shares of Common Stock were issued by the Registrant without registration in reliance on Rule 506 of Regulation D under the Securities Act of 1933, as amended, based on the accredited investor status or sophistication of the company's former stockholders.

Item 6. Exhibits And Reports On Form 8-K

(a) Exhibits

Exhibit 11 Computation of Earnings Per Share.

Exhibit 27 Financial Data Schedule.

(b) Reports on Form 8-K

The following reports on Form 8-K were filed without financial statements during the quarter ended March 31, 1997:

- 1) Item 9 - Sale of Equity Securities Pursuant to Regulation S, dated January 10, 1997.
- 2) Item 9 - Sale of Equity Securities Pursuant to Regulation S, dated March 10, 1997.
- 3) Item 9 - Sale of Equity Securities Pursuant to Regulation S, dated March 10, 1997.

SIGNATURES

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

THE INTERPUBLIC GROUP OF COMPANIES, INC.
(Registrant)

Date: May 14, 1997 By /S/ Philip H. Geier, Jr.
Philip H. Geier, Jr.
Chairman of the Board
President and Chief Executive

Officer

Date: May 14, 1997 By /S/ Eugene P. Beard
Eugene P. Beard
Vice Chairman-Finance
and Operations

INDEX TO EXHIBITS

Exhibit No.	Description
Exhibit 11	Computation of Earnings Per Share.
Exhibit 27	Financial Data Schedule.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF OPERATIONS FOUND IN THE COMPANY'S FORM 10-Q FOR THE YEAR-TO-DATE, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS		
	DEC-31-1997	
	MAR-31-1997	
		411,614
		34,074
		2,638,123
		33,082
		0
		3,313,769
		498,469
		282,068
		4,711,765
		3,196,854
		115,929
		0
		0
		9,148
		835,407
4,711,765		0
		597,238
		0
		558,279
		0
		0
		10,266
		38,959
		16,763
		22,035
		0
		0
		0
		22,035
		.27
		0