INTERPUBLIC GROUP OF COMPANIES INC
Form 10-Q/A
December 08, 2003

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

FORM 10-Q/A

|X| AMENDMENT NO. 1 TO QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended MARCH 31, 2003

OR

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

Commission File Number: 1-6686

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock outstanding at April 30, 2003: 389,639,512 shares.

EXPLANATORY NOTE
(Dollars in Millions)

The Interpublic Group of Companies ("Interpublic" or the "Company") is filing this Form 10-Q/A to restate its consolidated statement of cash flows for the three months ended March 31, 2003 for the presentation of $22.6 in debt issuance costs. The cash flow related to such costs had been presented as investing activities and has now been presented as financing activities. The net result of the change was to reduce net cash used in investing activities for the three months ended March 31, 2003, by $22.6 and reduce cash provided by financing activities for the three months ended March 31, 2003, by $22.6. The restatement of the consolidated statement of cash flows had no impact on net income (loss) or earnings (loss) per share, or any balance sheet amounts.

The accompanying Form 10-Q/A amends the Form 10-Q filed by the Company on May 15, 2003 for the three months ended March 31, 2003 to correct only the consolidated statement of cash flows for the three months ended March 31, 2003.

This Form 10-Q/A amends Item 1 of Part I of the Company's original Form 10-Q filing only, and except for this item, no other information included in the Company's original Quarterly Report on Form 10-Q is amended by this filing.

Except for the corrections described above, the Form 10-Q/A does not purport to update any disclosures contained in the quarterly report, which speaks as of the date of its original filing on May 15, 2003. For disclosures subsequent to May 15, 2003, please see the Company's reports filed with the Securities and Exchange Commission after that date.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

I N D E X

PART I - FINANCIAL INFORMATION

ITEM 1.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31,
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

REVENUE
OPERATING EXPENSES:
Salaries and related expenses
Office and general expenses
Amortization of intangible assets
Long-lived asset impairment
Total operating expenses
OPERATING INCOME
OTHER INCOME (EXPENSE):
Interest expense
Interest income
Other income (expense)
Investment impairment
Total other income (expense)
INCOME (LOSS) BEFORE PROVISION FOR (BENEFIT OF) INCOME TAXES
Provision for (benefit of) income taxes
INCOME (LOSS) OF CONSOLIDATED COMPANIES
Income applicable to minority interests
Equity in net income (loss) of unconsolidated affiliates
NET INCOME (LOSS)
Earnings (loss) per share:
Basic
Diluted
Weighted average shares:
Basic
Diluted
Cash dividends per share

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

ASSETS
(UNAUDITED)

	MARC 2
CURRENT ASSETS:	
Cash and cash equivalents	
Account receivables (net of allowance for doubtful accounts: 2003- $141.5; 2002-$139.8)	
Expenditures billable to clients	
Deferred taxes on income	
Prepaid expenses and other current assets	
Assets held for sale (Note 12)	
Total current assets	
FIXED ASSETS, AT COST:	
Land and buildings	
Furniture and equipment	
Leasehold improvements	
Less: accumulated depreciation	
Total fixed assets	
OTHER ASSETS:	
Investment in less than majority-owned affiliates	
Deferred taxes on income	
Other assets	
Intangible assets (net of accumulated amortization: 2003- $992.6; 2002-$1,038.5)	
Total other assets	
TOTAL ASSETS	

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

LIABILITIES AND STOCKHOLDERS' EQUITY
(UNAUDITED)

	MARCH 200
CURRENT LIABILITIES:	
Accounts payable	
Accrued expenses	
Accrued income taxes	
Loans payable	
Zero-coupon convertible senior notes	
Liabilities held for sale (Note 12)	
Total current liabilities	
NON-CURRENT LIABILITIES:	
Long-term debt	
Convertible subordinated notes	
Convertible senior notes	
Deferred compensation	
Accrued postretirement benefits	
Other non-current liabilities	
Minority interests in consolidated subsidiaries	
Total non-current liabilities	
Commitments and contingencies (Note 11)	
STOCKHOLDERS' EQUITY:	
Preferred stock, no par value, shares authorized: 20.0, shares issued: none	
Common stock, $0.10 par value, shares authorized: 550.0, shares issued: 2003- 389.6; 2002 - 389.3	
Additional paid-in capital	
Retained earnings	
Accumulated other comprehensive loss, net of tax	
Less:	
Treasury stock, at cost: 2003 - 1.6 shares; 2002 - 3.1 shares	
Unamortized deferred compensation	
Total stockholders' equity	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31,
(AMOUNTS IN MILLIONS)
(UNAUDITED)

NET INCOME (LOSS)

FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

ADJUSTMENT FOR MINIMUM PENSION LIABILITY
Adjustment for minimum pension liability
Tax benefit

Adjustment for Minimum Pension Liability

UNREALIZED HOLDING GAINS (LOSSES) ON SECURITIES
Unrealized holding gains
Tax expense
Unrealized holding losses
Tax benefit

Unrealized Holding Gains (Losses) on Securities

COMPREHENSIVE INCOME

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31,
(AMOUNTS IN MILLIONS)
(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES:
Net income (loss)
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO
CASH USED IN OPERATING ACTIVITIES:
Depreciation and amortization of fixed assets
Amortization of intangible assets
Amortization of restricted stock awards and bond discounts
Provision for (benefit of) deferred income taxes
Undistributed equity earnings
Income applicable to minority interests
Long-lived asset impairment
Investment impairment
Other
CHANGE IN ASSETS AND LIABILITIES, NET OF ACQUISITIONS:
Accounts receivable
Expenditures billable to clients
Prepaid expenses and other current assets
Accounts payable, accrued expenses and other current liabilities
Accrued income taxes
Other non-current assets and liabilities

Net cash used in operating activities

CASH FLOWS FROM INVESTING ACTIVITIES:
Acquisitions, net of cash acquired
Capital expenditures
Proceeds from sales of businesses
Proceeds from sales of long-term investments
Purchases of long-term investments
Maturities of short-term marketable securities
Purchases of short-term marketable securities
Other investments and miscellaneous assets

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:
Increase (decrease) in short-term bank borrowings
Proceeds from long-term debt
Payments of long-term debt
Debt issuance costs
Treasury stock acquired
Issuance of common stock
Distributions to minority interests
Contributions from minority interests
Cash dividends

Net cash provided by (used in) financing activities

Effect of exchange rates on cash and cash equivalents

Increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of period

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

1. BASIS OF PRESENTATION

In the opinion of management, the financial statements included herein contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position, results of operations and cash flows at March 31, 2003 and for all periods presented. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in The Interpublic Group of Companies, Inc.'s (the "Company" or "Interpublic") December 31, 2002 Annual Report to Stockholders filed on Form 10-K. The operating results for the first three months of the year are not necessarily indicative of the results for the year or other interim periods.

Restatement

The Company identified a change to the presentation of debt issuance costs in its consolidated statement of cash flows. The change has been reported through a restatement of previously recorded amounts in the consolidated statement of cash flows in this form 10-Q/A.

The net result of the change was to reduce net cash used in investing activities for the three months ended March 31, 2003, by $22.6 and reduce cash provided by financing activities for the three months ended March 31, 2003, by $22.6. The restatement of the consolidated statement of cash flows had no impact on net income (loss) or earnings (loss) per share, or any balance sheet amounts.

2. EARNINGS (LOSS) PER SHARE

The following sets forth the computation of earnings (loss) per share for the three month periods ended March 31, 2003 and 2002:

	T
BASIC	
Net income (loss)	
Weighted average number of common shares outstanding	

Income (loss) per share

DILUTED(a)
Net income (loss) - diluted

Weighted average number of common shares outstanding

Weighted average number of incremental shares
in connection with restricted stock
and assumed exercise of stock options

Weighted average number of common shares outstanding - diluted

Income (loss) per share - diluted

(a) The computation of diluted earnings per share for 2003 and 2002 excludes the assumed conversion of the 1.80% and 1.87% Convertible Subordinated Notes because they were anti-dilutive. The computation of diluted earnings per share for 2003 excludes the conversion of restricted stock and assumed exercise of stock options because they were anti-dilutive.

3. STOCK OPTION PLANS

The Company has various stock-based compensation plans. The stock-based compensation plans are accounted for under the intrinsic value recognition and measurement principles of APB Opinion 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES and related interpretations. Generally, all employee stock options are issued with the exercise price equal to the market price of the underlying shares at the grant date and therefore, no compensation expense is recorded. The intrinsic value of restricted stock grants and certain other stock-based compensation issued to employees as of the date of grant is amortized to compensation expense over the vesting period.

If compensation cost for the Company's stock option plans and its Employee Stock Purchase Plan ("ESPP") had been determined based on the fair value at the grant dates as defined by SFAS 123, the Company's pro forma net income (loss) and earnings (loss) per share would have been as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

NET INCOME (LOSS)
As reported, net income (loss)
Add back:
Stock-based employee compensation expense included in

reported net income, net of tax

Deduct:
Total fair value of stock based employee compensation expense, net of tax

-----

Pro forma

=====

EARNINGS (LOSS) PER SHARE
Basic earnings (loss) per share
As reported
Pro forma

Diluted earnings (loss) per share
As reported
Pro forma

For purposes of this pro forma information, the fair value of shares under the ESPP was based on the 15% discount received by employees. The weighted-average fair value (discount) on the date of purchase for stock purchased under this plan was $1.57 and $4.44 in 2003, and 2002, respectively.

The weighted-average fair value of options granted during the three months ended March 31, 2003 and 2002 was $4.51 and $11.02, respectively. The fair value of each option grant has been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	THREE MONTHS ENDED MARCH 31,	
	2003	2002
Expected option lives	6 years	6 years
Risk free interest rate	3.38%	4.98%
Expected volatility	43.50%	34.28%
Dividend yield	--	1.29%

4. RESTRUCTURING AND OTHER MERGER RELATED COSTS
Following the completion of the True North acquisition in June 2001, the Company executed a wide-ranging restructuring plan that included severance, lease terminations and other actions. The total amount of the charges incurred in 2001 in connection with the plan was $645.6. An additional $12.1 was recorded in 2002 related primarily to additional projected lease losses from premises vacated as part of the 2001 restructuring plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

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

	LIABILITY AT DECEMBER 31, 2002	CASH PAID THROUGH MARCH 31, 2003
TOTAL BY TYPE		
Severance and termination costs	$15.9	
Lease termination and other exit costs	94.6	
Total	$110.5	

5. LONG-LIVED ASSET IMPAIRMENT CHARGE
During the first quarter of 2003, the Company recorded an $11.1 charge related to the impairment of long-lived assets at its Motorsports business. This amount reflects $4.0 of capital expenditure outlays in the three months ended March 31, 2003, contractually required to upgrade and maintain certain of its existing racing facilities, as well as an impairment of assets at other Motorsports entities.

6. NEW ACCOUNTING STANDARDS
In June 2001, Statement of Financial Accounting Standards 143, ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS ("SFAS 143") was issued. SFAS 143 addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and the associated retirement costs that result from the acquisition, construction, or development and normal operation of a long-lived asset. Upon initial recognition of a liability for an asset retirement obligation, SFAS 143 requires an increase in the carrying amount of the related long-lived assets. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over the asset's useful life. SFAS 143 is effective for fiscal years beginning after June 15, 2002. The adoption of this statement did not have an impact on the Company's financial position or results of operations.

In June 2002, SFAS 146, ACCOUNTING FOR COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES ("SFAS 146") was issued. SFAS 146 changes the measurement and timing of recognition for exit costs, including restructuring charges, and is effective for any such activities initiated after December 31, 2002. It has no effect on charges recorded for exit activities begun prior to this date.

7. DERIVATIVE AND HEDGING INSTRUMENTS HEDGES OF NET INVESTMENTS
On December 12, 2002, the Company designated the Yen borrowings under its $375.0 Revolving Credit Facility in the amount of $36.5 as a hedge of its net investment in Japan.

FORWARD CONTRACTS
As of March 31, 2003, the Company had short-term contracts covering approximately $38.9 of notional amount of currency. As of March 31, 2003, the fair value of the forward contracts was a gain of $1.4.

OTHER
The Company has two embedded derivative instruments under the terms of each of the Zero-Coupon Convertible Notes, and the 4.5% Convertible Senior Notes issued in March 2003. At March 31, 2003, the fair value of these derivatives was negligible.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

8. SEGMENT INFORMATION

The Company is organized into five global operating groups: a) McCann-Erickson WorldGroup ("McCann"), b) the FCB Group ("FCB"), c) The Partnership, d) Advanced Marketing Services ("AMS") and e) Interpublic Sports and Entertainment Group ("SEG"). Each of the five groups has its own management structure and reports to senior management of the Company on the basis of the five groups. McCann, FCB and The Partnership provide a full complement of global marketing services including advertising and media management, marketing communications including direct marketing, public relations, sales promotion, event marketing, on-line marketing and healthcare marketing in addition to specialized marketing services. AMS provides specialized and advanced marketing services and also includes NFO WorldGroup (for marketing intelligence services). SEG includes Octagon (for sports marketing), Motorsports (for its motorsports business), and Jack Morton Worldwide (for specialized marketing services including corporate events, meetings and training/learning).

Each of McCann, FCB, The Partnership, AMS and SEG operate with the same business objective which is to provide clients with a wide variety of services that contribute to the delivery of a message and to the maintenance or creation of a brand. However, the Partnership and AMS historically have had lower gross margins than the Company average. The five global operating groups share numerous clients, have similar cost structures, provide services in a similar fashion and draw their employee base from the same sources. The annual margins of each of the five groups may vary due to global economic conditions, client spending and specific circumstances such as the Company's restructuring activities. However, based on the respective future prospects of McCann, FCB, The Partnership and AMS, the Company believes that the long-term average gross margin of each of these four groups will converge over time and, given the similarity of the operations, the four groups have been aggregated. SEG has different margins than the remaining four groups and, given current projections, the Company believes that the margins for this operating segment will not converge with the remaining four groups.

SEG revenue is not material to the Company as a whole. However, due to the recording of long-lived asset impairment charges, the operating difficulties and resulting higher costs from its motorsports business, SEG has incurred significant operating losses. Based on the fact that the book value of long-lived assets relating to Motorsports and other substantial contractual obligations may not be fully recoverable, the Company no longer expects that margins of SEG will converge with those of the rest of IPG and accordingly, reports SEG as a separate reportable segment. Other than the impairment charges which are discussed below, the operating results of SEG are not material to those of the Company, and therefore are not discussed in detail below.

Accordingly, in accordance with SFAS 131, "DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION", the Company has two reportable segments. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Management evaluates performance based upon operating earnings before interest and income taxes.

At March 31, 2003 the assets of the reportable segments have not changed materially from those levels reported at December 31, 2002. Summary financial information concerning the Company's reportable segments is shown in the following table:

	IPG (EXCL. SEG)
THREE MONTHS ENDED MARCH 31, 2003	
Revenue	$1,347.4
Operating income (loss)	46.1
Depreciation and amortization of fixed assets	43.8
Capital expenditures	$23.1
THREE MONTHS ENDED MARCH 31, 2002	
Revenue	$1,336.3
Operating income	122.5
Depreciation and amortization of fixed assets	44.5
Capital expenditures	$30.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

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

THREE MONTHS ENDED MARCH 31,	2003	2002
Total operating income for reportable segments	$25.1	
Interest expense	(38.8)	
Interest income	7.9	
Other income (loss)	(0.2)	
Investment impairment	(2.7)	
Income (loss) before income taxes	$(8.7)	

9. ACQUISITIONS AND DEFERRED PAYMENTS

During the first three months of 2003, the Company completed one acquisition for $2.1 in cash. Additionally, the Company paid $7.2 in cash and $0.1 in stock for additional ownership interests in companies in which a previous investment had been made.

During the first three months of 2003, the Company paid $44.2 in cash and $14.9 in stock as deferred payments on acquisitions that had closed in prior years. During the first three months of 2002, the Company paid $59.1 in cash and $10.0 in stock as deferred payments on acquisitions that had closed in prior years.

Deferred payments (or "earn-outs") generally tie the aggregate price ultimately paid for an acquisition to its performance and are recorded as an increase to goodwill and other intangibles.

As of March 31, 2003, the Company's estimated liability for earn-outs is as follows:

	2003	2004	2005	THEREAFTER
Cash	$105.1	$81.0	$49.1	$24
Stock	28.4	12.1	16.6	11
TOTAL	$133.5	$93.1	$65.7	$36

The amounts above are estimates based on the current projections as to the amount that will be paid and are subject to revisions as the earn-out periods progress.

PUT AND CALL OPTIONS

In addition to the estimated liability for earn-outs, the Company has entered into agreements that require the Company to purchase additional equity interests in certain companies (put options). In many cases, the Company also has the option to purchase the additional equity interests (call options) in certain circumstances.

The total amount of potential payments under put options is $193.4, of which $6.9 is payable in stock. Exercise of the put options would require payments to be made as follows:

2003	$74.4
2004	$33.8
2005	$35.0
2006 and thereafter	$50.2

The actual amount to be paid is contingent upon the achievement of projected operating performance targets and satisfying other conditions as specified in the relevant agreement.

The Company also has call options to acquire additional equity interests in companies in which it already has an ownership interest. The estimated amount that would be paid under such call options is $111.6 and, in the event of exercise, would be paid as follows:

2003	$23.1
2004	$7.6
2005	$15.3
2006 and thereafter	$65.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

The actual amount to be paid is contingent upon the achievement of

projected operating performance targets and satisfying other conditions as specified in the relevant agreement

10. DEBT AND CERTAIN LIQUIDITY MATTERS

Total debt at March 31, 2003 was $3,280.6, an increase of $642.6 from December 31, 2002. The Company's debt position at March 31, 2003 reflects both the 4.5% Convertible Notes and the Zero-Coupon Notes outstanding at that date. In addition, the Company's debt position was positively impacted by international cash and debt pooling arrangements that were put in place to optimize the net debt balances in certain markets.

REVOLVING CREDIT AGREEMENTS

On June 27, 2000, the Company entered into a revolving credit facility with a syndicate of banks providing for a term of five years and for borrowings of up to $375.0 (the "Five-Year Revolving Credit Facility"). On May 16, 2002, the Company entered into a revolving credit facility with a syndicate of banks providing for a term of 364 days and for borrowings of up to $500.0 (the "Old 364-Day Revolving Credit Facility"). The Company replaced the Old 364-Day Revolving Credit Facility with a new 364-day revolving credit facility, which it entered into with a syndicate of banks on May 15, 2003 (the "New 364-Day Revolving Credit Facility" and, together with the Five-Year Revolving Credit Facility, the "Revolving Credit Facilities"). The New 364-Day Revolving Credit Facility provides for borrowings of up to $500.0, $200.0 of which are available to the Company for the issuance of letters of credit. The New 364-Day Revolving Credit Facility expires on May 13, 2004. However, the Company has the option to extend the maturity of amounts outstanding on the termination date under the New 364-Day Revolving Credit Facility for a period of one year. The Revolving Credit Facilities are used for general corporate purposes. As of March 31, 2003, no amounts were borrowed under the Old 364-Day Revolving Credit Facility and $50.6 was borrowed under the Five-Year Revolving Credit Facility.

The Revolving Credit Facilities bear interest at variable rates based on either LIBOR or a bank's base rate, at the Company's option. The interest rates on base rate loans and LIBOR loans under the Revolving Credit Facilities are affected by the facilities' utilization levels and the Company's credit ratings. In connection with the New 364-Day Revolving Credit Facility, based on its current credit ratings, the Company agreed to new pricing under the Revolving Credit Facilities that increased the interest spread payable on LIBOR loans by 25 basis points.

The Company's Revolving Credit Facilities include financial covenants that set i) maximum levels of debt as a function of EBITDA, ii) minimum levels of EBITDA as a function of interest expense and iii) minimum levels of EBITDA (in each case, as defined in these agreements). In connection with the New 364-Day Revolving Credit Facility, the definition of EBITDA in the Revolving Credit Facilities was amended to include (i) up to $161.4 non-cash, non-recurring charges taken in the fiscal year ended December 31, 2002; (ii) up to $200.0 of non-recurring restructuring charges (up to $175.0 of which may be cash charges) taken in the fiscal quarter ended March 31, 2003, June 30, 2003 and September 30, 2003; (iii) up to $70.0 of non-cash, non-recurring charges taken with respect to the impairment of the remaining book value of the Company's motor sports business; and (iv) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 with respect to the Company's motor sports business and to exclude the gain realized by the Company upon the proposed sale of NFO Worldwide, Inc. The corresponding financial covenant ratio levels in the Revolving Credit Facilities were also amended. As of March 31, 2003, the Company was in compliance with all of the covenants (including the financial covenants, as amended) contained in the Five-Year Revolving Credit Facility and the Old 364-Day Revolving Credit Facility.

On February 10, 2003, certain defined terms relating to financial covenants contained in the Five-Year Revolving Credit Facility and the Old 364-Day Revolving Credit Facility were amended effective as of December 31, 2002. The definition of debt for borrowed money in the Five-Year Revolving Credit Facility and the Old 364-Day Revolving Credit Facility was modified to include the Company's 1.8% Convertible Subordinated Notes due 2004 and 1.87% Convertible Subordinated Notes due 2006. As a result, the definition of Interest Expense was also amended to include all interest with respect to these Subordinated Notes.

The Company also amended certain other provisions of the Five-Year Revolving Credit Facility and the Old 364-Day Revolving Credit Facility effective as of December 31, 2002, which have been reflected in the New 364-Day Revolving Credit Facility. The terms of the Revolving Credit Facilities restrict the Company's ability to declare or pay dividends, repurchase shares of common stock, make cash acquisitions or investments and make capital expenditures, as well as the ability of the Company's domestic subsidiaries to incur additional debt. Certain of these limitations were modified upon the Company's issuance on March 13, 2003 of 4.5% Convertible Senior Notes due 2023 (the "4.5% Notes") in an aggregate principal amount of $800.0, from which the Company received net cash proceeds equal to approximately $778.0. In addition, pursuant to a tender offer commenced on March 10, 2003, the Company purchased $700.5 in aggregate principal amount at maturity of its Zero-Coupon Convertible Senior Notes due 2021 (the "Zero-Coupon Notes"). As a result of these transactions, the Company's permitted level of annual cash acquisition spending has increased to $100.0 and annual share buybacks and dividend payments has increased to $25.0. All limitations on dividend payments and share buybacks expire when earnings before interest, taxes, depreciation and amortization are at least $1,300.0 for four consecutive quarters.

As a result of the issuance of the 4.5% Notes in the first quarter of 2003 and the settlement of the tender offer for the Zero-Coupon Notes in the second quarter of 2003, both the 4.5% Notes and the Zero-Coupon Notes were outstanding at March 31, 2003. Therefore, the Company amended the Five-Year Revolving Credit Facility and the Old 364-Day Revolving Credit Facility, as of March 13, 2003, to exclude the Zero-Coupon Notes in calculating the ratio of debt for borrowed money to consolidated EBITDA for the period ended March 31, 2003 (this exclusion is also contained in the New 364-Day Revolving Credit Facility).

On February 26, 2003, the Company obtained waivers of certain defaults under the Five-Year Revolving Credit Facility and the Old 364-Day Revolving Credit Facility relating to the restatement of the Company's historical consolidated financial statements in the aggregate amount of $118.7. The waivers covered certain financial reporting requirements related to the Company's consolidated financial statements for the quarter ended September 30, 2002. No financial covenants were breached as a result of this restatement.

OTHER COMMITTED AND UNCOMMITTED FACILITIES

In addition to the Revolving Credit Facilities, at March 31, 2003, the Company had $155.3 of committed lines of credit, all of which were provided by overseas banks that participate in the Revolving Credit Facilities. At

March 31, 2003, $6.3 was outstanding under these lines of credit.

At March 31, 2003 the Company also had $702.9 of uncommitted lines of credit, 69.2% of which were provided by banks that participate in the Revolving Credit Agreements. At March 31, 2003, approximately $59.9 was outstanding under these uncommitted lines of credit. The Company's uncommitted borrowings are repayable upon demand.

PRUDENTIAL AGREEMENTS

On May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999, the Company entered into five note purchase agreements, respectively, with The Prudential Insurance Company of America (the "Prudential Agreements"). The notes issued pursuant to the Prudential Agreements are repayable on May 2004, April 2005, October 2006, August 2007 and January 2009, respectively. The interest rates on these notes range from 8.05% to 10.01%. As of March 31, 2003 and 2002, respectively, $148.8 and $155.0 were outstanding under the notes.

The Prudential Agreements contain financial covenants that set i) minimum levels for net worth and for cash flow as a function of borrowed funds, and ii) maximum levels of borrowed funds as a function of net worth. The most restrictive of these covenants is that of cash flow to borrowed funds. This ratio is required to exceed an amount that varies from .16 to .25 for each quarter in the applicable consecutive four-quarter period.

On February 10, 2003, the Company amended certain provisions of the Prudential Agreements effective as of December 31, 2002. The new terms of the Prudential Agreements contain the same restrictions on the Company's ability to declare or pay dividends, repurchase shares of common stock, make cash acquisitions or investments and make capital expenditures, as well as the ability of the Company's domestic subsidiaries to

incur additional debt, as the new terms of the Revolving Credit Agreements described above. Certain defined terms relating to financial covenants contained in the Prudential Agreements were also amended effective as of December 31, 2002. The definitions of cash-flow and consolidated net worth in the Prudential Agreements were amended to include up to $500.0 of non-cash, non-recurring charges taken in the fiscal year ended December 31, 2002 and the quarter ended March 31, 2003.

The Company also amended the Prudential Agreements, as of March 28, 2003, to exclude the Zero-Coupon Notes in calculating the ratio of total borrowed funds to cash flow for the period ended March 31, 2003. Separately, in May 2003, the ratio level for the financial covenant relating to cash flow as a function of borrowed funds was amended from .20 to .18 effective for the period ended March 31, 2003.

On February 26, 2003, the Company obtained waivers of certain defaults under the Prudential Agreements relating to the restatement of the Company's historical consolidated financial statements in the aggregate amount of $118.7. The waivers covered certain financial reporting requirements related to the Company's consolidated financial statements for the quarter ended September 30, 2002. No financial covenants were breached as a result of this restatement.

UBS FACILITY

On February 10, 2003, the Company received from UBS AG a commitment for an interim credit facility providing for $500.0, maturing no later than July 31, 2004 and available to the Company beginning May 15, 2003, subject to certain conditions. This commitment terminated in accordance with its terms when the Company received net cash proceeds in excess of $400.0 from its sale of the 4.5% Notes. The fees associated with this commitment were not material to the Company's financial position, cash flows or results of operations.

OTHER DEBT INSTRUMENTS-- CONVERTIBLE SENIOR NOTES - 4.5%

In March 2003, the Company completed the issuance and sale of $800 aggregate principal amount of the 4.5% Notes. In April 2003, the Company used $581.3 of the net proceeds of this offering to repurchase the Zero-Coupon Notes tendered in its concurrent tender offer and will use the remaining proceeds for the repayment of other indebtedness, general corporate purposes and working capital. The 4.5% Notes are unsecured, senior securities that may be converted into common shares if the price of the Company's common stock reaches a specified threshold, at an initial conversion rate of 80.5153 shares per one thousand dollars principal amount, equal to a conversion price of $12.42 per share, subject to adjustment. This threshold will initially be 120% of the conversion price and will decline 1/2% each year until it reaches 110% at maturity in 2023.

The 4.5% Notes may also be converted, regardless of the price of the Company's common stock, if: (i) the credit rating assigned to the 4.5% Notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings are Ba2, BB and BB, respectively, or lower, or the 4.5% Notes are no longer rated by at least two of these ratings services, (ii) the Company calls the 4.5% Notes for redemption, (iii) the Company makes specified distributions to shareholders or (iv) the Company becomes a party to a consolidation, merger or binding share exchange pursuant to which its common stock would be converted into cash or property (other than securities).

The Company, at the investor's option, may be required to redeem the 4.5% Notes for cash on March 15, 2008. The Company may also be required to redeem the 4.5% Notes at the investor's option on March 15, 2013 and March 15, 2018, for cash or common stock or a combination of both, at the Company's election. Additionally, investors may require the Company to redeem the 4.5% Notes in the event of certain change of control events that occur prior to May 15, 2008, for cash or common stock or a combination of both, at the Company's election. The Company at its option may redeem the 4.5% Notes on or after May 15, 2008 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.

If at any time on or after March 13, 2003 the Company pays cash dividends on its common stock, the Company will pay contingent interest per 4.5% Note 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 a note.

OTHER

On March 7, 2003, Standard & Poor's Ratings Services downgraded the Company's senior secured credit rating to BB+ with negative outlook from BBB-. On May 14, 2003, Fitch Ratings downgraded the Company's senior unsecured credit rating to BB+ with negative outlook from BBB-. The remaining senior unsecured credit rating is Baa3 with stable outlook; however, as reported by Moody's Investors Services, Inc., on May 8, 2003, this rating was placed on review for possible downgrade.

Since July 2001, the Company has not repurchased its common stock in the open market.

The Company has previously paid cash dividends quarterly, with the most recent quarterly rate of $0.095 per share. The determination of dividend payments is made by the Company's Board of Directors on a quarterly basis. However, as previously discussed, the Company's ability to declare or pay dividends is currently restricted by new terms of its Revolving Credit Facilities and Prudential Agreements, and the Company has not declared or paid a dividend in the first quarter of 2003.

11. COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

FEDERAL SECURITIES CLASS ACTIONS

Thirteen federal securities purported class actions were filed against The Interpublic Group of Companies, Inc. (referred to hereinafter as "Interpublic" or the "Company") and certain of its present and former directors and officers by a purported class of purchasers of Interpublic stock shortly after the Company's August 13, 2002 announcement regarding the restatement of its previously reported earnings for the periods January 1, 1997 through March 31, 2002. These actions, which were all filed in the United States District Court for the Southern District of New York, were consolidated by the Court and lead counsel appointed for all plaintiffs, on November 8, 2002. A consolidated amended complaint was filed thereafter on January 10, 2003. The purported classes consist of Interpublic shareholders who purchased Interpublic stock in the period from October 1997 to October 2002. Specifically, the consolidated amended complaint alleges that Interpublic and certain of its present and former directors and officers allegedly made misleading statements to its shareholders between October 1997 and October 2002, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of adequate internal financial controls, which allegedly resulted in an overstatement of Interpublic's financial results during those periods. The consolidated amended complaint alleges that such false and misleading statements constitute violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The consolidated amended complaint also alleges violations of Sections 11 and 15 of the Securities Act of 1933 in connection with Interpublic's acquisition of True North Communications, Inc. ("True North"). No amount of damages is specified in the consolidated amended complaint. On February 6, 2003, defendants filed a motion to dismiss the consolidated amended complaint in its entirety. On February 28, 2003, plaintiffs filed their opposition to defendants' motion and, on March 14, 2003, defendants filed their reply to plaintiff's opposition to defendants' motion. The motion is currently pending.

STATE SECURITIES CLASS ACTIONS

Two state securities purported class actions were filed against the Company and certain of its present and former directors and officers by a purported class of purchasers of Interpublic stock shortly after the Company's November 13, 2002 announcement regarding the restatement of its previously reported earnings for the periods January 1, 1997 through March 31, 2002.

The purported classes consist of Interpublic shareholders who acquired Interpublic stock on or about June 25, 2001 in connection with Interpublic's acquisition of True North. These lawsuits allege that Interpublic and certain of its present and former directors and officers allegedly made misleading statements in connection with the filing of a registration statement on May 9, 2001 in which Interpublic issued 67,644,272 shares of its common stock for the purpose of acquiring True North, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of adequate internal financial controls, which allegedly resulted in an overstatement of Interpublic's financial results at that time. The suits allege that such misleading statements constitute violations of Sections 11 and 15 of the Securities Act of 1933. No amount of damages is specified in the complaints. These actions were filed in the Circuit Court of Cook County, Illinois. On December 18, 2002, defendants removed these actions from Illinois state court to the United States District Court for the Northern District of Illinois. Thereafter, on January 10, 2003, defendants moved to transfer these two actions to the Southern District of New York. Plaintiffs moved to remand these actions. On April 15, 2003, the United States District Court for the Northern District of Illinois granted plaintiffs' motions to remand these actions to Illinois state court and denied defendants' motion to transfer. The Company intends to move to dismiss or stay these actions at the appropriate time.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

DERIVATIVE ACTIONS

In addition to the lawsuits above, several shareholder derivative suits have been filed. On October 24, 2002, a shareholder derivative suit was filed in Delaware Court of Chancery, New Castle County, by a single shareholder acting on behalf of the Company against the Board of Directors. The suit alleges a breach of fiduciary duties to Interpublic's shareholders. On November 15, 2002, another suit was filed in Delaware Court of Chancery, New Castle County, by a single shareholder acting on behalf of the Company against the Board of Directors. On December 18, 2002, defendants moved to dismiss these actions. In lieu of a response, plaintiffs consolidated the actions and filed an Amended Consolidated Complaint on January 10, 2003, again alleging breach of fiduciary duties to Interpublic's shareholders. The Amended Consolidated Complaint does not state a specific amount of damages. On January 27, 2003, defendants filed motions to dismiss the Consolidated Amended Complaint, and those motions are currently pending.

On September 4, 2002, a shareholder derivative suit was filed in New York Supreme Court, New York County, by a single shareholder acting on behalf of the Company against the Board of Directors and against the Company's auditors. This suit alleged a breach of fiduciary duties to Interpublic's shareholders. On November 26, 2002, another shareholder derivative suit, alleging the same breaches of fiduciary duties, was filed in New York Supreme Court, New York County. The plaintiffs from these two shareholder derivative suits filed an Amended Derivative Complaint on January 31, 2003. On March 18, 2003, plaintiffs filed a motion to dismiss the Amended Derivative Complaint without prejudice. On April 16, 2003, the Amended Derivative Complaint was dismissed without prejudice. On February 24, 2003, plaintiffs also filed a Shareholders' Derivative Complaint in the United States District Court for the Southern District of New York. On May 2, 2003, plaintiffs filed an Amended Derivative Complaint. This action alleges the same breach of fiduciary duties claim as the state court actions, and adds a claim for contribution and forfeiture against two of the individual defendants pursuant to Section 21D of the Exchange Act and Section 304 of the Sarbanes-Oxley Act. The complaint does not state a specific amount of damages. Defendants' response is due on June 6, 2003.

The Company intends to vigorously defend the actions discussed above. While the proceedings are in the early stages and contain an element of uncertainty, the Company has no reason to believe that the final resolution of the actions will have a material adverse effect on its financial position, cash flows or results of operations.

TAX MATTERS

On April 21, 2003, the Company received a notice from the Internal Revenue Service ("IRS") proposing adjustments to the Company's taxable income that would result in additional taxes, including conforming adjustments to state and local returns, of $41.5 million (plus interest) for the taxable years 1994 to 1996. The Company believes that the tax positions that the IRS has challenged comply with applicable law, and it intends to defend those positions vigorously. Although the ultimate resolution of these matters will likely require the Company to pay additional taxes, any such payments will not have a material effect on the Company's financial position, cash flows or results of operations.

SEC INVESTIGATION

The Company was informed in January 2003 by the Securities and Exchange Commission staff that the SEC has issued a formal order of investigation related to the Company's restatements of earnings for periods dating back to 1997. The matters had previously been the subject of an informal inquiry. The Company is cooperating fully with the investigation.

OTHER

The Company is involved in other legal and administrative proceedings of various types. While any litigation contains an element of uncertainty, the Company has no reason to believe that the outcome of such proceedings or claims will have a material effect on the financial condition of the Company.

12. SUBSEQUENT EVENTS

On May 14, 2003, the Company entered into a definitive agreement for the sale of NFO WorldGroup, Inc. ("NFO") to Taylor Nelson Sofres ("TNS") for $400 in cash and approximately $25 in ordinary shares of TNS and, subject to appreciation of market value of ordinary shares of TNS, an additional $10 in cash payable approximately one year following the closure of this divestiture. The portion of the consideration consisting of ordinary shares of TNS will be admitted for trading on the London Stock Exchange and subject to a lock-up undertaking that generally permits disposition of half of the Company's position commencing in December 2003 and the remainder commencing in March 2004. The conditions to the consummation of this divestiture include approval by a special meeting of the shareholders of TNS and receipt of regulatory clearances in the United States and abroad. The Company expects to consummate the transaction in the summer of 2003. As a result of this divestiture, the Company expects to realize a pre-tax gain of approximately $100.

Based on circumstances surrounding the decision to divest NFO, it has been determined that the assets and liabilities should be classified as assets and liabilities held for sale in accordance with SFAS 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS. The relevant amounts for NFO have been separately identified on the accompanying consolidated balance sheet as assets and liabilities held for sale at March 31, 2003. As a result of the agreement referred to above, the results of NFO will be treated as discontinued operations in the second quarter. For 2002, the revenues and net income of NFO were $466.0 and $18.8, respectively. For the first quarter of 2003, the revenues and net loss of NFO were $117.3 and $0.6, respectively.

Included in assets held for sale are accounts receivable of $81.4, prepaid expenses and other current assets of $52.7, net fixed assets of $46.9, intangible assets of $214.1 and other assets of $19.5. Included in liabilities held for sale are accounts payable of $21.7, accrued expenses of $73.8, and other liabilities of $25.6.

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: December 8, 2003

BY /s/ DAVID A. BELL

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

Date: December 8, 2003

BY /s/ CHRISTOPHER J. COUGHLIN

CHRISTOPHER J. COUGHLIN
Executive Vice President, Chief
Operating Officer and Chief Financial
Officer

CERTIFICATION

I, David A. Bell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A for the Period Ended March 31, 2003 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 13(a)-15(e) and 15(d)-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation and;

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date December 8, 2003

/s/ David A. Bell

David A. Bell
Chief Executive Officer

CERTIFICATION

I, Christopher J. Coughlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A for the Period Ended March 31, 2003 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 13(a)-15(e) and 15(d)-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation and;

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 8, 2003

/s/ Christopher J. Coughlin

Christopher J. Coughlin
Chief Financial Officer

Exhibit 99

QUARTERLY CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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

The quarterly report on Form 10-Q/A for the quarter ended March 31, 2003 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q/A fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 8, 2003

/s/ David A. Bell

David A. Bell
Chief Executive Officer

Dated: December 8, 2003

/s/ Christopher J. Coughlin

Christopher J. Coughlin
Chief Financial Officer