

THE INTERPUBLIC GROUP OF COMPANIES 2002 ANNUAL REPORT

INTERPUBLIC  
GROUP



# A Letter from the **Chairman**

## To Our Shareholders:

Each year brings its own triumphs and challenges. In 2002, Interpublic's accomplishments—of which there were many—went largely unheralded. This was attributable to the intense public focus that we were the subject of, in part due to the recession that once again battered the advertising industry, but equally because of our own disappointing earnings, as well as credit and liquidity concerns surrounding the company. We are working hard and making progress in putting these issues behind us, so as to return attention to our strengths and accomplishments. Notable among these last year were:

- The continued vitality and competitive strength of our agencies in every communications discipline, as evident in their new business performance. Overall, our companies won \$3.2 billion of net new billings in 2002, from every region in the world.
- Major awards and recognition from our peers. This included coveted “Agency of the Year” honors won in the United States by Campbell-Ewald, Deutsch and Universal McCann and outstanding performance by Bozell and Lowe at Cannes, the industry's most prestigious creative competition, where we also won the Media Grand Prix. Not to mention an additional 22 “Agency of the Year” awards won in 12 markets around the world, by international offices of FCB, Lowe and McCann on every continent to specialist agencies ranging from healthcare communications to interactive digital marketing.
- The flawless execution of the merger between Weber Shandwick and BSMG, which created the largest, most

powerful player in public relations and constituent communications—one with dramatically higher profitability despite the shrinking revenue environment.

- Finally, strong working capital disciplines and cash management initiatives that helped reduce our debt by close to \$300 million in 2002.

While we are proud of these accomplishments, it is undeniable that our difficulties were what made news last year. Some of the challenges we faced reflected the harsh business environment. Some, notably the company's unfortunate foray into venue ownership, were the vestige of acquisitions made in the exuberance of the nineties boom. Others were self-inflicted, such as the erosion of cost disciplines at a number of our companies, and the internal accounting errors at McCann in Europe which we at Interpublic discovered and forcefully addressed. All of these contributed to the company's unacceptable financial performance.

In February, your Board of Directors elected me Chairman and Chief Executive Officer. I welcome the challenge, to which I will bring enthusiasm, energy and the necessary humility. I feel a deep sense of responsibility to all of our stakeholders. And I harbor no illusions about the nature of the task at hand—there is significant work to be done.

But there are also significant potential rewards. A strong vision, coupled with a great sense of urgency, will be required to set Interpublic on the right path. While the company has experienced recent reversals, I am confident that by aligning the needs of our clients, employees and investors we will, over time, return Interpublic to its long-standing position as the industry leader in delivering financial returns to its shareholders.

To that end, we are working on an aggressive turnaround plan built on these key strategic priorities: strengthening the balance sheet, bolstering financial reliability and accountability, as well as driving shareholder

value through the aggressive pursuit of margin improvement and organic growth. Of course, we will continue to provide the ideas and solutions that have always made us the most client-centric organization in our industry.

## 2002 Results

The challenges of 2002 began with revenue. We started the year hoping for a recovery in the broader economy and in our sector. Consequently, we planned for only a modest revenue decline and budgeted costs accordingly. As the year progressed and the recovery failed to materialize, revenue fell by 8.7% to \$6.2 billion.

Our advertising and media business, particularly in the United States, suffered declining revenue beginning in 2001. The trend continued into 2002, with revenue down 8.9%, as clients curtailed spending and delayed programs due to their own cost pressures. Client spending on marketing and communications services, such as public relations, direct marketing, sales promotion and event planning, resisted the revenue decline until well into 2002. This was in part due to the fact that returns on these efforts are often more immediate, or more easily assessed. Ultimately, however, continuing economic malaise and reduced consumer spending prompted clients to postpone all forms of marketing support, which caused marketing and communication services revenue to decline 8.3%.

Our traditional cost discipline dictates that revenue declines must be matched by commensurate cost reductions. When significant revenue is derived from project work, as Interpublic's is, accurate revenue forecasting and proactive expense controls are imperative. Although many of our agencies moved aggressively to protect profit

margins in 2002, some of our largest operating units moved too slowly.

In 2002, salaries and related expenses declined by 6.8%—significantly lagging the rate of our revenue decline— and our resulting profit margin remained well below acceptable levels. Operating income was \$405.8 million in 2002, compared to a loss of \$243.6 million in 2001. Results in 2002 reflect the benefit of significantly lower restructuring and asset impairment charges, as well as the absence of goodwill amortization, in accordance with new accounting rules. So, although earnings per share of \$.26 cents seemingly compared favorably to last year's loss of \$1.45 per share, we regard this performance as a disappointment.

Despite poor earnings performance, Interpublic generated significant cash flow in 2002. This allowed us to fund important expenditures related to efficiency improvements, finance modest strategic acquisitions that improved and expanded our service offerings, pay \$145.6 million in cash dividends, and retire \$271 million in debt. Debt reduction continues as a primary goal.

Looking to 2003, it is clear clients remain cautious. Revenue visibility will therefore be poor. Geopolitical risks appear to have stalled many sectors of the economy. As a result, marketers and consumers alike have settled into a “wait-and-see” attitude. We have limited confidence that a meaningful economic recovery will develop in 2003 and have built our operating budgets accordingly. Specifically, we are estimating that revenue will decline

between one and four percent in 2003, adjusted for asset sales or dispositions.

## The Road Ahead

Our company faces significant challenges, stemming from the past two years of severe weakness in our sector, exacerbated by the strategy of acquisition-driven growth that Interpublic pursued prior to the slowdown. To right the ship, we will focus on the financial fundamentals that previously made us an industry leader, complemented by a company-wide commitment to organic growth.

A strong sense of purpose now drives Interpublic. The management team understands and is responsive to the needs of clients and shareholders alike. The new vision for our company is built on four strategic imperatives.

First, we will continue to be relentless in our efforts to strengthen the balance sheet. We have already made significant strides in this area. Improvements in cash management and working capital disciplines have allowed us to reduce debt significantly, from 61.3% of capital to 55.7% in just one year. Achieving the appropriate debt level is vital to our organization. As in any service business, a flexible balance sheet will give us the ability to succeed in any economic climate. Equally important,

**“We are working on an aggressive turnaround plan built on these key strategic priorities: strengthening the balance sheet, bolstering financial reliability and accountability, as well as driving shareholder value through the aggressive pursuit of margin improvement and organic growth.”**

a strong financial position will allow us to best serve clients by attracting world-class professional talent.

Second, we will further upgrade our information systems, communications and operating-unit financial management to ensure financial reliability and accountability.

Third, we will focus on margin improvement. The exceptional quality of professional service being delivered by our companies to clients demands that we achieve margins equal to those of our leading competitors. Our people and our shareholders deserve this.

This is an area in which a number of our units lost their way in 2002. Going forward, we will be single-minded in ensuring that we successfully re-establish the cost disciplines that historically produced industry-leading margins at Interpublic. Given the continued challenging business environment, we must also take a long and hard look at our infrastructure. We are fully prepared to be aggressive in taking costs out of the organization to protect and improve profitability.

Finally, we must achieve improved organic growth. Our record of winning new business validates our assertion that Interpublic's agency brands are strong. Internal tracking shows that we are regularly winning head-to-head pitches against major competitors, which is the key to success in the ongoing industry market share battle.

But new business contributes approximately 5% to revenue in a typical year. So, organic growth is also about getting new assignments from existing clients. It's about collaboration among our varied companies to deliver complete marketing solutions to clients. And ultimately, it is about creating a growth culture. Organic growth flows from a focus at the top that inspires a genuine company-wide commitment to entrepreneurial, business-building behavior. Coupled with margin discipline,

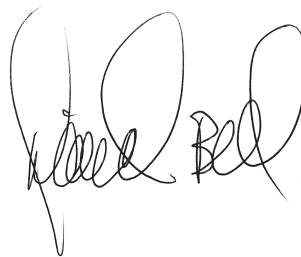
organic growth is without doubt the most powerful driver of shareholder value.

An improved balance sheet, increased financial reliability, margin improvement and organic growth—these are the yardsticks we will use to measure our progress and our success.

In addition to these fundamental drivers, I pledge to you that a sense of urgency will permeate everything we do, that we will promote accountability throughout the organization and that we will remain committed to aggressively communicating with all internal and external constituencies.

A turnaround cannot—and will not—be immediate. But a turnaround is precisely what's required. There is new management in place. We have outlined a decisive plan of action and indicated a willingness to make the tough decisions required to see it through. Strong and vital agency brands continue to be our most important assets, as are our 50,000 people around the world. Their talent, commitment, and passion are what will return our overall performance to best in class.

It's been said that a challenge is just an opportunity in work clothes. At Interpublic, we've already put them on and begun rolling up our sleeves.



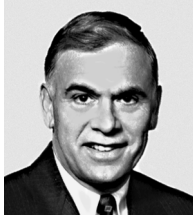
David A. Bell  
Chairman and Chief Executive Officer



**DAVID A. BELL**

(2003)

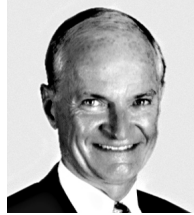
Chairman, President & Chief Executive Officer



**FRANK J. BORELLI**

(1995) Presiding Director

Senior Advisor, Retired Chief Financial Officer & Director, Marsh & McLennan Companies, Inc.



**REGINALD K. BRACK**

(1996) 1,2,3,5

Former Chairman & Chief Executive Officer, Time, Inc.



**JILL M. CONSIDINE**

(1997) 1,3,4,5

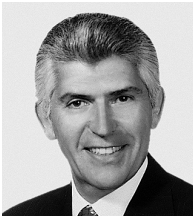
Chairman & Chief Executive Officer, The Depository Trust & Clearing Corporation



**JOHN J. DOONER, JR.**

(1995) 3,4

Chairman & Chief Executive Officer, McCann-Erickson WorldGroup



**RICHARD A. GOLDSTEIN**

(2001) 1,5

Chairman & Chief Executive Officer, International Flavors & Fragrances Inc.



**H. JOHN GREENIAUS**

(2001) 2,4

Former Chairman & Chief Executive Officer, Nabisco, Inc.



**SEAN F. ORR**

(2000) 4

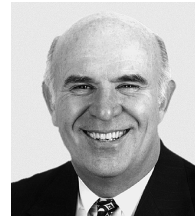
Executive Vice President & Chief Financial Officer



**MICHAEL I. ROTH**

(2002) 1,2,4

Chairman & Chief Executive Officer, The MONY Group Inc.



**J. PHILLIP SAMPER**

(1990) 2,5

Managing Director, Gabriel Venture Partners

(Year Elected)

- 1 Audit Committee
- 2 Compensation Committee
- 3 Executive Policy Committee
- 4 Finance Committee
- 5 Corporate Governance Committee

## EXECUTIVE OFFICERS & SHAREHOLDERS' INFORMATION

### EXECUTIVE OFFICERS

**DAVID A. BELL**

Chairman, President & Chief Executive Officer

**SEAN F. ORR**

Executive Vice President & Chief Financial Officer

**BRUCE S. NELSON**

Executive Vice President & Chief Marketing Officer

**BRIAN BROOKS**

Executive Vice President,  
Chief Human Resources Officer

**BARRY R. LINSKY**

Executive Vice President

**NICHOLAS J. CAMERA**

Senior Vice President, General Counsel & Secretary

**ALBERT S. CONTE**

Senior Vice President, Financial Services

**THOMAS A. DOWLING**

Senior Vice President, Chief Risk Officer

**PHILIPPE KRAKOWSKY**

Senior Vice President,  
Director of Corporate Communications

**SUSAN WATSON**

Senior Vice President, Investor Relations

**GUNNAR P. WILMOT**

Senior Vice President,  
Planning & Business Development

**STEVEN BERNS**

Vice President & Treasurer

**RICHARD P. SNEEDER, JR.**

Vice President & Controller

### CORPORATE HEADQUARTERS:

1271 Avenue of the Americas  
New York, NY 10020  
(212) 399-8000

### TRANSFER AGENT & REGISTRAR FOR COMMON STOCK:

Mellon Investor Services, LLC  
85 Challenger Road  
Ridgefield Park, NJ 07660  
Stock of The Interpublic Group  
of Companies, Inc., is traded on  
the New York Stock Exchange.  
At December 31, 2002, there were  
18,823 stockholders of record.

### ANNUAL MEETING:

The annual meeting will be held  
on Tuesday, May 20, 2003, at  
9:30 a.m. in the auditorium of  
The Equitable Center,  
787 Seventh Avenue  
(between 51st and 52nd Streets)  
New York, NY 10019.

### AUTOMATIC DIVIDEND REINVESTMENT PLAN:

An Automatic Dividend Reinvestment  
Plan is offered to all stockholders of  
record. The Plan, which is administered  
by Mellon Investor Services, provides  
a way to acquire additional shares of Inter-  
public Common Stock in a  
systematic and convenient manner that  
affords savings in commissions for  
most stockholders. Those interested in  
participating in this plan are invited  
to write for details and an authorization  
form to:

Mellon Investor Services  
44 Wall Street  
6th floor  
New York, NY 10005

### FORM 10-K:

A copy of the Company's annual report  
(Form 10-K) to the Securities and  
Exchange Commission may be obtained  
without charge by writing to:

Nicholas J. Camera,  
Senior Vice President,  
General Counsel & Secretary,  
The Interpublic Group of Companies, Inc.  
1271 Avenue of the Americas  
New York, NY 10020.

Exhibits to the annual report will also be  
furnished, but will be sent only upon  
payment of the Company's reasonable  
expense in furnishing them.

### STOCK OWNER INTERNET ACCOUNT ACCESS:

Stock owners of record may access their  
account via the Internet. By accessing  
their account they may view share  
balances, obtain current market price of  
shares, historical stock prices, and the  
total value of their investment. In  
addition, they may sell or request  
issuance of dividend and cash investment  
plan shares.

For information on how to access this  
secure site, please call Mellon Investor  
Services toll free at (800) 522-6645, or  
visit [www.melloninvestor.com](http://www.melloninvestor.com).

Outside the US, call (201) 329-8660.

For hearing impaired: (800) 231-5469

**E-MAIL:** [shrelations@melloninvestor.com](mailto:shrelations@melloninvestor.com)

**INTERNET:** [www.melloninvestor.com](http://www.melloninvestor.com)

For more information regarding The  
Interpublic Group of Companies, visit  
its website at [www.interpublic.com](http://www.interpublic.com).



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

**FORM 10-K**

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

For the fiscal year ended  
December 31, 2002

Commission file number  
1-6686

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

Delaware  
State or other jurisdiction of  
incorporation or organization)

13-1024020  
(I.R.S. Employer  
Identification No.)

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

10020  
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Stock

Name of each exchange on  
which registered  
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 such filing requirements for the past 90 days. Yes  No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 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 .

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

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant was \$3,371,048,350 as of March 14, 2003.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock outstanding at March 14, 2003: 387,922,710 shares.

## **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement for the 2003 Annual Meeting of Stockholders are incorporated by reference in Parts I and III.

## **STATEMENT REGARDING FORWARD LOOKING DISCLOSURE**

This Annual Report on Form 10-K, including "Business," "Factors that May Affect the Company's Financial Condition or Results of Operations" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements. Statements in this Annual Report that are not historical facts, including statements about the Company's beliefs and expectations, particularly regarding recent business and economic trends, the impact of litigation, dispositions, impairment charges, the integration of acquisitions and restructuring costs, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, those associated with the effects of global, national and regional economic and political conditions, the Company's ability to attract new clients and retain existing clients, the financial success of the Company's clients, developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world, and the successful completion and integration of acquisitions which complement and expand the Company's business capabilities.

The Company's liquidity could be adversely affected if it is unable to access capital or to raise proceeds from asset sales. In addition, the Company could be adversely affected by developments in connection with the purported class actions and derivative suits that it is defending or the SEC investigation relating to the restatement of the Company's financial statements. The Company's financial condition and future results of operations could also be adversely affected if the Company recognizes additional impairment charges due to future events or in the event of other adverse accounting-related developments.

At any given time the Company may be engaged in a number of preliminary discussions that may result in one or more acquisitions or dispositions. These opportunities require confidentiality and from time to time give rise to bidding scenarios that require quick responses by the Company. Although there is uncertainty that any of these discussions will result in definitive agreements or the completion of any transactions, the announcement of any such transaction may lead to increased volatility in the trading price of the Company's securities.

The success of recent or contemplated future acquisitions will depend on the effective integration of newly-acquired businesses into the Company's current operations. Important factors for integration include realization of anticipated synergies and cost savings and the ability to retain and attract new personnel and clients.

This Annual Report also contains certain financial information calculated on a "pro forma" basis. Because "pro forma" financial information by its very nature departs from traditional accounting conventions, this information should not be viewed as a substitute for the information prepared in accordance with GAAP contained in the Company's financial statements that are contained in this Annual Report and should be read in conjunction therewith.

Investors should evaluate any statements made by the Company in light of these important factors.

## **AVAILABLE INFORMATION**

Information regarding the Company's annual reports 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 the Company's website at [www.interpublic.com](http://www.interpublic.com), as soon as reasonably practicable after the Company electronically files such reports with or furnishes them to the Securities and Exchange Commission. Any document that the Company files with the SEC may also be read and copied at the SEC's public reference room located at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The Company's 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 the Company's public filings at the New York Stock Exchange, please call (212) 656-5060.

## 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. It has operated under the Interpublic name since January 1961. As used in this Annual Report, the "Registrant" or "Interpublic" refers to The Interpublic Group of Companies, Inc. while the "Company" refers to Interpublic and its subsidiaries.

The Company is a group of advertising and specialized marketing and communication services companies that together represent one of the largest resources of advertising and marketing expertise in the world. With offices and other affiliations in more than 130 countries, the Company had revenues of approximately \$6.2 billion and net income of approximately \$99.5 million for 2002.

#### **Advertising and Specialized Marketing and Communications Services Businesses**

In the last five years, the Company has grown to become one of the world's largest groups of global marketing services companies, providing its clients with communications expertise in four broad areas:

- \* Advertising, which includes advertising and media management;
- \* Marketing Communications, which includes direct marketing and customer relationship management, public relations, sales promotion, event marketing, on-line marketing, corporate and brand identity and healthcare marketing;
- \* Marketing Intelligence, which includes market research, brand consultancy and database management; and
- \* Marketing Services, which includes sports and entertainment marketing, corporate meetings and events, retail marketing and other marketing and business services.

The Company seeks to be the best in quality and a leading competitor in all of these areas.

The Company is currently organized into five global operating groups. Three of these groups, McCann-Erickson WorldGroup ("McCann"), The FCB Group and The Partnership, provide a comprehensive array of global communications services. Each offers a distinctive range of marketing solutions for the Company's clients. The fourth global operating group, The Interpublic Sports & Entertainment Group, focuses on sports marketing and event planning activities. The Company's fifth global operating group, Advanced Marketing Services ("AMS"), provides specialized and advanced marketing services and marketing intelligence services. In addition to these groups, Interpublic also includes a group of leading stand-alone domestic agencies that provide their clients with a full range of advertising and marketing communications services.

The Company is exploring options for the disposition of NFO WorldGroup, a major component of AMS. In the event of a successful sale of NFO, the Company will reorganize its operations following the sale. As part of that reorganization, the remaining components of AMS will be realigned with the Company's other operating groups.

The Company believes this organizational structure allows it to provide comprehensive solutions for clients, enables stronger organic growth among all its operating companies and allows it to bring improved operating efficiencies to its organization.

A brief description of Interpublic's current five global operating groups follows:

**McCann-Erickson WorldGroup** was founded on the global strength and quality of McCann-Erickson, one of the world's leading advertising agencies. It includes companies spanning advertising, media, customer relationship management, events, sales promotion, public relations, brand equity, on-line marketing communications and healthcare communications. Launched in late 1997, McCann-Erickson WorldGroup has expanded rapidly to become one of the world's leading networked marketing communications groups, now working with more than 25 key worldwide clients in three or more disciplines and with more than 40 US clients in two or more disciplines. McCann-Erickson WorldGroup includes the following companies:

- \* McCann-Erickson Worldwide (advertising),
- \* Universal McCann Worldwide (media planning and buying),
- \* MRM Partners Worldwide (direct marketing and customer relationship management),
- \* Momentum Worldwide (entertainment, event and promotional marketing),
- \* Torre Lazur McCann Healthcare Worldwide (healthcare advertising and marketing), and
- \* Nationwide Advertising Services (recruitment advertising).

**The FCB Group** is a single global integrated network centered on Foote, Cone & Belding Worldwide and its advertising, direct marketing and sales promotion capabilities. This group also includes the following specialized services:

- \* FCBi (direct and digital marketing),
- \* Marketing Drive Worldwide (integrated promotional marketing),
- \* R/GA (web design and development),
- \* The Hacker Group (customer acquisition direct marketing), and
- \* FCB HealthCare (healthcare marketing).

**The Partnership** a global, client-driven creative leader, is anchored on the quality advertising reputation of Lowe & Partners Worldwide. The Partnership provides collaboration across a global group of independently managed networks with creative and executional capabilities across all disciplines. The partners seek to preserve their uniqueness while creating the ability to interconnect seamlessly to better service clients. Partner companies include:

- \* Lowe & Partners Worldwide (advertising),
- \* Lowe Healthcare Worldwide (healthcare marketing),
- \* Draft Worldwide (direct and promotional marketing), and
- \* Zipatoni (promotional marketing).

**The Interpublic Sports & Entertainment Group** focuses on sports marketing and event planning activities. IPG Sports & Entertainment was formed during the second quarter of 2002 through a carve-out from the Company's other operating groups of certain related operations. It includes:

- \* Octagon,
- \* Jack Morton Worldwide,
- \* Entertainment PR (Bragman Nyman Cafarelli and PMK/HBH), and
- \* Amster Yard.

**Advanced Marketing Services (AMS)** is the management center for the Company's specialized and advanced marketing services including:

- \* MAGNA Global (advertising media negotiations and television program development),
- \* Weber Shandwick Worldwide, Golin/Harris International and DeVries Public Relations (public relations), and
- \* Initiative Media (media planning and buying).

Each of the companies in AMS is linked to one or more of the other four operating groups through affiliate relationships, ensuring access to the best, most innovative ideas and solutions for client communications needs. AMS also includes NFO WorldGroup, a provider of marketing intelligence services. Interpublic is exploring options for the disposition of NFO. In the event of a successful sale of NFO, the Company will reorganize its operations. As part of that reorganization, the remaining components of AMS will be realigned with the Company's other operating groups.

**Independent Agencies.** Interpublic also includes a group of leading stand-alone domestic agencies that provide their clients with a full range of advertising and marketing communications services and partner with the Company's global operating groups as needed. These include:

- \* Campbell Ewald,
- \* Deutsch,
- \* Hill Holliday,
- \* Mullen,
- \* Dailey & Associates,
- \* The Martin Agency,
- \* Carmichael-Lynch, and
- \* Gotham.

In addition to domestic operations, the Company provides services for clients whose business is international in scope, as well as for clients whose business is restricted to a single country or a small number of countries. The Company has offices in Canada as well as in one or more cities in each of the following countries and territories:

#### EUROPE, AFRICA AND THE MIDDLE EAST

Austria	Greece	Morocco	Slovakia
Azerbaijan	Hungary	Namibia	Slovenia
Bahrain	Iceland	Netherlands	South Africa
Belgium	Israel	Nigeria	Spain
Bulgaria	Ireland	Norway	Sweden
Cameroon	Italy	Oman	Switzerland
Croatia	Ivory Coast	Pakistan	Tunisia
Czech Republic	Jordan	Poland	Turkey
Denmark	Kazakhstan	Portugal	Ukraine
Egypt	Kenya	Qatar	United Arab Emirates
Estonia	Kuwait	Romania	United Kingdom
Finland	Latvia	Russia	Uzbekistan
France	Lebanon	Saudi Arabia	Zambia
Germany	Malawi	Senegal	Zimbabwe
	Mauritius		

#### LATIN AMERICA AND THE CARIBBEAN

Argentina	Colombia	Guatemala	Peru
Barbados	Costa Rica	Honduras	Puerto Rico
Bermuda	Dominican Republic	Jamaica	Trinidad
Brazil	Ecuador	Mexico	Uruguay
Chile	El Salvador	Panama	Venezuela

## ASIA AND THE PACIFIC

Australia	Japan	Philippines	Taiwan
Cambodia	Malaysia	Singapore	Thailand
Hong Kong	Nepal	Sri Lanka	Vietnam
India	New Zealand	South Korea	
Indonesia	People's Republic of China		

Operations in the foregoing countries are carried on by one or more operating companies, at least one of which is either wholly owned by Interpublic or a subsidiary or is a company in which Interpublic or a subsidiary owns a 50% interest or more, except in Cambodia, Malawi and Nepal, where Interpublic or a subsidiary hold a minority interest.

Interpublic also offers services in Albania, Aruba, the Bahamas, Belize, Bolivia, Gabon, Ghana, Grand Cayman, Guadeloupe, Guam, Guyana, Haiti, Reunion, Ivory Coast, Martinique, Nicaragua, Nigeria, Paraguay, Surinam, Uganda and Zaire through association arrangements with local agencies operating in those countries or territories.

For information concerning revenues and long-lived assets on a geographical basis for each of the last three years, see "Notes to the Consolidated Financial Statements - Note 14: Segment Information." included in this Annual Report under Item 8.

### Recent Developments

#### Restatements

During 2002 the Company identified charges that related to prior periods and restated its financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview of Significant Events" for further discussion.

#### SEC Investigation

The Company has been advised by the Securities and Exchange Commission staff that it has issued a formal order of investigation in connection with the Company's restatement of earnings for the periods from 1997. The Company is cooperating fully with the SEC. See "Item 3. Legal Proceedings" for further discussion.

#### Management Changes

In February 2003, the Board of Directors announced significant changes in the top management of the Company and its largest agency, McCann. The Company's Chairman and CEO, John J. Dooner, Jr. has assumed an active operating role as Chairman and CEO of McCann, replacing James R. Heekin, who has left the Company. David A. Bell, Vice Chairman and former CEO of True North Communications, Inc. ("True North"), has assumed the role of Chairman and CEO of the Company.

#### Financing Activities

In March 2003, the Company completed the issuance and sale of \$800.0 of aggregate principal amount of 4.5% Convertible Senior Notes due 2023. See "Notes to the Consolidated Financial Statements - Note 8: Debt" for further discussion.

#### Octagon Motor Sports

The Company has retained independent advisors to evaluate exit strategies for its Octagon Motor Sports business. The remaining book value of long-lived assets relating to Octagon Motor Sports is approximately \$70 million at December 31, 2002. This amount, as well as other substantial contractual obligations for future capital expenditures, may not be fully recoverable depending on the exit strategy that the Company ultimately chooses to pursue. See Note 5 to the consolidated financial statements.

#### NFO Disposition

On January 15, 2003, the Company announced that it had hired outside advisors to help it explore strategic alternatives regarding NFO, and is currently in discussions concerning a possible sale.

#### Merger of Lowe and Bozell

On February 14, 2003, the Company announced that it will merge the operations of its Bozell unit and the New York office of Lowe & Partners Worldwide. The resulting agency will be known as Lowe New York and the Company will cease to use the Bozell brand.

#### Revenue

The Company generates revenue from planning, creating and placing advertising in various media and from planning and executing other communications or marketing programs. Historically, the commission customary in the industry was 15% of the gross charge ("billings") for advertising space or time; more recently, lower commissions have been negotiated, but often with additional incentives paid for better performance. For example, an incentive component is frequently included in arrangements with clients based on improvements in an advertised brand's awareness or image, or increases in a client's sales or market share of the products or services being advertised. Under commission arrangements, media bill the Company at their gross rates. The Company bills these amounts to its clients, remits the net charges to media and retains the balance as its commission. Many clients, however, prefer to compensate the Company on a fee basis, under which the Company bills its client for the net charges billed by the media plus an agreed-upon fee. These fees usually are calculated to reflect the Company's hourly rates and out-of-pocket expenses incurred on behalf of clients, plus proportional overhead and a profit mark-up.

Like other agencies, the Company is primarily responsible for paying media with respect to firm contracts for advertising time or space placed on behalf of its clients. The Company's practice generally is to pay media charges only once it has received funds from its clients, and in some instances the Company agrees with the media that it will be solely liable to pay the media only after the client has paid the Company for the media charges. The Company makes serious efforts to reduce the risk from a client's nonpayment, including by generally carrying out credit clearances and requiring in some cases payment of media in advance.

The Company also receives commissions from clients for planning and supervising work done by outside contractors in connection with the physical preparation of finished print advertisements and the production of television and radio commercials and other forms of advertising. This commission is customarily 17.65% of the outside contractor's net charge, which is equal to 15.0% of the outside contractor's total charges including commission. With the increasing use of negotiated fees, the terms on which outstanding contractors' charges are billed are subject to wide variations and even include, in some instances, the replacement of commissions with negotiated flat fees.

The Company also derives revenue from other activities, including the planning and placement in media of advertising produced by unrelated advertising agencies; the maintenance of specialized media placement facilities; the creation and publication of brochures, billboards, point of sale materials and direct marketing pieces for clients; the planning and carrying out of specialized marketing research; the management of public relations campaigns; the creation and management of special events, meetings and shows at which clients' products are featured; and the design and implementation of interactive programs for special marketing needs.

#### Clients

The five clients that made the largest revenue contribution in 2002 accounted individually for approximately 1.7% to 7.5% of the Company's revenue and in the aggregate accounted for approximately 15.5% of the Company's revenue. Twenty of the Company's clients accounted for approximately 27% of its revenue. Based on 2002 revenue, the Company's largest clients currently include Coca-Cola, General Motors Corporation, Johnson & Johnson, Nestle and Unilever. While the loss of the entire business of one of the Company's largest clients might have a material adverse effect upon the business of the Company, the Company believes that it is very unlikely that the entire business of any of these clients would be lost at the same time, because it represents several different brands or divisions of each of these clients in a number of geographical markets, in each case through more than one of the Company's agency systems.

Representation of a client rarely means that the Company handles advertising for all brands or product lines of the client in all geographical locations. Any client may transfer its business from an agency within the Company to a competing agency, and a client may reduce its marketing budget at any time.



The Company's agencies have written contracts with many of their clients. As is customary in the industry, these contracts typically provide for termination by either party on relatively short notice, usually 90 days but sometimes shorter or longer. In 2002, however, 21% of revenue was derived from clients that had been associated with one or more of the Company's agencies or their predecessors for 20 or more years.

#### Personnel

As of January 1, 2003, the Company employed approximately 50,800 persons, of whom 19,500 were employed in the United States. Because of the personal service character of the marketing communications business, the quality of personnel is of crucial importance to the Company's continuing success. There is keen competition for qualified employees. Interpublic considers its employee relations to be satisfactory overall.

The Company has several active programs for training personnel. These programs include meetings and seminars throughout the world.

#### Factors that May Affect the Company's Financial Condition or Results of Operations

The following factors could adversely affect the Company's revenues, results of operations or financial condition. See also "Statement Regarding Forward-Looking Disclosure."

\* ***Adverse economic and political developments***

An unfavorable economic and uncertain global political environment has resulted in reduced demand for the Company's services. In 2002, worldwide revenues of the Company declined 8.7% as compared with 2001. The Company anticipates continued weakness in demand for advertising and marketing services in 2003. If the economy remains weak, or weakens further, or in the event of further adverse political developments, including in connection with the hostilities in the Middle East or elsewhere or terrorist attacks, the results of operations of the Company are likely to be further adversely affected.

\* ***Ratings downgrades***

The Company's current long-term debt credit ratings are BB+ with negative outlook, BBB- with negative outlook and Baa3 with stable outlook, as reported by Standard & Poor's Ratings Services, Fitch Ratings and Moody's Investors Services, Inc., respectively. Although a ratings downgrade by any of the ratings agencies will not trigger any acceleration of the Company's indebtedness, such an event may adversely affect the Company's ability to access capital and would likely result in an increase in the interest rates payable under its two revolving credit facilities and any future indebtedness.

\* ***Factors affecting the Company's liquidity***

The Company's \$500 million revolving credit facility provided by a syndicate of banks is subject to an agreement by the lenders to a one-year extension by May of 2003. If the lenders under that credit facility fail to extend their commitments on a renewal date, there could be an adverse affect on the Company's liquidity.

If the Company were to lose all or a substantial portion of its uncommitted lines of credit, it would be required to seek other sources of liquidity. If it were unable to replace these sources of liquidity, the Company's ability to fund its working capital needs will be adversely affected.

If a substantial portion of the Zero-Coupon Notes remain outstanding following the completion of the tender offer for those notes, or if the tender offer is terminated due to a failure to satisfy a closing condition and the Company does not use the proceeds of the offering of its 4.5% Notes to otherwise reduce its indebtedness, its higher debt levels could adversely affect its credit ratings and could trigger a default under the financial covenants of the Company's two revolving credit facilities with a syndicate of banks and its note purchase agreements with Prudential if the Company is unable to negotiate amendments to those agreements. In addition, the holders of any Zero-Coupon Notes not tendered under the Company's tender offer will retain an option to require the Company to purchase their Zero-Coupon Notes on December 14, 2003 at a price of \$835.64 per \$1,000 principal amount at maturity of notes, plus accrued and unpaid interest, if any.

\* ***SEC investigation***

Following Interpublic's announcement in August 2002 of a restatement of its financial results for the periods from 1997 to June 2002, it was informed by the SEC that the SEC was conducting an informal inquiry into the matters

surrounding the restatement. In January 2003 the Company was informed by the SEC that it had issued a formal order of investigation with respect to these matters. While the Company is cooperating fully with the investigation, adverse developments in connection with the investigation, including any expansion of the scope of the investigation, could negatively impact the Company and could divert the efforts and attention of its management team from the Company's ordinary business operations.

\* ***Further impairment charges***

The Company recorded significant long-lived asset impairment charges during 2002. As of December 31, 2002 there was approximately \$5 billion of long-lived assets on the balance sheet of the Company. The Company periodically evaluates the realizability of all of its long-lived assets, including an annual evaluation of goodwill. Future events, including strategic decisions of the Company, could cause the Company to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired. Any resulting impairment loss would have an adverse impact on the Company's reported earnings in the period of such charge. The effect of any future substantial impairment charge could adversely affect the financial condition of the Company and otherwise result in a violation of the Company's financial covenants under its revolving credit facilities and note purchase agreements which could trigger a default under those agreements and adversely affect the liquidity of the Company.

\* ***Continuing implementation of the plan to improve internal controls***

The Company has identified various changes to its accounting and internal control structure that it believes are necessary to help ensure that accounting errors do not arise in the future. Although the Company has implemented many of these changes and has concluded that, taking into account these changes, its disclosure controls and procedures are effective in all material respects, some of the measures are still in the process of being implemented. See Item 14 "Controls and Procedures" below. Therefore, there can be no assurance that these changes to the accounting and internal controls will be sufficient. If further restatements were ever to occur or other accounting-related problems emerge, the Company could face additional litigation exposure and greater scrutiny from the SEC investigation currently taking place. Any future restatements or other accounting-related problems could also adversely affect the financial condition of the Company.

\* ***Effects of acquisitions***

The success of acquisitions depends on the effective integration of newly-acquired businesses into the current operations of the Company. Important factors for integration include realization of anticipated synergies and cost savings and the ability to retain and attract personnel and clients. There can be no assurance that the Company will realize all the benefits it expects from its recent or future acquisitions.

\* ***Competition for clients in a highly competitive industry***

The advertising agency and other marketing communications and marketing services businesses are highly competitive. The Company's agencies and media services must compete with other agencies and with other providers of creative or media services which are not themselves advertising agencies, in order to maintain existing client relationships and to obtain new clients. The client's perception of the quality of an agency's "creative product," the Company's reputation and the agency's reputation are, to a large extent, factors in determining the competitive position of the Company in the advertising agency business. 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 quite small agencies are, on occasion, able to take all or some portion of a client's account from a much larger competitor.

Size may limit an agency's 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. The Company's ability to retain existing clients and to attract new clients may, in some cases, be limited by clients' policies on or perceptions of conflicts of interest. These policies can, in some cases, prevent one agency and, in limited circumstances, different agencies within the same holding company, from performing similar services for competing products or companies. In addition, these perceived conflicts, following an acquisition by the Company of an agency or company, can result in clients terminating their relationship with the Company or reducing the number or scope of projects for which they retain those agencies. Moreover, as a result of the True North acquisition and the resulting larger number of clients, the Company faces a greater likelihood of conflicts with potential new clients in the future.

If the Company fails to maintain existing clients or attract new clients, the Company may be adversely impacted.

\* ***Loss or failure to attract key employees***

Employees, including creative, research, media, account and practice group specialists, and their skills and relationships with clients, are among the Company's most important assets. An important aspect of the Company's competitiveness is its ability to retain key employee and management personnel. Compensation for these key personnel is an essential factor in attracting and retaining them and there can be no assurances that the Company will offer a level of compensation sufficient to attract and retain these key personnel. If the Company fails to hire and retain a sufficient number of these key employees, the Company may not be able to compete effectively.

\* ***Regulations***

Advertising and marketing communications businesses are subject to government regulation, both domestic and foreign. There has been an increasing tendency in the United States 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 the Company's revenues.

\* ***International business risks***

International revenues represented 44% of the Company's total revenues in 2002. The Company's international operations are exposed to risks, which affect foreign operations of all kinds, such as local legislation, monetary devaluation, exchange control restrictions and unstable political conditions. In addition, international advertising agencies are subject to ownership restrictions in some countries because they are considered an integral factor in the communications process. These restrictions may limit the Company's ability to grow the its business and effectively manage its operations in those countries.

Item 2. Properties

Most of the operations of the Company are conducted in leased premises, and its physical property consists primarily of leasehold improvements, furniture, fixtures and equipment. These facilities are located in various cities in which the Company does business throughout the world. However, subsidiaries of the Company own office buildings in Toledo, Ohio; Blair, Nebraska; Warren, Michigan; England (in London, Manchester, Birmingham and Stoke-on-Trent); Frankfurt, Germany; Sao Paulo, Brazil; Lima, Peru; Mexico City, Mexico; and Santiago, Chile and own office condominiums in Buenos Aires, Argentina; Bogota, Colombia; and Manila, the Philippines. Facilities owned or occupied by the Company and its subsidiaries are believed to be adequate for the purposes for which they are currently used and are well maintained.

In connection with the restructuring plan announced in 2001, the Company incurred charges related to downsizing or vacating approximately 180 offices. As of December 31, 2002, the Company has terminated or subleased a majority of the relevant leases and is continuing its efforts to terminate or sublease the remaining leases. Approximately half of these lease terminations and subleases relate to operations in the United States, one-third relate to operations in Europe (principally in the UK, France and Germany), and the remainder relate to operations in Latin America and Asia Pacific. The cash portion of the restructuring charge will be paid out over a period of up to five years. Lease termination and related costs include write-offs related to the abandonment of leasehold improvements as part of the office vacancies. The Company believes that its remaining facilities are adequate to meet the needs of the Company.

### Item 3. Legal Proceedings

#### Federal Securities Class Actions

Thirteen federal securities purported class actions were filed against Interpublic and certain of its present and former directors and officers by a purported class of purchasers of Interpublic stock shortly after 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. No amount of damages is specified in the consolidated amended complaint. On February 6, 2003, defendants filed a motion to dismiss the consolidated amended complaint in its entirety. On February 28, 2003, plaintiffs filed their opposition to defendants' motion, and on March 14, 2003, defendants filed their reply to plaintiffs' opposition to defendants' motion. 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 have moved to remand the actions to Illinois state court, and have opposed defendants' motion to transfer. Those motions are now pending.

#### State Derivative Actions

In addition to the federal lawsuits, 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 the 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 February 24, 2003, plaintiffs also filed a Shareholders' Derivative Complaint in the United States District Court for the Southern District of New York. 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 intend to move to dismiss this federal derivative action.

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 the Company's financial position, cash flow 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.

The Company is involved in other legal and administrative proceedings of various types, including the above. While any litigation contains an element of uncertainty, the Company believes that the outcome of such proceedings or claims will not have a material adverse effect on the financial condition of the Company.

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

Not applicable.

#### Executive Officers of Interpublic

Below follows the information disclosed in accordance with Item 401 of Regulation S-K of the Securities and Exchange Commission (the "Commission") as required by Item 10 of Form 10-K with respect to Interpublic's executive officers.

<u>Name</u>	<u>Age</u>	<u>Office</u>
David A. Bell (1)	59	Chairman of the Board, President and Chief Executive Officer
Sean F. Orr (1)	48	Executive Vice President and Chief Financial Officer
Barry R. Linsky	61	Executive Vice President
Bruce S. Nelson	51	Executive Vice President and Chief Marketing Officer
Brian Brooks	47	Executive Vice President-Chief Human Resources Officer
Nicholas J. Camera	56	Senior Vice President, General Counsel and Secretary
Albert Conte	52	Senior Vice President-Financial Services
Thomas J. Dowling	51	Senior Vice President-Chief Risk Officer
C. Kent Kroeber	64	Senior Vice President-Human Resources
Philippe Krakowsky	40	Senior Vice President, Director of Corporate Communications

Susan V. Watson	50	Senior Vice President-Investor Relations
Gunnar Wilmot	50	Senior Vice President-Planning and Business Development
Steven Berns	38	Vice President and Treasurer
Richard P. Sneider, Jr.	53	Vice President and Controller

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(1) Also a Director

On February 27, 2003, Interpublic announced that David Bell, would succeed John J. Dooner Jr., as Chairman and CEO. Mr. Bell had been a Vice Chairman at Interpublic since True North Communications, Inc., the holding company he previously headed, was acquired by Interpublic in 2001. Interpublic also announced that Mr. Dooner would assume an active operating role as Chairman and CEO of McCann, replacing James R. Heekin, and that Mr. Dooner would retain his seat on Interpublic's board of directors.

There is no family relationship among any of the executive officers.

The employment histories for the past five years of Messrs. Bell and Orr are incorporated by reference to the Proxy Statement for Interpublic's 2002 Annual Meeting of Stockholders (the "Proxy Statement").

Mr. Linsky joined Interpublic in January 1991, when he was elected Senior Vice President-Planning and Business Development. Prior to that time, he was Executive Vice President, Account Management of Lowe & Partners, Inc. Mr. Linsky was elected to that position in July 1980, when the corporation was known as The Marschalk Company and was a subsidiary of Interpublic. Mr. Linsky was elected Executive Vice President of Interpublic in February 2001.

Mr. Nelson joined Interpublic in September 2000 as Executive Vice President, Chief Marketing Officer. Prior to that he had pursued a multi-disciplinary career with McCann-Erickson for 19 years before leaving as Executive Vice President, Director of Worldwide Accounts to serve as Vice Chairman, Chief Knowledge Officer at Young & Rubicam Inc.

Mr. Brooks joined Interpublic in November 2002 as Executive Vice President-Chief Human Resources Officer. Prior to joining Interpublic, he served as Chief Human Resources Officer for WPP Group plc from September 1992 to August 2002 and was a member of the board of directors of WPP Group during such period.

Mr. Camera joined Interpublic 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 joined Interpublic in March 2000 as Vice President-Taxes & General Tax Counsel. Prior to joining Interpublic, he served as Vice President-Senior Tax Counsel for Revlon Consumer Products Corporation from September 1987 to February 2000. Mr. Conte was elected Senior Vice President-Financial Services in December 2001.

Mr. Dowling was elected Senior Vice President-Financial Administration of Interpublic in February 2001. He joined Interpublic in January 2000 as Vice President and General Auditor. Mr. Dowling was elected Senior Vice President-Chief Risk Officer in November 2002. Prior to joining Interpublic, Mr. Dowling served as Vice President and General Auditor for Avon Products, Inc. from April 1992 to December 1999.

Mr. Kroeber joined Interpublic in January 1966 as Manager of Compensation and Training. He was elected Vice President in 1970 and Senior Vice President in May 1980.

Mr. Krakowsky joined Interpublic in January 2002 as Senior Vice President, Director of Corporate Communications. Prior to joining Interpublic, 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 and Rubicam

Ms. Watson joined Interpublic in October 2000 as Senior Vice President-Investor Relations. Prior to joining

Interpublic, she was Vice President, Investor Relations at PepsiCo, Inc. and previously was employed by Nielsen Media Research and Gannett Co. in a similar capacity.

Mr. Wilmot joined Interpublic in January 2002 as Senior Vice President-Planning and Business Development. Prior to that time, he served as Executive Vice President-Director of Worldwide Accounts for McCann-Erickson Worldwide, Inc, from March 2000 to January 2001. Mr. Wilmot served as Executive Vice President for McCann Erickson Worldwide, Inc. in its Detroit office from January 1997 to March 2000. Prior to that time, he served in a number of management positions for McCann-Erickson Worldwide, Inc.

Mr. Berns joined Interpublic in August 1999 as Vice President and Treasurer. Prior to that time, he was Senior Vice President and Treasurer of Revlon, Inc. where he served in that position from January 1996 to July 1999.

Mr. Sneeder, as a result of the True North acquisition, joined Interpublic in June 2001. Prior to that he was with True North where he served as Vice President and Controller from January 1999 to June 2001. Prior to True North, he served as Vice President and Controller of Alexander & Alexander from 1994 to 1997. Mr. Sneeder was elected Vice President and Controller of Interpublic in December 2001.

## 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, for the calendar quarters indicated, the high and low closing sales prices per share on the NYSE for the periods shown below as reported on the NYSE and dividends per share paid during those periods. At March 14, 2003, there were 21,650 registered holders of Interpublic common stock.

<b>Period</b>	<b><u>NYSE Sale Price</u></b>		<b>Dividends on Common Stock</b>
	<b><u>High</u></b>	<b><u>Low</u></b>	
<b>2001:</b>			
First Quarter .....	47.19	32.50	\$.095
Second Quarter .....	38.85	27.79	.095
Third Quarter .....	30.46	19.30	.095
Fourth Quarter .....	31.00	19.50	.095
<b>2002:</b>			
First Quarter .....	34.56	27.20	.095
Second Quarter .....	34.89	23.51	.095
Third Quarter .....	24.67	13.40	.095
Fourth Quarter .....	17.05	11.25	.095 (1)

(1) Dividend declared on November 1, 2002 in respect of third quarter results. No dividend in respect of fourth quarter results was declared.

#### Dividend Policy

On February 10, 2003, the Company announced that no dividend would be paid on March 15, 2003. The Company's future dividend policy, which will be determined on a quarter-by-quarter basis, will depend on earnings, financial condition, capital requirements and other factors and will remain subject to the restrictions under the Company's amended revolving credit facilities with a syndicate of banks and its note purchase agreements with the Prudential Insurance Company of America. See "Management's Discussion and Analysis of Financial Condition

and Results of Operations - Liquidity and Capital Resources - Financing Activities" below.

Transfer Agent and Registrar for Common Stock

The transfer agent and Registrar for the Company's common stock is:

Mellon Investor Services, Inc.  
44 Wall Street, 6th Floor  
New York, NY 10005

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 the equity compensation plans of the Company.

<u>Plan Category</u>	<u>Equity Compensation Plan Information</u>		Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) <u>(c)</u>
	Number of shares of Common Stock to be Issued Upon Exercise of Outstanding Stock Options <u>(a)</u>	Weighted-Average Exercise Price of Outstanding Stock Options <u>(b)</u>	
Equity Compensation Plans Approved by Holders	41,324,575	\$29.39	11,461,701
Equity Compensation Plans Not (1) Approved by Security Holders	1,016,500	\$27.53	0

(1) Special Stock Option Grants awarded to certain True North executives following Interpublic's acquisition of True North (the "True North Options"). The stock options were granted at the fair market value of Interpublic's common stock on the date of grant. The terms and conditions of these stock option awards are governed by Interpublic's 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 grant and expire ten years from the grant date. The True North Options generally will vest 40% on August 23, 2005, 30% on August 23, 2005 and 30 on August 23, 2006.

Sales of Unregistered Securities

The Company has made the following acquisitions in the fourth quarter of 2002 involving the issuance of Interpublic Stock:

(i) On December 5, 2002, the Registrant issued 188,112 shares of Interpublic Stock to the 6 former shareholders of a foreign company that was acquired by the Registrant in the 2nd Qtr. of 1997. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$2,737,033 as of the date of issuance. The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons in reliance on Rule 903(b)(3) of Regulation S under the Securities Act.

(ii) On December 3, 2002, the Registrant paid \$7,366,077 in cash and issued 184,001 shares of Interpublic Stock to the 5 former shareholders of a company which was acquired by a subsidiary of the Registrant in the 4<sup>th</sup> Qtr. Of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$2,455,359 as of the date of issuance. The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons in reliance on Rule 903(b)(3) of Regulation S under the Securities Act.

(iii) On November 25, 2002, the Registrant issued 5,052 shares of Interpublic Stock, and on December 2, 2002 paid \$196,476.41 in cash to the eighteen former shareholders of a company which was acquired in the Fourth Quarter of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$75,607.41 as of the date of issuance. The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons" in reliance on Rule 903(b)(3) of Regulation S under the Securities Act.



(iv) On November 4, 2002, the Registrant paid \$432,428 in cash and issued 5,698 shares of Interpublic Stock to the 2 former shareholders of a foreign company that was acquired by the Registrant in the 2nd Qtr. of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$70,940 as of the date of issuance. The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons in reliance on Rule 903(b)(3) of Regulation S under the Securities Act.

(v) On November 4, 2002, the Registrant paid \$655,031 in cash and issued 6,684 shares of Interpublic Stock to the 2 former shareholders of a foreign company that was acquired by the Registrant in the 2nd Qtr. of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$83,216 as of the date of issuance. The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons in reliance on Rule 903(b)(3) of Regulation S under the Securities Act.

(vi) On November 4, 2002, the Registrant issued 5,692 shares of Interpublic Stock to the two former stockholders of a company that was acquired in the first quarter of 1998. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of approximately \$74,000 as of the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in reliance on Section 4(2) under the Securities Act, based on the sophistication of the acquired company's former stockholders. The former stockholders had access to all the documents filed by the Registrant with the SEC, including the Registrant's (i) Annual Report and Form 10-K/A for the year ended 2001, (ii) Quarterly Report on Form 10-Q/A for June 30, 2002, (iii) Reports on Form 8-K for 2002, and (iv) Proxy Statement for the Annual Meeting of Stockholders held on May 20, 2002.

(vii) On October 7, 2002 the Registrant issued 162,396 shares of Interpublic Stock and paid UK 1,775,285 Pound Sterling in cash to 5 former shareholders of a company as an interim payment for 100% of the shares of the company which was acquired in the third quarter 2000. The shares of Interpublic Stock were valued at US\$ 2,726,800 at the date of issuance. The shares of Interpublic Stock were issued by the Registrant without registration in an "off shore transaction" and solely to "non US persons" in reliance on Rule 903(b)(3) of the Regulation S under the Securities Act.

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**PART II**

Item 6. Selected Financial Data

The following tables set forth selected financial data concerning the Company for each of the last five years. The following selected financial data, which reflect the adjustments to prior years described below under "Management's Discussion and Analysis of Financial Condition and Results of Operations" (the "MD&A"), should be read in conjunction with the consolidated financial statements and notes thereto and the MD&A included elsewhere herein.

**SELECTED FINANCIAL DATA FOR FIVE YEARS**  
**(Amounts in Millions, Except Per Share Amounts and Number of Employees)**

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>OPERATING DATA</b>					
Revenue	\$ 6,203.6	\$ 6,791.2	\$ 7,182.7	\$ 6,417.2	\$ 5,492.9
Salaries and related expenses	3,549.0	3,809.2	4,056.4	3,635.9	3,158.9
Office and general expenses	2,096.6	2,103.8	1,986.6	1,871.5	1,592.0
Amortization of intangible assets	13.0	173.1	144.4	128.6	84.0
Restructuring and other merger-related costs	12.1	645.6	177.7	159.5	3.3
Long-lived asset impairment and other charges	127.1	303.1	--	--	--
Investment impairment	39.7	210.8	--	--	--
Interest expense	145.6	164.6	126.3	99.5	86.5
Provision for (benefit of) income taxes	140.3	(55.3)	340.2	279.6	298.1
Net income (loss)	\$ 99.5	\$ (534.5)	\$ 392.8	\$ 336.6	\$ 360.0
<b>PER SHARE DATA</b>					
<b>Basic</b>					
Net income (loss)	\$ 0.26	\$ (1.45)	\$ 1.09	\$ 0.96	\$ 1.04
Weighted-average shares	376.1	369.0	359.6	352.0	346.9
<b>Diluted</b>					
Net income (loss)	\$ 0.26	\$ (1.45)	\$ 1.06	\$ 0.92	\$ 1.00
Weighted-average shares	381.3	369.0	370.6	364.6	359.4
<b>FINANCIAL POSITION</b>					
Working capital	\$ (767.5)	\$ (78.3)	\$ (421.7)	\$ (82.6)	\$ (151.3)
Total assets	\$11,793.7	\$11,375.3	\$12,253.6	\$11,148.9	\$9,295.2
Total long-term debt	\$ 1,817.7	\$ 2,480.6	\$ 1,531.8	\$ 1,085.2	\$ 721.7
Book value per share	\$ 5.44	\$ 4.86	\$ 6.38	\$ 5.63	\$ 4.74
<b>OTHER DATA</b>					
Cash dividends	\$ 145.6	\$ 129.2	\$ 109.1	\$ 90.4	\$ 76.9
Cash dividends per share	\$ .38	\$ .38	\$ .37	\$ .33	\$ .29
Number of employees	50,800	54,100	62,000	54,800	49,500

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

**OVERVIEW OF SIGNIFICANT EVENTS**

The year 2002 was a difficult one for the Company in which operating results were negatively impacted by continued softness in worldwide demand for advertising and marketing communications services. Also, during the year the Company identified charges that were related to prior periods that required restatements of previously filed financial statements. Subsequent to the end of 2002, the Company made certain management changes (including naming a new Chairman and CEO) and entered into new financing arrangements.

A discussion of the significant events is as follows:

\* **Economic conditions**

The year 2002 reflected continued softness in demand for all advertising and marketing communications services. Revenue dropped approximately 9% from 2001 to 2002. The drop in demand was not limited to any one of the Company's service offerings nor to any geographical region; however, there was a more widespread decline in project-based business. In addition, the unstable geopolitical environment had an impact on client spending, particularly toward the latter part of the year.

\* **Restatements**

During 2002 the Company identified charges that related to prior periods and restated its financial statements in previously amended SEC filings. The restatements included \$181.3 (\$135.9, net of tax) of charges that related largely to McCann-Erickson WorldGroup ("McCann") intracompany and other charges. The restatements also included \$118.7 (\$83.8, net of tax) of long-lived asset impairment and other charges that were required to be restated in the third quarter 2002 financial statements. Additionally, \$47.0 (\$35.3, net of tax) in other adjustments was identified. See Note 16 to the consolidated financial statements for further discussion, including the period to which these charges relate.

The Company has been advised by the Securities and Exchange Commission staff that it has issued a formal order of investigation in connection with the Company's restatement of earnings for the periods from 1997. The Company is cooperating fully with the SEC.

\* **Management Changes**

In February 2003, the Board of Directors announced significant changes in the top management of the Company and its largest agency, McCann. The Company's Chairman and CEO, John J. Dooner, Jr. has assumed an active operating role as Chairman and CEO of McCann, replacing James R. Heekin, who has left the Company. David A. Bell, Vice Chairman and former CEO of True North, has assumed the role of Chairman and CEO of the Company.

\* **Financing Activities**

As a result principally of the restatements discussed above, the Company required and received waivers and amendments related to certain borrowing arrangements. In connection with these amendments and waivers, the Company agreed to revised financial covenant levels and to restrictions on dividends, cash acquisitions, capital expenditures, prepayment of long-term debt and additional borrowings by subsidiaries. As of December 31, 2002, the Company was in compliance with the terms of all of its borrowing arrangements.

As discussed in Note 8 to the consolidated financial statements, in March 2003, the Company completed the issuance and sale of \$800.0 of aggregate principal amount of 4.5% Convertible Senior Notes due 2023. The Company intends to use the net proceeds of approximately \$778 from the sale of the notes to fund a concurrent offer to purchase (for up to \$582.5) its outstanding Zero-Coupon Convertible Senior Notes due 2021. Any funds raised in the offering but not used in the offer to purchase will be used for the repayment of other indebtedness, general corporate purposes and for working capital requirements.

On October 25, 2002, Moody's Investors Services, Inc. downgraded the Company's credit rating to Baa3. On March 7, 2003, Standard and Poor's downgraded the Company's credit rating to BB+.

See "Liquidity and Capital Resources" for further discussion.

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**OUTLOOK**

The Company's results of operations are dependent upon: a) maintaining and growing its revenue, b) the ability to retain and gain new clients, c) the continuous alignment of its costs to its revenue and d) retaining and attracting key personnel. Revenue is also highly dependent on overall economic and political conditions. For a discussion of these and other factors that could affect the Company's results of operations and financial conditions, see "Statement Regarding Forward-Looking Disclosure" and "Factors that May Affect the Company's Financial Condition and Results of Operations" above. As discussed above, 2002 was a difficult year for the Company, reflecting a continued softness in worldwide demand for advertising and marketing services. The uncertain economic and geopolitical environment results in a lack of visibility in the demand for advertising and marketing services for 2003. The Company continues to align its costs to its revenue, including a reduction in the Company's headcount to approximately 50,800 at December 31, 2002 from 54,100 the year before.

Barring a further economic downturn or further adverse effects of the unstable geopolitical environment, the Company expects that 2003 revenue will decline between 1% to 4% from 2002 on an organic basis.

On January 15, 2003, the Company announced that it had hired outside advisors to help explore strategic alternatives regarding NFO, its custom marketing research operation, and is currently in discussions concerning a possible sale. In addition, the Company is evaluating exit strategies relative to its motorsports business.

**RESULTS OF OPERATIONS**

The following discussion relates to the results of the Company after giving effect to the adjustments for the restatements described above in "Overview of Significant Events".

All amounts discussed below are reported in accordance with generally accepted accounting principles ("GAAP"). When comparing performance between years, the Company discusses the impact that foreign currency rate changes, acquisitions/dispositions and organic growth have on reported results. As the Company derives significant revenue from international operations, changes in foreign currency rates between the years may have significant impact on reported results. Reported results are also impacted by the Company's acquisition and disposition activity. Management believes that discussing the impact of currency fluctuations and acquisitions/dispositions provides a better understanding of the reported results.

The Company also discusses the impact of the loss of the Chrysler account in the fourth quarter of 2000 (revenue and operating expenses related to which continued through the second quarter of 2001). Chrysler was a major client of True North Communications, Inc. ("True North"), which the Company acquired in a transaction accounted for as a pooling of interests in June 2001. In addition, as a result of the acquisition of True North, the Company lost accounts of Pepsi-owned brands due to client conflicts within the combined company. Management believes that discussing the impact of these significant client losses is relevant when comparing performance between years.

The Company reported net income of \$99.5 or \$0.26 diluted earnings per share, net loss of \$534.5 or \$1.45 diluted loss per share and net income of \$392.8 or \$1.06 diluted earnings per share for the years ended December 31, 2002, 2001 and 2000, respectively. Net income in 2002 includes \$127.1 of long-lived asset impairment and other charges related to its motorsports business. Net income in 2001 includes \$645.6 of restructuring and other merger-related costs in connection with the acquisition of True North and subsequent realignment of certain of its businesses and \$303.1 of long-lived asset impairment and other charges related to goodwill associated with the Company's internet services businesses and several other offices in Europe and Asia Pacific. Net income in 2000 includes restructuring and other merger-related costs of \$177.7 related to the merger of two of its advertising networks, costs associated with the loss of the Chrysler account, and other transaction costs primarily related to the Company's mergers with Deutsch and NFO.

As discussed in Note 14 to the consolidated financial statements, the Company is comprised of two reportable segments: the Interpublic Sports and Entertainment Group ("SEG"), and IPG excluding SEG. SEG was formed during the second quarter of 2002 through a carve-out from the Company's other operating groups and is primarily comprised of the operations of Octagon, which is the Company's sports marketing business and includes the Company's motorsports business, and Jack Morton Worldwide, which is the Company's event planning business.

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SEG revenue is not material to the Company as a whole. However, in 2002 due to the recording of long-lived asset impairment charges, the operating difficulties and resulting higher costs from its motorsports business, SEG incurred a significant operating loss. Based on the fact that the book value of long-lived assets relating to OMS 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 has begun to report 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.

The following summarizes certain financial information for purposes of management's discussion and analysis:

	2002			2001			2000		
	<u>IPG</u> <u>(excl.</u> <u>SEG)</u>	<u>SEG</u>	<u>Total</u> <u>IPG</u>	<u>IPG</u> <u>(excl.</u> <u>SEG)</u>	<u>SEG</u>	<u>Total</u> <u>IPG</u>	<u>IPG</u> <u>(excl.</u> <u>SEG)</u>	<u>SEG</u>	<u>Total</u> <u>IPG</u>
Revenue	\$5,834.9	\$ 368.7	\$6,203.6	\$6,365.7	\$ 425.5	\$6,791.2	\$6,785.1	\$397.6	\$7,182.7
Salaries and related	3,367.3	181.7	3,549.0	3,608.9	200.3	3,809.2	3,859.4	197.0	4,056.4
Office and general	1,849.0	247.6	2,096.6	1,917.3	186.5	2,103.8	1,863.8	122.8	1,986.6
Amortization of intangibles	10.3	2.7	13.0	161.0	12.1	173.1	135.6	8.8	144.4
Restructuring and other merger-related	12.1	--	12.1	616.1	29.5	645.6	174.7	3.0	177.7
Long-lived asset impairment and other charges	--	127.1	127.1	293.2	9.9	303.1	--	--	--
Operating income (loss)	<u>\$ 596.2</u>	<u>\$(190.4)</u>	<u>\$ 405.8</u>	<u>\$(230.8)</u>	<u>\$(12.8)</u>	<u>\$(243.6)</u>	<u>\$ 751.6</u>	<u>\$ 66.0</u>	<u>\$817.6</u>

Some of the key factors driving the financial results in 2002 were:

- \* Revenue declines as a result of the continued softness in demand for the Company's services;
- \* Reduction in salaries and related expenses as a result of headcount reductions from the Company's 2001 restructuring initiatives;
- \* Higher bad debt expense and additional professional fees resulting from the restatement and related litigation and the SEC investigation previously described and the higher costs related to the Company's motorsports business within SEG; and
- \* Reduced amortization of intangible assets as a result of adopting the accounting standard related to goodwill amortization.

**REVENUE**

The Company is a worldwide global marketing services company, providing clients with communications expertise in four broad areas: a) advertising and media management, b) marketing communications, which includes direct marketing and customer relationship management, public relations, sales promotion, event marketing, on-line marketing, corporate and brand identity and healthcare marketing, c) marketing intelligence, which includes marketing research, brand consultancy and database management and d) specialized marketing services, which includes sports and entertainment marketing, corporate meetings and events, retail marketing and other marketing and business services.

Worldwide revenue for 2002 was \$6,203.6, a decrease of \$587.6 or 8.7% from 2001. Domestic revenue, which represented 56% of revenue in 2002, decreased \$390.5 or 10.1% from 2001. International revenue, which represented 44% of revenue in 2002, decreased \$197.1 or 6.8% from 2001. International revenue would have decreased 7.5% excluding the effects of changes in foreign currency. The decrease in worldwide revenue was primarily the result of the continued softness in the demand for advertising and marketing services by current clients

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due to the weak economy, the impact of the loss of the Chrysler account in the fourth quarter of 2000 and the merger-related loss of accounts of Pepsi owned brands. The components of the total revenue change of (8.7)% were: net acquisitions/divestitures (0.6)%, impact of foreign currency changes 0.3%, impact of the loss of the Chrysler account and loss of accounts of Pepsi owned brands (0.7)% and organic revenue decline (7.7)%. Organic changes in revenue are based on increases or decreases in net new business activity and increases or decreases in activity from existing client accounts.

Worldwide revenue for 2001 was \$6,791.2, a decrease of \$391.5 or 5.5% from 2000. Domestic revenue, which represented 57% of revenue in 2001, decreased \$364.5 or 8.6% from 2000. International revenue, which represented 43% of revenue in 2001, decreased \$27.0 or 0.9% from 2000. International revenue would have increased 5.1% excluding the effects of changes in foreign currency. The decrease in worldwide revenue was a result of reduced demand for advertising and marketing services due to the weak economy, particularly in the United States, the negative impact of the events of September 11 and the impact of the loss of the Chrysler account in the fourth quarter of 2000. The components of the total revenue change of (5.5)% were: net acquisitions/divestitures 0.9%, impact of foreign currency changes (2.2)%, impact of the loss of the Chrysler account (1.6)%, the estimated impact of the events of September 11 (0.5)% and organic revenue decline (2.1)%. Organic changes in revenue are based on increases or decreases in net new business activity and increases or decreases in activity from existing client accounts.

***OPERATING EXPENSES***

Worldwide operating expenses for 2002 decreased \$1,237.0, or 17.6% to \$5,797.8. Worldwide operating expenses for 2001 increased \$669.7 or 10.5% to \$7,034.8.

***Salaries and Related Expenses***

In 2002, the Company's expenses related to employee compensation and various employee incentive and benefit programs amount to approximately 57% of revenue. The employee incentive programs are based primarily upon operating results. Salaries and related expenses in all periods were also impacted by normal salary progression. Salaries and related expenses were \$3,549.0 for 2002 and \$3,809.2 in 2001, a decrease of \$260.2 or 6.8%. The decrease is a result of lower headcount, which was reduced by 6.1% to 50,800 at December 31, 2002 from 54,100 at December 31, 2001. This was partially offset by a benefit of \$50.0 recorded in 2001 resulting from a reduction in severance reserves related to significant headcount reductions. The components of the total change of (6.8)% were: net acquisitions/divestitures (1.0)%, impact of foreign currency changes 0.4%, impact of the loss of the Chrysler account and loss of accounts of Pepsi owned brands (0.5)% and reductions in salaries and related expenses from existing operations (5.7)%.

Salaries and related expenses were \$3,809.2 in 2001 and \$4,056.4 in 2000, a decrease of \$247.2 or 6.1%. The decrease was a result of lower headcount, which was reduced by 12.7% to 54,100 at December 31, 2001 from 62,000 at December 31, 2000, a benefit of \$50.0 in 2001 resulting from a reduction in severance reserves related to significant headcount reductions, and reduced incentive compensation commensurate with performance. The components of the total change of (6.1)% were: net acquisitions/divestitures 0.8%, impact of foreign currency changes (2.0)%, impact of the loss of the Chrysler account (1.4)% and reductions in salaries and related expenses from existing operations (3.5)%.

***Office and General Expenses***

Office and general expenses were \$2,096.6 in 2002 and \$2,103.8 in 2001, a decrease of \$7.2 or 0.3%. The decrease was primarily due to the cost reduction initiatives from the 2001 restructuring plan including reduced travel and entertainment costs and reduced office related and supplies costs, and write-off of operating assets of \$85.4 in 2001 which were no longer considered realizable. This was offset by an increase in professional fees resulting from the restatements and the related litigation and the SEC investigation previously described, an increase in bad debt expense and higher costs related to the Company's motorsports business within SEG. The components of the total change of (0.3)% were: net acquisitions/divestitures (0.2)%, impact of foreign currency changes 0.5%, impact of the loss of the Chrysler account and loss of accounts of Pepsi owned brands (0.7)% and increases in office and general expenses from existing operations 0.1%.

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Office and general expenses were \$2,103.8 in 2001 and \$1,986.6 in 2000, an increase of \$117.2 or 5.9%. The increase was primarily due to higher office rental costs, supplies costs and travel and entertainment costs. However, during the latter part of the year, the Company benefited from the restructuring plan initiatives, which reflected a reduction of such costs. The components of the total change of 5.9% were: acquisitions net of divestitures 0.4%, impact of foreign currency changes (2.4)%, impact of the loss of the Chrysler account (2.2)% and increases in office and general expenses from existing operations 10.1%.

***Amortization of Intangible Assets***

Amortization of intangible assets was \$13.0 in 2002, \$173.1 in 2001 and \$144.4 in 2000. The decrease in 2002 is primarily a result of the adoption of the new standard on accounting for goodwill and other intangible assets effective January 1, 2002. See Recent Accounting Standards section for discussion of the cessation of goodwill amortization and the amortization of other intangible assets.

***Restructuring and Other Merger-related Costs***

**2002 Activities**

In the third quarter of 2002, the Company recorded an additional \$12.1 in charges related to the 2001 restructuring plan. The additional charge was necessitated largely by increases in estimates of lease losses due to lower than anticipated sublease income in key markets, including San Francisco, Chicago, Paris and London.

**2001 Activities**

Following the completion of the True North acquisition in June 2001, the Company initiated a series of operational initiatives focusing on: a) the integration of the True North operations and the identification of synergies and savings, b) the realignment of certain Interpublic businesses and c) productivity initiatives to achieve higher operating margins. In connection with the operational initiatives, 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 (\$446.5, net of tax).

A summary of the remaining liability for restructuring and other merger-related costs, including the 2002 charges, is as follows:

	<b>Balance at December 31, 2001</b>	<b>2002 Charge</b>	<b>Cash paid in 2002</b>	<b>Long- term Liabilities and Non- cash Items</b>	<b>Liability at December 31, 2002</b>
<b>TOTAL BY TYPE</b>					
Severance and termination costs	\$154.0	\$ 2.3	\$(129.2)	\$(11.2)	\$ 15.9
Lease termination and other exit costs	<u>157.1</u>	<u>9.8</u>	<u>(72.3)</u>	<u>--</u>	<u>94.6</u>
Total	<u>\$311.1</u>	<u>\$12.1</u>	<u>\$(201.5)</u>	<u>\$(11.2)</u>	<u>\$110.5</u>

The Company has terminated approximately 7,000 employees in connection with the restructuring plan. The majority of the remaining severance liabilities are expected to be paid out through the end of the third quarter of 2003. Amounts totaling \$11.2 have been transferred from restructuring liabilities to non-current liabilities (in the case of certain long-term deferred compensation arrangements) or to additional paid-in capital (in the case of vested restricted stock amounts).

The Company downsized or vacated approximately 180 locations. The remaining liabilities will be paid out over a period of up to five years. Lease termination and related costs included write-offs related to the abandonment of leasehold improvements as part of the office vacancies.

Other exit costs relate principally to the impairment loss on sale or closing of certain business units in the US and Europe. In the aggregate, the businesses sold or closed represented an immaterial portion of the revenue and operating profit of the Company. The write-off amount was computed based upon the difference between the estimated sales proceeds (if any) and the carrying value of the related assets. The sales and closures had been completed by September 30, 2002.

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**2000 Activities**

During 2000, the Company recorded restructuring and other merger-related costs of \$177.7 (\$124.3, net of tax). Of the total pre-tax restructuring and other merger-related costs, cash charges represented \$104.6. The key components of the charge were: a) costs associated with the restructuring of Lowe & Partners Worldwide (formerly Lowe Lintas & Partners Worldwide), b) costs associated with the loss, by True North, of the Chrysler account, c) other costs related to the acquisition of Deutsch and d) costs related principally to the merger with NFO.

**Lowe & Partners**

In October 1999, the Company announced the merger of two of its advertising networks. The networks affected, Lowe & Partners Worldwide and Ammirati Puris Lintas, were combined to form a new agency. The merger involved the consolidation of operations in agencies in approximately 24 cities in 22 countries around the world and the severance of approximately 600 employees. As of September 30, 2000, all restructuring activities had been completed.

In connection with this restructuring, costs of \$84.1 (\$51.4, net of tax) were recorded in 1999 and \$87.8 (\$53.6, net of tax) in 2000. Of the totals, \$75.6 related to severance, \$50.2 related to lease related costs and the remainder related principally to investment write-offs. No adjustment to the Company's statement of operations was required as a result of the completion of the restructuring plan.

**Loss of Chrysler Account**

As a result of the loss of the Chrysler account, one of True North's larger accounts, the Company recorded a charge of \$17.5 pre-tax (\$10.0, net of tax) in the fourth quarter of 2000. The charge covered primarily severance, lease termination and other exit costs associated with the decision to close the Detroit office. In addition, an impairment loss of \$5.5 was recorded for intangible assets that were determined to be no longer recoverable. Offsetting these charges was a \$5.2 payment from Chrysler to compensate the Company for severance and other exit costs. As of December 31, 2001, all actions had been completed.

**Acquisition of Deutsch**

In connection with the acquisition of Deutsch in 2000, the Company recognized a charge related to one-time transaction costs of \$44.7 (\$41.7, net of tax). The principal component of this amount related to the expense associated with various equity participation agreements with certain members of management. These agreements provided for participants to receive a portion of the proceeds in the event of the sale or merger of Deutsch.

**NFO**

In addition to the above 2000 activities, additional charges, substantially all of which were cash costs, were recorded during 2000 related principally to the transaction and other merger-related costs arising from the acquisition of NFO.

***Long-Lived Asset Impairment and Other Charges***

**2002 Impairment**

Octagon Motorsports (OMS), within SEG, owns and leases certain racing circuit facilities that are used for automobile, motorcycle and go-cart racing, primarily in the United Kingdom. Beginning in the second quarter of 2002 and continuing in subsequent quarters, certain of the Octagon businesses experienced significant operational difficulties, including significantly lower than anticipated attendance at the marquee British Grand Prix race in July 2002. These events and a change in management at OMS in the third quarter of 2002 led the Company to begin assessing its long-term strategy for OMS.

In accordance with the provisions of SFAS 142, the Company prepared a discounted cash flow analysis which indicated that the book value of OMS significantly exceeded its estimated fair value and that a goodwill impairment had occurred in the third quarter of 2002. In addition, as a result of the goodwill analysis, the Company assessed whether there had been an impairment of the Company's long-lived assets in accordance with SFAS 144. The Company concluded that the book value of certain asset groupings at OMS was significantly higher than their expected future cash flows and that an impairment had occurred. Accordingly, the Company has recognized a non-cash impairment loss and related charge of \$127.1 (\$89.7, net of tax) in 2002. The charges included \$82.1 of goodwill impairment, \$33.0 of fixed assets and capital expenditure write-offs, and \$12.0 to record the fair value of an associated put option.



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In addition, OMS is contractually required to upgrade and improve certain of its existing facilities over the next two years. As of December 31, 2002, these capital expenditure commitments amount to approximately \$30 and are expected to be impaired as incurred based on current cash flow analyses for the relevant asset groupings.

In the fourth quarter of 2002, management determined that its original operating plans were no longer feasible and decided to explore options to exit some or all of these businesses. The remaining book value of long-lived assets relating to OMS was approximately \$70 at December 31, 2002, and this amount, as well as other substantial contractual obligations, may not be fully recoverable depending upon the exit strategy ultimately followed.

**2001 Impairment**

Following the completion of the True North acquisition and the realignment of certain of the Company's businesses in 2001, the Company evaluated the realizability of various assets. In connection with this review undiscounted cash flow projections were prepared for certain investments, and the Company determined that the goodwill attributable to certain business units was stated at an amount in excess of the future estimated cash flows. As a result, an impairment charge of \$303.1 (\$263.4, net of tax) was recorded in 2001. Of the total write-off, \$221.4 was recorded in the second quarter, with the remainder recorded in the third quarter. The largest components of the goodwill impairment and other charges were Capita Technologies, Inc. (approximately \$145) and Zentropy Partners (approximately \$16), both internet services businesses. The remaining amount primarily related to several other businesses including internet services, healthcare consulting and certain advertising offices in Europe and Asia Pacific.

**OTHER INCOME (EXPENSE)**

***Interest Expense***

Interest expense decreased by \$19.0 to \$145.6 in 2002 due to lower debt levels, lower interest rates paid on short-term borrowings and the issuance and sale of the Zero-Coupon Notes in December 2001. The Company used the net proceeds of \$563.2 from the Zero-Coupon Notes to repay indebtedness under the Company's credit facilities.

Interest expense increased by \$38.3 to \$164.6 in 2001 due to higher debt levels, which included the issuance and sale of \$500.0, 7.25% notes due 2011 in August 2001. The increase was partially offset by lower interest rates paid on short-term borrowings. The Company's effective interest rate was benefited by the interest rate swap agreements covering substantially all of the \$500.0, 7.875% notes issued in 2000. The interest rate savings as a result of these agreements was approximately \$13.9 and \$4.5 in 2002 and 2001, respectively. During 2002, the Company terminated all interest rate swap agreements. See "Liquidity and Capital Resources" below for description of financing activities.

***Interest Income***

Interest income was \$29.8 in 2002, \$41.8 in 2001 and \$57.5 in 2000. The decrease in 2002 is primarily due to lower interest rates. The decrease in 2001 is primarily due to lower interest rates and lower average cash balances primarily resulting from the lower earnings levels in 2001.

***Other Income***

The following table sets forth the components of other income:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Gains on sales of business	\$ 7.0	\$12.3	\$16.5
Gains (losses) on sales of available-for-sale securities	5.3	(2.5)	28.5
Investment income and miscellaneous	<u>2.8</u>	<u>3.9</u>	<u>(2.4)</u>
	<u>\$15.1</u>	<u>\$13.7</u>	<u>\$42.6</u>

See Investing Activities in "Liquidity and Capital Resources" below for a discussion of proceeds from sales of businesses.

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***INVESTMENT IMPAIRMENT***

During 2002, the Company recorded \$39.7 of investment impairment primarily related to certain investments of Octagon, the Company's sports marketing business within SEG. The impairment charges adjusted the carrying value of investments to the estimated market value where an other than temporary impairment had occurred.

During 2001, the Company recorded total charges related to the impairment of investments of \$210.8 (\$136.6, net of tax). Of the total amount, \$160.1 (\$103.7, net of tax) was recorded in the first quarter, and \$48.2 (\$30.4, net of tax) was recorded in the third quarter. The charge in the first quarter related to the impairment of investments primarily in publicly traded internet-related companies, including marchFIRST, Inc. (an internet professional services firm), which had filed for relief under Chapter 11 of the Federal Bankruptcy Code in April 2001. The third quarter charge included write-offs for investments in non-internet companies, certain venture funds and other investments. In addition, the Company recorded a charge of \$2.5 to record the fair value of a put option. The impairment charges adjusted the carrying value of investments to the estimated market value where an other than temporary impairment had occurred.

**OTHER ITEMS**

***Effective Income Tax Rate***

The Company's effective income tax rate was an expense of 52.9% in 2002, a benefit of 9.8% in 2001 and an expense of 43.0% in 2000. The 2002 effective income tax rate includes the effect of the adoption of SFAS 142 (See Note 1). The 2001 and 2000 effective income tax rates reflect the impact of goodwill amortization. The 2002, 2001 and 2000 effective tax rates were also impacted by restructuring and other merger-related costs and long-lived asset impairment and other charges that resulted in tax benefits lower than the statutory rate of 35%. 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. The increased tax rate in 2002 reflects a higher proportion of earnings derived from the US, where it is taxed at higher rates. The increased tax rate in 2001 reflects a change in the tax status of Deutsch, Inc., which was acquired in November 2000, from "S" Corporation to "C" Corporation status.

***Minority Interest***

Income applicable to minority interests was \$31.3 in 2002, \$30.3 in 2001 and \$42.8 in 2000. The decrease in 2001 was primarily due to lower operating results of certain operations in Europe and Asia Pacific.

***Unconsolidated Affiliates***

Equity in net income (loss) of unconsolidated affiliates was \$5.7 in 2002, \$4.0 in 2001 and a loss of \$15.6 in 2000. The increase in 2002 was primarily due to increased earnings of unconsolidated affiliates in the US, partially offset by the sale of an unconsolidated affiliate in Europe and the US. The increase in 2001 was due to a charge of \$25.7 in 2000 related to the Company's share of the asset impairment and restructuring charges of Modem Media, reduced earnings of unconsolidated affiliates and the consolidation of an advertising office in the Middle East at the end of 2000.

**DERIVATIVES AND HEDGING ACTIVITIES**

The Company enters into interest rate swaps, hedges of net investments in foreign operations and forward contracts.

***Interest Rate Swaps***

At December 31, 2001, the Company had outstanding interest rate swap agreements covering \$400.0 of the \$500.0, 7.875% notes due October 2005. The swaps had the same term as the debt and effectively converted the fixed rate on the debt to a variable rate based on 6 month LIBOR. The swaps were accounted for as hedges of the fair value of the related debt and were recorded as an asset or liability as appropriate. As of December 31, 2001, the fair value of the hedges was an asset of approximately \$10.

As of December 31, 2002, the Company had terminated all of the interest rate swap agreements covering the \$500.0, 7.875% notes due October 2005. In connection with the termination of the interest rate swap agreements, the Company received \$45.7 in cash which will be recorded as an offset to interest expense over the remaining life of the related debt.

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*Hedges of Net Investments*

The Company has significant foreign operations and conducts business in various foreign currencies. In order to hedge the value of its investment in Europe, the Company had designated approximately 125 million Euro of borrowings under its \$375.0 Revolving Credit Facility as a hedge of this net investment. Changes in the spot rate of the debt instruments designated as hedges of the net investment in a foreign subsidiary are reflected in the cumulative translation adjustment component of stockholders' equity. The amount deferred in 2001 was approximately \$5. The Company has repaid the Euro borrowings that, as of December 31, 2001, had been designated as a hedge of a net investment.

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. The amount deferred in 2002 was not material.

*Forward Contracts*

The Company has entered into foreign currency transactions in which foreign currencies (principally the Euro, Pounds Sterling and the Japanese Yen) are bought or sold forward. The contracts were entered into to meet currency requirements arising from specific transactions. The changes in value of these forward contracts were reflected in the Company's consolidated statement of operations. As of December 31, 2001 the Company had contracts covering approximately \$50 of notional amount of currency and the fair value of the forward contracts was a loss of \$0.2.

As of December 31, 2002, the Company had contracts covering \$37.1 of notional amount of currency and the fair value of the forward contracts was a gain of \$5.1.

*Other*

The Company has two embedded derivative instruments under the terms of the offering of Zero-Coupon Notes (for which a tender offer was made in March 2003) as discussed in Note 8. At December 31, 2002, the fair value of the two derivatives was negligible. In connection with the issuance and sale of the 4.5% Convertible Senior Notes in March 2003, two embedded derivatives were created. The fair value of the two derivatives in March 2003 was negligible.

As discussed in Note 3 to the consolidated financial statements, the Company has 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 approximate fair value.

**LIQUIDITY AND CAPITAL RESOURCES**

At December 31, 2002, cash and cash equivalents were \$933.0, a decrease of \$2.2 from the December 31, 2001 balance of \$935.2. The Company collects funds from clients on behalf of media outlets resulting in cash receipts and disbursements at levels substantially exceeding its revenue. Therefore, the working capital amounts reported on its balance sheet and cash flows from operating activities reflect the "pass-through" of these items.

Cash flow from operations and borrowings under existing credit facilities, and refinancings thereof, have been the primary sources of the Company's working capital, and management believes that they will continue to be so in the future.

*Operating Activities*

Net cash provided by operating activities was \$873.8, \$141.6 and \$602.1 for the years ended December 31, 2002, 2001 and 2000, respectively. The increase in 2002 was attributable to an increase in cash provided from working capital primarily as a result of improved receivables management and timing of international media payments at year end, and includes reduced payments of incentives in 2002. The decrease in 2001 was primarily attributable to lower operating profit levels and to severance payments made in connection with the Company's restructuring plan.

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***Investing Activities***

The Company has pursued acquisitions to complement and enhance its service offerings. In addition, the Company has also sought to acquire businesses similar to those already owned to expand its geographic scope to better serve new and existing clients. Acquisitions have historically been funded using stock, cash or a combination of both.

During 2002, 2001 and 2000 the Company paid \$54.1, \$1,729.7 and \$1,668.3, respectively, in cash and stock for new acquisitions, including a number of specialized marketing and communications services companies to complement its existing agency systems and to optimally position itself in the ever-broadening communications marketplace. This amount includes the value of stock issued for pooled companies and includes cash of \$53.0, \$84.7 and \$577.4 in 2002, 2001 and 2000, respectively.

During the three-year period ended December 31, 2002, the Company paid the following deferred payments on acquisitions that had closed in prior years:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Cash	\$240.1	\$228.9	\$158.1
Stock	<u>83.2</u>	<u>48.2</u>	<u>63.2</u>
	<u>\$323.3</u>	<u>\$277.1</u>	<u>\$221.3</u>

The Company's capital expenditures in 2002 were \$183.2 compared to \$268.0 in 2001 and \$259.5 in 2000. The primary purposes of these expenditures were to upgrade computer and telecommunications systems and to modernize offices. The Company's planned capital expenditures for 2003 are estimated to be less than the level of spending in 2002. Currently, the Company is restricted in making capital expenditures by new terms of its Revolving Credit Facilities. See "Financing Activities" for further discussion.

During 2002, proceeds from the sales of businesses included an unconsolidated affiliate in Europe for proceeds of \$12.8, an unconsolidated affiliate in the US for proceeds of \$5.2 and a marketing services affiliate for proceeds of \$3.8.

During 2001, proceeds from the sales of businesses included a marketing services affiliate in Europe for proceeds of approximately \$5 and some non-core marketing services affiliates in the US for proceeds of \$6.9.

During 2000, proceeds from the sales of businesses included its interest in a non-core minority owned marketing services business for proceeds of approximately \$12.

***Financing Activities***

Total debt at December 31, 2002 was \$2,638.0, a decrease of \$271.0 from December 31, 2001. 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 and May 16, 2002, the Company entered into two revolving credit facilities, respectively, each provided by a syndicate of banks (the "Revolving Credit Facilities"), which are used to fund the Company's ordinary course business needs. The facility entered into on June 27, 2000 provides for borrowings of up to \$375.0 and is for a term of five years, which expires in June of 2005. The facility entered into on May 16, 2002 provides for borrowings of up to \$500.0 and is for a term of 364 days, which expires on May 15, 2003. However, the Company has the option to extend the maturity of amounts outstanding on the termination date under the 364-day Revolving Credit Facility for a period of one year. As of December 31, 2002, no amounts were borrowed under the 364-day Revolving Credit Agreements and \$50.3 was borrowed under the five-year Revolving Credit Facility. As of March 20, 2003, no amounts were borrowed under the 364-day Revolving Credit Facility and approximately \$49.8 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

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affected by the facilities' utilization levels and the Company's credit ratings. On October 25, 2002, Moody's Investors Services, Inc. downgraded the Company's credit rating to Baa3. On March 7, 2003, Standard and Poor's downgraded the Company's credit rating to BB+. As of March 7, 2003, the combined effect of the downgrades was an increase in the interest spread payable on LIBOR loans under the Revolving Credit Facilities of 25 basis points from the interest rate spread of 1.25% applicable as of December 31, 2002.

The Company's Revolving Credit Facilities include financial covenants that set i) maximum levels of debt as a function of EBITDA and ii) minimum levels of EBITDA as a function of interest expense (in each case, as defined in these agreements). As of December 31, 2002, the Company was in compliance with all of the covenants (including the financial covenants, as amended) contained in the Revolving Credit Facilities.

During the third quarter of 2002, the Company obtained waivers of certain provisions (excluding financial covenants) contained in the Revolving Credit Facilities, which related to the restatement of the Company's historical consolidated financial statements in the aggregate amount of \$181.3. In connection with these waivers, the Company agreed to an increase in interest rates and commitment fees payable to the lenders. The Company also paid fees to the lenders as additional consideration for their granting the waivers. The impact of the fees paid and the increased interest rates is not material to the Company's financial position, cash flows or results of operations.

On February 10, 2003, certain defined terms relating to financial covenants contained in the Revolving Credit Facilities were amended effective as of December 31, 2002. The definition of debt for borrowed money in the Revolving Credit Facilities 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 definition of EBITDA in the Revolving Credit Agreements was 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 corresponding financial covenant ratio levels in the Revolving Credit Facilities were also amended.

The Company also amended certain other provisions of the Revolving Credit Facilities effective as of December 31, 2002. The new 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, make capital expenditures and prepay long-term debt, as well as the ability of the Company's domestic subsidiaries to incur additional debt. Certain of these limitations are modified upon receipt of aggregate net cash proceeds equal to at least \$400.0 from asset sales and capital markets transactions. The level of proceeds from such transactions and the outstanding balance of the Company's Zero-Coupon Convertible Senior Notes due 2021 (the "Zero-Coupon Notes") will determine the permitted levels of annual acquisition spending and the permitted level of long-term debt prepayment. The level of proceeds, the outstanding balance of the Zero-Coupon Notes and the Company's future earnings performance will determine the permitted levels of share buybacks and dividend payments.

On March 13, 2003, the Company sold 4.5% Convertible Senior Notes due 2023 (the "4.5% Notes") in an aggregate principal amount of \$800.0. The Company received net cash proceeds from this transaction equal to approximately \$778.0. As a result, the Company's permitted level of annual cash acquisition spending has increased to \$25.0 and the permitted level of annual share buybacks and dividend payments has increased to \$25.0. In addition, on March 10, 2003, the Company commenced a tender offer to purchase for cash any and all of the outstanding Zero-Coupon Notes. The tender offer will expire on April 4, 2003, unless extended. If the Zero-Coupon Notes are substantially retired pursuant to this tender offer, the Company's permitted level of annual cash acquisition spending would be further increased to \$100.0 and the Company would be permitted to prepay long-term debt.

In addition, if the Zero-Coupon Notes are substantially retired pursuant to the tender offer and earnings before interest, taxes, depreciation and amortization are at least \$1,000.0 for four consecutive quarters, the Company's permitted level of annual share buybacks and dividend payments would increase to \$100.0. All limitations on dividend payments and share buybacks expire when the Zero-Coupon Notes have been substantially retired and earnings before interest, taxes, depreciation and amortization are at least \$1,300.0 for four consecutive quarters.

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As a result of the issuance of the 4.5% Notes in the first quarter of 2003 and the anticipated 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 will be outstanding at March 31, 2003. Therefore, the Company amended the Revolving Credit Facilities, 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.

On February 26, 2003, the Company obtained waivers of certain defaults under the Revolving Credit Facilities 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 December 31, 2002 and 2001, respectively, the Company had \$157.8 and \$53.3 of committed lines of credit, all of which were provided by overseas banks that participate in the Revolving Credit Facilities. At December 31, 2002 and 2001, respectively, \$3.1 and \$7.2 were outstanding under these lines of credit.

At December 31, 2002 and 2001, respectively, the Company also had \$707.9 and \$738.3 of uncommitted lines of credit, 66.8% and 56.2% of which, respectively, were provided by banks that participate in the Revolving Credit Agreements. At December 31, 2002 and 2001, respectively, approximately \$213.2 and \$286.6 were 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 18, 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 December 31, 2002 and 2001, 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 (in each case, as defined in these agreements). 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. During 2001, as a result of significant restructuring, asset impairment and other charges, the Company required and received amendments related to the financial covenants in the Prudential Agreements.

During the third quarter of 2002, due to the impact on the Company's net worth resulting from (a) lower operating profit in the third quarter and (b) restructuring charges and lower operating profit in prior periods resulting from the restatement of the Company's historical consolidated financial statements in the aggregate amount of \$181.3, the Company required and received waivers related to its financial covenants in the Prudential Agreements.

In connection with the third quarter waivers, the Company agreed to increase the interest rates on the outstanding balances under the Prudential Agreements. The Company also paid a fee to Prudential as additional consideration for the waivers. The impact of the fee and the increased interest rates is not material to the Company's financial position, cash flows or results of operations.

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, make capital expenditures and prepay long-term debt, 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.

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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 corresponding financial covenant ratio levels in the Prudential Agreements were also amended.

In addition, the Company amended the Prudential Agreements, as of March 13, 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.

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*

*(i) 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. The Company intends to use the net proceeds of this offering to fund its concurrent offer to repurchase the outstanding Zero-Coupon Notes. Assuming 100% of the Zero-Coupon Notes are tendered, the Company will pay a total of \$582.5 to the holders of the Zero-Coupon Notes in connection with the offer. Any funds not used to repurchase the Zero-Coupon Notes will be used 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.

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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.

*(ii) Zero-Coupon Convertible Senior Notes*

In December 2001, the Company completed the issuance and sale of approximately \$702 of aggregate principal amount of Zero-Coupon Convertible Senior Notes ("Zero-Coupon Notes") due 2021. The Company used the net proceeds of \$563.5 from this offering to repay indebtedness under the Company's credit facilities. The Zero-Coupon Notes are unsecured, zero-coupon, senior securities that may be converted into common shares if the price of the Company's common stock reaches a specified threshold, at a conversion rate of 22.8147 shares per one thousand dollars principal amount at maturity, subject to adjustment. This threshold will initially be 120% of the accreted value of a Zero-Coupon Note, divided by the conversion rate and will decline 1/2% each year until it reaches 110% at maturity in 2021. A Zero-Coupon Note's accreted value is the sum of its issue price plus its accrued original issue discount.

The Zero-Coupon Notes may also be converted, regardless of the sale price of the Company's common stock, at any time after: (i) the credit rating assigned to the Zero-Coupon Notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Group and Fitch Ratings are Bal, BB+ and BB+, respectively, or lower, or the Zero-Coupon Notes are no longer rated by at least two of these ratings services, (ii) the Company calls the Zero-Coupon 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 the Company's 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 Zero-Coupon Notes for cash on December 14, 2003. The Company may also be required to redeem the Zero-Coupon Notes at the investor's option, on December 14, 2004, 2005, 2006, 2011 or 2016 for cash or common stock or a combination of both, at the Company's election. Additionally, the Company has the option of redeeming the Zero-Coupon Notes after December 14, 2006 for cash.

The yield to maturity of the Zero-Coupon Notes at the date of issuance was 1%. Unless the Company is required to pay the contingent interest described in the following sentence or the US tax laws change in certain ways, no cash interest will be paid at any time. After December 14, 2006, if the Company's stock price reaches specified thresholds, the Company would be obligated to pay semi-annual contingent cash interest which would approximate the dividends paid to common stockholders during the prior six-month period (subject to a floor rate).

The balance outstanding under the Zero-Coupon Notes as of December 31, 2002 was \$581.0. This amount is classified as current in the accompanying consolidated balance sheet.

On March 10, 2003, the Company commenced a tender offer to purchase for cash any and all of the outstanding Zero-Coupon Notes, at a price equal to 82.9876% of the principal amount of the notes at maturity. The tender offer will expire on April 4, 2003, unless extended. The price offered is equal to the accreted value of the notes as of April 4, 2003. If all of the Zero-Coupon Notes are tendered pursuant to the tender offer, the Company would pay a total of \$582.5 to the holders of the Zero-Coupon Notes.

*(iii) Floating Rate Notes*

On June 28, 2001, the Company issued and sold \$100.0 of floating rate notes which bore interest based on three-month LIBOR. The notes matured and were repaid on June 28, 2002.

*(iv) Senior Unsecured Notes - 7.25%*

On August 22, 2001, the Company completed the issuance and sale of \$500.0 principal amount of senior unsecured notes due 2011. The notes bear interest at a rate of 7.25% per annum. The Company used the net proceeds of approximately \$493 from the sale of the notes to repay outstanding indebtedness under its Revolving Credit Facilities.



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*(v) Senior Unsecured Notes - 7.875%*

On October 20, 2000, the Company completed the issuance and sale of \$500.0 principal amount of senior unsecured notes due 2005. The notes bear an interest rate of 7.875% per annum. The Company used the net proceeds of approximately \$496 from the sale of the notes to repay outstanding indebtedness under its Revolving Credit Facilities.

During 2001, the Company entered into interest rate swap agreements to convert the fixed interest rate on the 7.875% notes to a variable rate based on 6 month LIBOR. At December 31, 2001, the Company had outstanding interest rate swap agreements covering \$400.0 of the \$500.0, 7.875% notes due October 2005, which reduced the effective interest rate on the notes to 6.972%. During 2002, the Company terminated all interest rate swaps agreements, and generated proceeds to the Company of \$45.7. The net proceeds are being recorded as an adjustment to the interest rate of the 7.875% notes. The remaining unamortized gain at December 31, 2002 was \$33.7.

*(vi) Convertible Subordinated Notes - 1.87%*

On June 1, 1999, the Company issued \$361.0 face amount of Convertible Subordinated Notes due 2006 with a cash coupon rate of 1.87% and a yield to maturity of 4.75%. The 2006 notes were issued at an original price of 83% of the face amount, generating proceeds of approximately \$300. The notes are convertible into 6.4 million shares of the Company's common stock at a conversion rate of 17.616 shares per one thousand dollars face amount. Since June 2002, the Company has had the option to redeem the notes for cash.

*(vii) Convertible Subordinated Notes - 1.80%*

On September 16, 1997, the Company issued \$250.0 face amount of Convertible Subordinated Notes due 2004 with a coupon rate of 1.80% and a yield to maturity of 5.25%. The 2004 Notes were issued at an original price of 80% of the face amount, generating proceeds of approximately \$200. The notes are convertible into 6.7 million shares of the Company's common stock at a conversion rate of 26.772 shares per one thousand dollars face amount. Since September 2000, the Company has had the option to redeem the notes for cash.

*Short-Term Debt at December 31, 2002 and 2001*

The Company and its subsidiaries have short-term lines of credit with various banks that permit borrowings at variable interest rates. At December 31, 2002 and 2001, all borrowings under these facilities were by the Company's subsidiaries and totaled \$216.3 and \$293.8, respectively. Where required, the Company has guaranteed the repayment of borrowings by its subsidiaries.

As of December 31, 2002 and 2001, respectively, 66.8% and 56.2% of these short-term facilities were provided by banks that participate in the Company's Revolving Credit Facilities. The weighted-average interest rates on outstanding balances under the committed and uncommitted short-term facilities at December 31, 2002 and 2001 were approximately 4.83% and 3.64%, respectively.

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The following table summarizes the Company's short term debt as of December 31, 2002 and 2001.

<b>2002</b>	<b>Total Facility</b>	<b>Amount Outstanding at December 31, 2002</b>	<b>Total Available</b>
<u>Committed</u>			
364-day Revolving Credit Facility	\$ 500.0	\$ --	\$ 500.0
Other Facilities (principally International)	<u>157.8</u>	<u>3.1</u>	<u>154.7</u>
	<u>\$ 657.8</u>	<u>\$ 3.1</u>	<u>\$ 654.7</u>
<u>Uncommitted</u>			
Domestic	\$ 27.7	\$ 7.7	\$ 20.0
International	<u>680.2</u>	<u>205.5</u>	<u>474.7</u>
	<u>707.9</u>	<u>213.2</u>	<u>494.7</u>
Total	<u>\$1,365.7</u>	<u>\$216.3</u>	<u>\$1,149.4</u>

<b>2001</b>	<b>Total Facility</b>	<b>Amount Outstanding at December 31, 2001</b>	<b>Total Available</b>
<u>Committed</u>			
364-day Revolving Credit Facility	\$ 500.0	\$ --	\$ 500.0
Other Facilities (principally International)	<u>53.3</u>	<u>7.2</u>	<u>46.1</u>
	<u>\$ 553.3</u>	<u>\$ 7.2</u>	<u>\$ 546.1</u>
<u>Uncommitted</u>			
Domestic	\$ 127.5	\$ 62.5	\$ 65.0
International	<u>610.8</u>	<u>224.1</u>	<u>386.7</u>
	<u>738.3</u>	<u>286.6</u>	<u>451.7</u>
Total	<u>\$1,291.6</u>	<u>\$ 293.8</u>	<u>\$ 997.8</u>

*Other*

As of December 31, 2002 and 2001, respectively, the Company's credit ratings as reported by each of Standard & Poor's Ratings Services, Moody's Investors Services, Inc. and Fitch Ratings were BBB-, Baa3 and BBB-, and BBB+, Baa1, and A-. On March 7, 2003, Standard & Poor's Ratings Services downgraded the Company's credit rating to BB+ with negative outlook. The Company's remaining two credit ratings are currently BBB- with negative outlook, as reported by Fitch Ratings, and Baa3 with stable outlook, as reported by Moody's Investors Services, Inc.

During 2001, the Company purchased approximately 2.4 million shares of its common stock, compared to 4.8 million shares in 2000. Since July 2001, the Company has not repurchased its common stock in the open market.

The Company has paid cash dividends at a quarterly rate of \$0.095 per share since the second quarter of 2000, when it was increased from \$0.085 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.

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***Deferred Payments***

Deferred payments (or "earn-outs") generally tie the aggregate price ultimately paid for an acquisition to its performance.

As of December 31, 2002, the Company's estimated liability for deferred payments on prior acquisitions is as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 and thereafter</u>	<u>Total</u>
Cash	\$142.0	\$78.8	\$49.4	\$28.2	\$298.4
Stock	<u>41.7</u>	<u>9.2</u>	<u>13.4</u>	<u>9.3</u>	<u>73.6</u>
<b>Total</b>	<b><u>\$183.7</u></b>	<b><u>\$88.0</u></b>	<b><u>\$62.8</u></b>	<b><u>\$37.5</u></b>	<b><u>\$372.0</u></b>

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.

In addition to the estimated liability for earn-outs, the Company has entered into agreements that may 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 \$192.5, of which \$9.9 is payable in stock. Exercise of the put options would require payments to be made as follows:

2003	\$87.6
2004	\$20.4
2005	\$34.4
2006 and thereafter	\$50.1

The actual amount to be paid is generally 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 \$112.5 and, in the event of exercise, would be paid as follows:

2003	\$25.8
2004	\$ 5.8
2005	\$15.3
2006 and thereafter	\$65.6

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 agreements.

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***Summary of Significant Contractual Obligations***

The following summarizes the Company's estimated contractual obligations at December 31, 2002, and the effect such obligations are expected to have on its liquidity and cash flow in future periods.

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 and thereafter</u>	<u>Total</u>
Long-term debt	\$604.0	\$291.2	\$591.9	\$ 934.6	\$2,421.7
Non-cancelable operating lease obligations	\$281.5	\$251.7	\$222.7	\$1,546.1	\$2,302.0
Obligations under executory contract	\$ 8.7	\$ 9.9	\$ 11.3	\$ 100.1	\$ 130.0
Obligations for deferred payments	\$183.7	\$ 88.0	\$ 62.8	\$ 37.5	\$ 372.0
Obligations under put options	\$87.6	\$ 20.4	\$ 34.4	\$ 50.1	\$ 192.5

As discussed in Note 10 to the consolidated financial statements, the Company has a number of retirement plans. The deficit in the funded status of these plans has increased to \$182.6 at December 31, 2002. The Company considers that the long-term return on its pension assets and the funding available to the Company will be sufficient to finance these obligations.

In 2002, the Company's liquidity was negatively impacted by lower profitability and issues resulting from the restatements. The Company believes that cash flow from operations, together with its availability under existing lines of credit and expected refinancings thereof and cash on hand, will be sufficient to fund the Company's working capital needs and other obligations for the next twelve months. In the event additional funds are required, the Company believes it will have sufficient resources, including borrowing capacity and access to capital markets, to meet such requirements. Unanticipated decreases in cash flow from operations as a result of decreased demand for our services and other developments may require the Company to seek other sources of liquidity (including the disposition of certain assets) and modify its operating strategies.

**CRITICAL ACCOUNTING POLICIES**

The Company's significant accounting policies are described in Note 1 to the consolidated financial statements. The Company believes the following accounting policies are critical to the accuracy of the more significant judgments and estimates used in the preparation of its consolidated financial statements:

- \* revenue recognition;
- \* allowance for doubtful accounts;
- \* accounting for income taxes; and
- \* valuation of long-lived and intangible assets and investments.

***Revenue Recognition***

The Company derives revenue from advertising services, including media buying, and from marketing and communication services, including market research, public relations, direct marketing, sales promotion and event marketing activities.

The Company's advertising services revenue is derived from commissions that are earned when the media is placed, from fees earned as advertising services are performed and from production services rendered. In addition, incentive amounts may be earned based on qualitative and/or quantitative criteria. In the case of commissions, revenue is recognized as the media placements appear. In the case of fee and production arrangements, the revenue is recognized as the services are performed which is generally ratably over the period of the client contract. The Company's marketing service revenues are generally earned on a fee basis, and in certain cases incentive amounts may also be earned. As with fee arrangements in advertising, such revenue is recognized as the work is performed. Incentive amounts for advertising and marketing services are recognized upon satisfaction of the qualitative and/or quantitative criteria, as set out in the relevant client contract.

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In many cases, the amount the Company bills to clients significantly exceeds the amount of revenues that is earned due to the existence of various "pass-through" charges such as the cost of media. In compliance with EITF 01-14, "Income Statement Characterization of Reimbursements Received for "Out-of-Pocket Expenses Incurred", the Company generally records revenue net of "pass-through" charges as it is not the primary obligor with respect to the cost of "pass-through" charges.

***Allowance for Doubtful Accounts***

The Company assesses the required amount of allowance for doubtful accounts based on past experience and reviews of aging and analysis of specific accounts. While the expense for bad debts has historically fluctuated in line with revenue, in 2002 the Company recorded a higher amount of bad debt expense reflective of general economic conditions.

***Accounting for Income Taxes***

As part of the process of preparing its consolidated financial statements, the Company is required to estimate income taxes payable in each of the jurisdictions in which it operates. This process involves estimating the actual current tax expense together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the Company's consolidated balance sheet. The Company then assesses the likelihood that deferred tax assets will be recovered from future taxable income and to the extent it is determined that recovery is not likely, a valuation allowance is established. Significant management judgment is required in determining the provision for income taxes and the amount of valuation allowance that would be required. In the event that actual results differ from these estimates or the Company adjusts these estimates in future periods, the Company may need to establish an additional valuation allowance which could materially impact the Company's financial position and results of operations.

***Valuation of Long-Lived and Intangible Assets and Investments***

The Company has a significant amount of long-lived assets, including fixed assets, investments, goodwill and other intangibles. The Company periodically evaluates the realizability of all of its long-lived assets whenever events or changes in circumstances indicated that the carrying value of an asset may not be recoverable. Future events could cause the Company to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired. Any resulting impairment loss could have a material impact on the Company's financial condition and results of operations.

**OTHER MATTERS**

***Argentina and Brazil***

As a result of the devaluation of the currencies in Argentina and Brazil, the Company's cumulative translation adjustment balance reflected a reduction in stockholders' equity of approximately \$23 at December 31, 2002. The Company expects to maintain its strategic investment in Argentina and Brazil for the long-term.

**RECENT ACCOUNTING STANDARDS**

**Standards Adopted Effective January 1, 2002**

***Property and Equipment***

Property and equipment are reviewed for impairment whenever events or circumstances indicate their carrying value may not be recoverable. When such events or circumstances arise, an estimate of the future undiscounted cash flows produced by the asset, or the appropriate grouping of assets, is compared to the asset's carrying value to determine if an impairment exists pursuant to the requirements of SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). If the asset is determined to be impaired, the impairment loss is measured based on the excess of its carrying value over its fair value. Assets to be disposed of are reported at the lower of its carrying value or net realizable value. Effective January 1, 2002, the Company adopted SFAS 144. The adoption of this statement did not have a material impact on the Company's financial position or results of operations.

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*Intangible Assets*

Goodwill is the excess of cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a business combination. Effective January 1, 2002, with the adoption of SFAS 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill is no longer amortized. Prior to January 1, 2002, goodwill was amortized on a straight-line basis, over periods not exceeding 40 years. Beginning January 1, 2002, goodwill is tested for impairment annually, and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at a reporting unit level. Reporting units are one level below the business segment level, but can be combined when reporting units within the same segment have similar economic characteristics. The vast majority of goodwill relates to and is assigned directly to a specific reporting unit. An impairment loss would generally be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The estimated fair value of a reporting unit is determined using a discounted cash flow analysis. The Company completed its assessment of any potential impairment upon adoption of this standard and upon its annual assessment the Company determined that, other than the impairment charges discussed in Note 5 to the consolidated financial statements, no impairments existed. Prior to January 1, 2002, goodwill was tested for impairment in a manner consistent with the method used to test property and equipment and intangible assets with a definite life. During the first quarter of 2002, the Company performed the required impairment tests of goodwill and determined that there was no impairment required to be recognized upon adoption.

The following analysis shows the impact on the Company's statement of operations of discontinuing goodwill amortization had SFAS 142 been effective for all periods presented:

	<b>Year Ended December 31,</b>		
	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Reported net income (loss)	\$99.5	\$(534.5)	\$392.8
Add back:			
Goodwill amortization	--	169.0	140.4
Tax benefit on goodwill amortization	--	(24.3)	(17.2)
Adjusted net income (loss)	<u>\$99.5</u>	<u>\$(389.8)</u>	<u>\$516.0</u>
<b>Basic earnings (loss) per share:</b>			
Reported earnings (loss)	\$0.26	\$(1.45)	\$1.09
Add back: goodwill amortization, net of tax	--	0.39	0.34
Adjusted earnings (loss)	<u>\$0.26</u>	<u>\$(1.06)</u>	<u>\$1.43</u>
<b>Diluted earnings (loss) per share:</b>			
Reported earnings (loss)	\$0.26	\$(1.45)	\$1.06
Add back: goodwill amortization, net of tax	--	0.39	0.33
Adjusted earnings (loss)	<u>\$0.26</u>	<u>\$(1.06)</u>	<u>\$1.39</u>

Other intangible assets include, principally, customer lists, trade names, customer relationships and other intangible assets acquired from an independent party. Effective January 1, 2002, with the adoption of SFAS 142, intangible assets with an indefinite life, namely certain trade names, are not amortized. Intangible assets with a definite life are amortized on a straight-line basis with estimated useful lives generally ranging from 7 to 40 years. Indefinite-lived intangible assets will be tested for impairment annually, and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Intangible assets with a definite life are tested for impairment whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The amount of the impairment loss to be recorded is calculated by the excess of the assets carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis.

As of December 31, 2002, the Company's remaining unamortized goodwill balance and intangible assets were \$3,377.1 and \$81.6, respectively. The Company estimates that, based on its current intangible assets, amortization expense will be approximately \$8.0 in each of the next five years.

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In November 2001, the Emerging Issues Task Force reached a consensus on Issue No. 01-14, Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred ("EITF 01-14"). EITF 01-14 establishes that reimbursements received for certain out-of-pocket expenses should be reported as revenue and operating expenses in the statement of operations. Historically, the Company classified reimbursed out-of-pocket expenses as a reduction of operating expenses. The Company has adopted this guidance, retroactively, effective the first quarter of fiscal year 2001. The adoption of this statement did not have a material impact on the Company's financial position or results of operations.

In December 2002, SFAS 148, "Accounting for Stock-Based Compensation-Transition and Disclosure", ("SFAS 148"), an amendment of FASB Statement No. 123 was issued. The Company is choosing to continue with its current practice of applying the recognition and measurement principles of APB 25, "Accounting for Stock Issued to Employees." The Company has adopted the disclosure requirements of SFAS 148.

**Standards to be Adopted**

In June 2001, SFAS 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 asset. 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 is not expected to have a material 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.

In November 2002, FASB Interpretation 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" was issued. This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies (for guarantees issued after January 1, 2003) that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligations undertaken in issuing the guarantee. Disclosures concerning guarantees are found in Note 15 to the consolidated financial statements.

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Item 7A: Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk related to interest rates and foreign currencies.

***Interest Rates***

At December 31, 2002, a significant portion of the Company's debt obligations were at fixed interest rates. Accordingly, assuming the fixed rate debt is not refinanced, there would be no impact on interest expense or cash flow from either a 10% increase or decrease in market rates of interest. The fair market value of the debt obligations would decrease by \$23.3 if market rates were to increase by 10% and would increase by \$23.8 if market rates were to decrease by 10%. For that portion of the debt that is either maintained at variable rates, based on amounts and rates outstanding at December 31, 2002, the change in interest expense and cash flow from a 10% change in rates would be approximately \$1.1.

***Foreign Currencies***

The Company faces two risks related to foreign currency exchange: translation risk and transaction risk. Amounts invested in the Company's foreign operations are translated into US dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss) in the stockholders' equity section of the balance sheet. The Company's foreign subsidiaries generally collect revenues and pay expenses in currencies other than the US dollar. Since the functional currency of the Company's foreign operations is generally the local currency, foreign currency translation of the balance sheet is reflected as a component of stockholders' equity and does not impact operating results. Revenues and expenses in foreign currencies translate into varying amounts of US dollars depending upon whether the US dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may negatively affect the Company's consolidated revenues and expenses (as expressed in US dollars) from foreign operations. Currency transaction gains or losses arising from transactions in currencies other than the functional currency are included in results of operations and were not significant in 2000, 2001 and 2002. The Company has not entered into a material amount of foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.



Item 8. Financial Statements and Supplementary Data

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, based upon our audits and the reports of other auditors, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows, and of stockholders' equity and comprehensive income present fairly, in all material respects, the financial position of The Interpublic Group of Companies, Inc. and its subsidiaries (the "Company") at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Deutsch, Inc. and Subsidiary and Affiliates ("Deutsch"), a wholly-owned subsidiary, which statements reflect total net loss constituting approximately 2% of the related consolidated financial statement total for the year ended December 31, 2000. Additionally, we did not audit the financial statements of True North Communications Inc. ("True North"), a wholly-owned subsidiary, which statements reflect total revenues constituting approximately 22% of the related consolidated financial statement total for the year ended December 31, 2000. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Deutsch and True North, is based solely on the reports of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 and the reports of other auditors provide a reasonable basis for our opinion. The financial statements of True North for the year ended December 31, 2000 were audited by other independent accountants who have ceased operations. Those independent accountants expressed an unqualified opinion on those financial statements in their report dated March 20, 2001.

As disclosed in the Summary of Significant Accounting Policies note, effective January 1, 2002, the Company changed the manner in which it accounts for goodwill and other intangible assets upon adoption of the accounting guidance of Statement of Financial Accounting Standards No. 142 on July 1, 2001.

PricewaterhouseCoopers LLP  
New York, New York  
March 6, 2003 except Note 8, which is as of March 13, 2003

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The following report is a copy of the report previously issued by Arthur Andersen LLP ("Andersen") and has not been reissued by them. Andersen has informed the Company that it can no longer provide any consent to the incorporation by reference of its reports into the Company's existing or future registration statements. Andersen has been found guilty of certain federal obstruction of justice charges. Events arising in connection with this conviction and related matters are reasonably likely to materially and adversely affect the ability of Andersen to satisfy any claims that may be made by investors or by the Company with respect to its audit reports and the related financial data included in the Company's annual reports and incorporated by reference into its registration statements. Additionally, because Andersen is unable to provide the Company with a consent for the inclusion of its reports, investors may not be able to sue Andersen pursuant to Section 11 of the Securities Act of 1933, as amended, and rights of recovery under that section may be limited.

To the Stockholders and Board of Directors of True North Communications Inc.:

We have audited the consolidated balance sheets of True North Communications Inc. (a Delaware corporation) and Subsidiaries (the "Company") as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows for each of three years in the period ended December 31, 2000 (not presented herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Publicis Communications for the year ended December 31, 1998. The Company's equity in its net earnings was \$3.7 million for the year ended December 31, 1998. The financial statements of Publicis Communications were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Publicis Communications, is based solely upon the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of True North Communications Inc. and Subsidiaries as of December 31, 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

As explained in the notes to the consolidated financial statements (not presented herein), the Company has given retroactive effect to the change in accounting for amortization of intangible assets.

Arthur Andersen LLP  
Chicago, Illinois,  
March 20, 2001

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholder of Deutsch, Inc. and Subsidiary and Affiliates:

We have audited the combined balance sheet of Deutsch, Inc. and Subsidiary and Affiliates as of December 31, 2000, and the related combined statements of operations, stockholder's equity and cash flows for the year then ended. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Deutsch, Inc. and Subsidiary and Affiliates as of December 31, 2000, and their results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

J.H. Cohn LLP  
Roseland, New Jersey  
February 13, 2001

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(Amounts in Millions, Except Per Share Amounts)

	<u>YEAR ENDED DECEMBER 31,</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>REVENUE</b>	<u>\$6,203.6</u>	<u>\$6,791.2</u>	<u>\$7,182.7</u>
<b>OPERATING EXPENSES:</b>			
Salaries and related expenses	3,549.0	3,809.2	4,056.4
Office and general expenses	2,096.6	2,103.8	1,986.6
Amortization of intangible assets	13.0	173.1	144.4
Restructuring and other merger-related costs	12.1	645.6	177.7
Long-lived asset impairment and other charges	<u>127.1</u>	<u>303.1</u>	<u>--</u>
Total operating expenses	<u>5,797.8</u>	<u>7,034.8</u>	<u>6,365.1</u>
<b>OPERATING INCOME (LOSS)</b>	<u>405.8</u>	<u>(243.6)</u>	<u>817.6</u>
<b>OTHER INCOME (EXPENSE):</b>			
Interest expense	(145.6)	(164.6)	(126.3)
Interest income	29.8	41.8	57.5
Other income	15.1	13.7	42.6
Investment impairment	<u>(39.7)</u>	<u>(210.8)</u>	<u>--</u>
Total other income (expense)	<u>(140.4)</u>	<u>(319.9)</u>	<u>(26.2)</u>
<b>Income (loss) before provision for (benefit of) income taxes</b>	265.4	(563.5)	791.4
Provision for (benefit of) income taxes	<u>140.3</u>	<u>(55.3)</u>	<u>340.2</u>
<b>Income (loss) of consolidated companies</b>	125.1	(508.2)	451.2
Income applicable to minority interests	(31.3)	(30.3)	(42.8)
Equity in net income (loss) of unconsolidated affiliates	<u>5.7</u>	<u>4.0</u>	<u>(15.6)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 99.5</u>	<u>\$ (534.5)</u>	<u>\$ 392.8</u>
Earnings (loss) per share:			
Basic EPS	\$ 0.26	\$ (1.45)	\$ 1.09
Diluted EPS	\$ 0.26	\$ (1.45)	\$ 1.06
Weighted average shares:			
Basic	376.1	369.0	359.6
Diluted	381.3	369.0	370.6
Cash dividends per share	\$ 0.38	\$ 0.38	\$ 0.37

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

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
(Amounts in Millions, Except Per Share Amounts)

**ASSETS**

	<u>DECEMBER 31,</u>	
	<u>2002</u>	<u>2001</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 933.0	\$ 935.2
Accounts receivable (net of allowance for doubtful accounts: 2002-\$139.8; 2001-\$90.7)	4,517.6	4,673.2
Expenditures billable to clients	407.6	325.5
Deferred taxes on income	37.0	80.0
Prepaid expenses and other current assets	<u>427.1</u>	<u>337.6</u>
Total current assets	<u>6,322.3</u>	<u>6,351.5</u>
<b>FIXED ASSETS, AT COST:</b>		
Land and buildings	168.2	161.1
Furniture and equipment	1,125.1	1,083.2
Leasehold improvements	<u>487.8</u>	<u>461.4</u>
	1,781.1	1,705.7
Less: accumulated depreciation	<u>(955.4)</u>	<u>(858.0)</u>
Total fixed assets	<u>825.7</u>	<u>847.7</u>
<b>OTHER ASSETS:</b>		
Investment in less than majority-owned affiliates	357.3	302.8
Deferred taxes on income	509.9	495.0
Other assets	319.8	281.8
Goodwill	3,377.1	2,994.3
Other intangible assets (net of accumulated amortization: 2002-\$40.9; 2001-\$24.0)	<u>81.6</u>	<u>102.2</u>
Total other assets	<u>4,645.7</u>	<u>4,176.1</u>
<b>TOTAL ASSETS</b>	<u><b>\$11,793.7</b></u>	<u><b>\$11,375.3</b></u>

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

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
(Amounts in Millions, Except Per Share Amounts)

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<b>DECEMBER 31,</b>	
	<b>2002</b>	<b>2001</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 5,125.5	\$ 4,555.5
Accrued expenses	1,110.8	1,348.4
Accrued income taxes	33.2	61.5
Dividends payable	--	36.0
Loans payable	216.3	393.8
Zero-coupon convertible senior notes	581.0	--
Current portion of long-term debt	23.0	34.6
Total current liabilities	7,089.8	6,429.8
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt	1,253.1	1,356.8
Convertible subordinated notes	564.6	548.5
Zero-coupon convertible senior notes	--	575.3
Deferred compensation	470.5	377.3
Accrued postretirement benefits	55.6	54.4
Other non-current liabilities	189.7	103.8
Minority interests in consolidated subsidiaries	70.4	89.3
Total non-current liabilities	2,603.9	3,105.4
Commitments and contingencies (Note 15)		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, no par value, shares authorized: 20.0, shares issued: none		
Common stock, \$0.10 par value, shares authorized: 550.0, shares issued: 2002 - 389.3; 2001 - 385.8	38.9	38.6
Additional paid-in capital	1,797.0	1,785.2
Retained earnings	858.0	868.3
Accumulated other comprehensive loss, net of tax	(373.6)	(447.8)
	2,320.3	2,244.3
Less:		
Treasury stock, at cost: 2002 - 3.1 shares; 2001 - 7.3 shares	(119.2)	(290.2)
Unamortized deferred compensation	(101.1)	(114.0)
Total stockholders' equity	2,100.0	1,840.1
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$11,793.7</b>	<b>\$11,375.3</b>

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

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Amounts in Millions)

	<b>YEAR ENDED DECEMBER 31,</b>		
	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ 99.5	\$ (534.5)	\$ 392.8
<b>Adjustments to reconcile net income (loss) to cash provided by operating activities:</b>			
Depreciation and amortization of fixed assets	204.5	209.9	200.2
Amortization of intangible assets	13.0	173.1	144.4
Amortization of restricted stock awards and bond discounts	83.0	68.4	53.0
Provision for (benefit of) deferred income taxes	55.0	(191.2)	(21.6)
Undistributed equity earnings	(5.7)	(4.0)	15.6
Income applicable to minority interests	31.3	30.3	42.8
Restructuring charges - non-cash	--	104.3	73.1
Long-lived asset impairment and other	127.1	275.6	--
Investment impairment	39.7	210.8	--
Other, non-cash	(6.0)	(6.4)	(33.3)
<b>Change in assets and liabilities, net of acquisitions:</b>			
Accounts receivable	355.0	795.6	(208.3)
Expenditures billable to clients	(64.9)	90.8	(29.5)
Prepaid expenses and other current assets	(49.8)	(105.5)	(56.6)
Accounts payable, accrued expenses and other current liabilities	43.9	(886.3)	31.8
Accrued income taxes	(43.7)	(108.4)	(20.3)
Other non-current assets and liabilities	(8.1)	19.1	18.0
	<u>873.8</u>	<u>141.6</u>	<u>602.1</u>
Net cash provided by operating activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Acquisitions, including deferred payments, net of cash acquired	(281.4)	(310.6)	(670.1)
Capital expenditures	(183.2)	(268.0)	(259.5)
Proceeds from sales of businesses	22.8	18.9	12.1
Proceeds from sales of long-term investments	51.3	36.8	83.9
Purchases of long-term investments	(48.4)	(29.4)	(147.9)
Maturities of short-term marketable securities	50.5	85.3	98.3
Purchases of short-term marketable securities	(21.9)	(79.7)	(101.4)
Other investments and miscellaneous assets	(66.8)	(125.5)	(90.5)
	<u>(477.1)</u>	<u>(672.2)</u>	<u>(1,075.1)</u>
Net cash used in investing activities			
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase (decrease) in short-term bank borrowings	(213.8)	(670.6)	105.8
Proceeds from long-term debt	4.4	1,804.7	1,013.9
Proceeds from termination of interest rate swaps	50.0	--	--
Payments of long-term debt	(175.4)	(281.8)	(521.8)
Treasury stock acquired	--	(87.2)	(219.7)
Treasury stock transactions	(7.9)	(30.8)	(28.4)
Issuance of common stock	58.6	85.6	60.0
Distributions to minority interest	(32.7)	(24.3)	(16.9)
Contributions from minority interest	3.1	6.9	5.0
Cash dividends - Interpublic	(145.6)	(129.2)	(109.1)
Cash dividends - pooled companies	--	(15.2)	(44.3)
	<u>(459.3)</u>	<u>658.1</u>	<u>244.5</u>
Net cash provided by (used in) financing activities			
Deconsolidation of subsidiary	--	--	(29.1)
Effect of exchange rates on cash and cash equivalents	60.4	(36.9)	(45.1)
Increase (decrease) in cash and cash equivalents	(2.2)	90.6	(302.7)
Cash and cash equivalents at beginning of year	<u>935.2</u>	<u>844.6</u>	<u>1,147.3</u>
Cash and cash equivalents at end of year	<u>\$ 933.0</u>	<u>\$ 935.2</u>	<u>\$ 844.6</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Cash paid for interest	\$ 116.0	\$ 122.5	\$ 88.7
Cash paid for income taxes	\$ 56.0	\$ 231.1	\$ 274.5

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



**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
**FOR THE THREE YEAR PERIOD ENDED DECEMBER 31, 2002**  
(Amounts in Millions)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Treasury Stock</u>	<u>Unamortized Expense of Restricted Stock Grants</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount (par value \$.10)</u>						
<b>BALANCES AT DECEMBER 31, 1999</b>	<b>371.6</b>	<b>\$37.1</b>	<b>\$1,171.0</b>	<b>\$1,320.3</b>	<b>\$ (96.7)</b>	<b>\$(312.9)</b>	<b>\$(78.9)</b>	<b>\$2,039.9</b>
Comprehensive income:								
Net income				\$ 392.8				\$ 392.8
Change in market value of securities available-for-sale (net of reclassifications)					(224.2)			(224.2)
Foreign currency translation adjustment					(89.3)			(89.3)
Total comprehensive income								79.3
Dividends				(158.9)				(158.9)
Awards of stock under Company plans:								
Achievement stock and incentive awards			.9			.2		1.1
Restricted stock, net of forfeitures and amortization	1.8	.2	90.8			6.2	(52.2)	45.0
Employee stock purchases	1.0	.1	22.0					22.1
Exercise of stock options, including tax benefit	2.9	.3	84.0					84.3
Purchase of Company's own stock						(236.8)		(236.8)
Issuance of shares for acquisitions			43.9			348.5		392.4
Tax impact of Deutsch acquisition			94.9					94.9
Equity adjustments - pooled companies			1.1	(.2)				.9
Other			6.1					6.1
<b>BALANCES AT DECEMBER 31, 2000</b>	<b>377.3</b>	<b>\$37.7</b>	<b>\$1,514.7</b>	<b>\$1,554.0</b>	<b>\$(410.2)</b>	<b>\$(194.8)</b>	<b>\$(131.1)</b>	<b>\$2,370.3</b>
Comprehensive income:								
Net loss				\$ (534.5)				\$ (534.5)
Adjustment for minimum pension liability					(5.4)			(5.4)
Change in market value of securities available-for-sale (net of reclassifications)					55.1			55.1
Foreign currency translation adjustment					(87.3)			(87.3)
Total comprehensive loss								(572.1)
Dividends				(151.0)				(151.0)
Awards of stock under Company plans:								
Restricted stock, net of forfeitures and amortization	.8	.1	37.4			(.9)	17.1	53.7
Employee stock purchases	1.0	.1	19.6					19.7
Exercise of stock options, including tax benefit	3.8	.4	129.4					129.8
Purchase of Company's own stock						(123.7)		(123.7)
Issuance of shares for acquisitions	2.9	.3	56.8			29.2		86.3
Equity adjustments - pooled companies			26.0					26.0
Other			1.3	(.2)				1.1
<b>BALANCES AT DECEMBER 31, 2001</b>	<b>385.8</b>	<b>\$38.6</b>	<b>\$1,785.2</b>	<b>\$ 868.3</b>	<b>\$(447.8)</b>	<b>\$(290.2)</b>	<b>\$(114.0)</b>	<b>\$1,840.1</b>
Comprehensive income:								
Net income				\$ 99.5				\$ 99.5
Adjustment for minimum pension liability					(45.1)			(45.1)
Change in market value of securities available-for-sale (net of reclassifications)					(4.4)			(4.4)
Foreign currency translation adjustment					123.7			123.7
Total comprehensive income								173.7
Dividends				(109.8)				(109.8)
Awards of stock under Company plans:								
Achievement stock and incentive awards			.1					.1
Restricted stock, net of forfeitures and amortization	1.1	.1	30.6			(5.5)	12.9	38.1
Employee stock purchases	.9	.1	15.9					16.0
Exercise of stock options, including tax benefit	1.5	.1	17.7			48.3		66.1
Issuance of shares for acquisitions	--	--	(53.7)			128.2		74.5
Other			1.2					1.2
<b>BALANCES AT DECEMBER 31, 2002</b>	<b>389.3</b>	<b>\$38.9</b>	<b>\$1,797.0</b>	<b>\$ 858.0</b>	<b>\$(373.6)</b>	<b>\$(119.2)</b>	<b>\$(101.1)</b>	<b>\$2,100.0</b>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**Note 1: Summary of Significant Accounting Policies**

**Nature of Operations**

The Company is a worldwide global marketing services company, providing clients with communications expertise in four broad areas: a) advertising and media management, b) marketing communications, which includes client relationship management (direct marketing), public relations, sales promotion, on-line marketing, corporate and brand identity and healthcare marketing, c) marketing intelligence, which includes marketing research, brand consultancy and database management and d) marketing services, which includes sports and entertainment marketing, corporate meetings and events, retail marketing and other marketing and business services.

The Company is organized into five global operating groups. Three of these groups, McCann-Erickson WorldGroup, the FCB Group and The Partnership, are global marketing communications companies that provide a full complement of global marketing services and marketing communication services. The fourth global operating group, Advanced Marketing Services ("AMS"), is the management center for the Company's specialized and advanced marketing services. In the event of successful sale of NFO, the Company will realign the remaining components of AMS with other operating groups. The fifth global operating group, Interpublic Sports and Entertainment Group, which was formed in the second quarter of 2002, provides a range of sports and event planning activities. As discussed in Note 14, the Company has two reportable segments.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries, most of which are wholly owned. All significant intercompany transactions and balances have been eliminated. The Company also has certain investments in unconsolidated affiliates that are carried on the equity basis.

Certain prior year amounts have been reclassified to conform to the current year presentation.

**Restatements**

As discussed in Note 16, in 2002 the Company identified charges that were related to prior year periods. The total amount of such charges has been recorded through restatements of previously reported amounts in amended periodic filings with the SEC.

**Cash Equivalents and Investments**

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

The Company classifies the majority of its existing marketable securities as available-for-sale in accordance with the provisions of Statement of Financial Accounting Standards 115, "Accounting for Certain Investments in Debt and Equity Securities." These securities are carried at fair value with the corresponding unrealized gains and losses reported as a separate component of comprehensive income. The cost of securities sold is determined based upon the average cost of the securities sold.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**Translation of Foreign Currencies**

The financial statements of the Company's 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 income.

The financial statements of foreign subsidiaries located in highly inflationary economies are remeasured as if the functional currency were the US dollar. The related remeasurement adjustments are included as a component of operating expenses.

**Revenue Recognition**

The Company derives revenue from advertising services, including media buying, and from marketing and communication services, including market research, public relations, direct marketing, sales promotion and event marketing activities.

The Company's advertising services revenue is derived from commissions that are earned when the media is placed, from fees earned as advertising services are performed and from production services rendered. In addition, incentive amounts may be earned based on qualitative and/or quantitative criteria. In the case of commissions, revenue is recognized as the media placements appear. In the case of fee and production arrangements, the revenue is recognized as the services are performed which is generally ratably over the period of the client contract. The Company's marketing service revenue is generally earned on a fee basis, and in certain cases incentive amounts may also be earned. As with fee arrangements in advertising, such revenue is recognized as the work is performed. Incentive amounts for advertising and marketing services are recognized upon satisfaction of the qualitative and/or quantitative criteria, as set out in the relevant client contract.

In many cases, the amount the Company bills to clients significantly exceeds the amount of revenues that is earned due to the existence of various "pass-through" charges such as the cost of media. In compliance with EITF 01-14, "Income Statement Characterization of Reimbursements Received for "Out-of-Pocket Expenses Incurred", the Company generally records revenue net of "pass-through" charges as it is not the primary obligor with respect to the cost of "pass-through" charges.

**Expenditures Billable to Clients**

Expenditures billable to clients include costs incurred primarily in connection with production work by the Company on behalf of clients that have not yet been billed to clients. Commissions and fees on such production work are recorded as revenue when earned.

**Property and Depreciation**

The cost of property and equipment is 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 and equipment and from 10 to 45 years for property. Leasehold improvements are capitalized and amortized over the shorter of the life of the asset or the lease term.

**Long-lived Assets**

Long-lived assets consist primarily of property and equipment and intangible assets.

*Property and Equipment*

Property and equipment are reviewed for impairment whenever events or circumstances indicate their carrying value may not be recoverable. When such events or circumstances arise, an estimate of the future undiscounted cash flows produced by the asset, or the appropriate grouping of assets, is compared to the asset's carrying value to determine if

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

an impairment exists pursuant to the requirements of SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). If the asset is determined to be impaired, the impairment loss is measured based on the excess of its carrying value over its fair value. Assets to be disposed of are reported at the lower of its carrying value or net realizable value. Effective January 1, 2002, the Company adopted SFAS 144. The adoption of this statement did not have a material impact on the Company's financial position or results of operations. See Note 5 for a description of impairment charges recognized during the third quarter of 2002.

*Intangible Assets*

Goodwill is the excess of cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a business combination. Effective January 1, 2002, with the adoption of SFAS 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill is no longer amortized. Prior to January 1, 2002, goodwill was amortized on a straight-line basis, over periods not exceeding 40 years. Beginning January 1, 2002, goodwill is tested for impairment annually, and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at a reporting unit level. Reporting units are one level below the business segment level, but can be combined when reporting units within the same segment have similar economic characteristics. The vast majority of goodwill relates to and is assigned directly to a specific reporting unit. An impairment loss would generally be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The estimated fair value of a reporting unit is determined using a discounted cash flow analysis. The Company completed its assessment of any potential impairment upon adoption of this standard. Additionally, in connection with its annual assessment the Company determined that, other than the impairment charges discussed in Note 5, no impairments had occurred. Prior to January 1, 2002, goodwill was tested for impairment in a manner consistent with the method used to test property and equipment and intangible assets with a definite life. During the first quarter of 2002, the Company performed the required impairment test of goodwill and determined that there was no impairment required to be recognized upon adoption.

The following analysis shows the impact on the Company's statement of operations of discontinuing goodwill amortization had SFAS 142 been effective for all periods presented:

	<u>Year Ended December 31,</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
Reported net income (loss)	\$99.5	\$(534.5)	\$392.8
Add back:			
Goodwill amortization	--	169.0	140.4
Tax benefit on goodwill amortization	--	(24.3)	(17.2)
Adjusted net income (loss)	<u>\$99.5</u>	<u>\$(389.8)</u>	<u>\$516.0</u>
<b>Basic earnings (loss) per share:</b>			
Reported earnings (loss)	\$0.26	\$(1.45)	\$1.09
Add back: goodwill amortization, net of tax	--	0.39	0.34
Adjusted earnings (loss)	<u>\$0.26</u>	<u>\$(1.06)</u>	<u>\$1.43</u>
<b>Diluted earnings (loss) per share:</b>			
Reported earnings (loss)	\$0.26	\$(1.45)	\$1.06
Add back: goodwill amortization, net of tax	--	0.39	0.33
Adjusted earnings (loss)	<u>\$0.26</u>	<u>\$(1.06)</u>	<u>\$1.39</u>

Other intangible assets include, principally, customer lists, trade names, customer relationships and other intangible assets acquired from an independent party. Effective January 1, 2002, with the adoption of SFAS 142, intangible assets with an indefinite life, namely certain trade names, are not amortized. Intangible assets with a definite life are amortized on a straight-line basis with estimated useful lives generally ranging from 7 to 40 years. Indefinite-lived intangible assets will be tested for impairment annually, and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Intangible assets with a definite life are tested for impairment whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. An impairment loss would be recognized when the

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The amount of the impairment loss to be recorded is calculated by the excess of the assets carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis.

As of December 31, 2002, the Company's remaining unamortized goodwill balance and intangible assets were \$3,377.1 and \$81.6, respectively. The Company estimates that, based on its current intangible assets, amortization expense will be approximately \$8.0 in each of the next five years.

**Income Taxes**

Income taxes are accounted for under the asset and 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.

Income taxes are generally not provided on undistributed earnings of foreign subsidiaries because these earnings are considered to be permanently invested.

**Earnings Per Share**

Basic earnings per share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of common shares outstanding during the year but also include the dilutive effect of stock-based incentives and option plans (including stock options and awards to restricted stock) and the assumed conversion, as applicable, of the convertible notes as described in Note 8.

**Treasury Stock**

In July 1999, the Board of Directors authorized the repurchase of up to 60 million shares of the Company's common stock and, specifically, authorized a maximum of 6 million shares be purchased annually. The purchase of treasury shares is accounted for at cost. The reissuance of treasury shares is accounted for on a first-in, first-out basis and any gains or losses are accounted for as additional paid-in capital. Since July 2001, the Company has not made any material purchases of treasury shares.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents, accounts receivable, expenditures billable to clients, interest rate instruments and foreign exchange contracts. The Company invests its excess cash in investment-grade, short-term securities with financial institutions and limits 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. The Company performs ongoing credit evaluations of its clients and maintains an allowance for doubtful accounts based upon the expected collectibility of all accounts receivable. The Company is exposed to credit loss in the event of nonperformance by the counterparties of the interest rate swaps and foreign currency contracts. The Company limits its exposure to any one financial institution and does not anticipate nonperformance by these counterparties.

**Derivative Instruments and Hedging Activities**

Effective January 1, 2001, the Company adopted SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS 138. The new accounting pronouncements established accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or a liability measured at its fair value. Changes in the derivative's fair value are to be recognized currently in earnings unless specific hedge accounting criteria are met.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

The adoption of the new accounting pronouncement did not have a material effect on the Company's financial condition or results of operations.

See Note 12 for a discussion of the derivative instruments currently outstanding and the associated accounting treatment.

**New Accounting Pronouncements**

In June 2001, SFAS 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 asset. 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 is not expected to have a material impact on the Company's financial position or results of operations.

In November 2001, the Emerging Issues Task Force reached a consensus on Issue No. 01-14, Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred ("EITF 01-14"). EITF 01-14 establishes that reimbursements received for certain out-of-pocket expenses should be reported as revenue and operating expenses in the statement of operations. Historically, the Company classified reimbursed out-of-pocket expenses as a reduction of operating expenses. The Company has adopted this guidance, retroactively, effective the first quarter of fiscal year 2001. The adoption of this statement did not have a material 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.

In November 2002, Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" was issued. This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies (for guarantees issued after January 1, 2003) that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligations undertaken in issuing the guarantee. Disclosures concerning guarantees are found in Note 15 to the Consolidated Financial Statements.

In December 2002, SFAS 148, "Accounting for Stock-Based Compensation-Transition and Disclosure. An amendment of FASB Statement No. 123" was issued. The Company is choosing to continue with its current practice of applying the recognition and measurement principles of APB No. 25, "Accounting for Stock Issued to Employees." The Company has adopted the disclosure requirements of SFAS 148.

**Stock Option Plans**

The Company has various stock-based compensation plans as discussed in Note 9. 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

If compensation cost for the Company's stock option plans and its 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:

	<u>Year Ended December 31,</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
<i>Net income (loss)</i>			
As reported, net income (loss)	\$ 99.5	\$(534.5)	\$ 392.8
Add back:			
Stock-based employee compensation expense included in reported net income, net of tax	29.0	28.1	21.3
Deduct:			
Total fair value of stock based employee compensation expense, net of tax	<u>(66.5)</u>	<u>(96.8)</u>	<u>(58.7)</u>
Pro forma	<u>\$ 62.0</u>	<u>\$(603.2)</u>	<u>\$ 355.4</u>
<i>Earnings (loss) per share</i>			
Basic earnings (loss) per share			
As reported	\$ 0.26	\$ (1.45)	\$ 1.09
Pro forma	\$ 0.16	\$ (1.63)	\$ 0.99
Diluted earnings (loss) per share			
As reported	\$ 0.26	\$ (1.45)	\$ 1.06
Pro forma	\$ 0.16	\$ (1.63)	\$ 0.96

For purposes of this pro forma information, the fair value of shares issued 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 \$3.21, \$4.50 and \$6.17 in 2002, 2001 and 2000, respectively.

The weighted-average fair value of options granted during 2002, 2001 and 2000 was \$9.76, \$12.55 and \$14.86, respectively. The fair value of each option grant has been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Expected option lives	6 years	6 years	6 years
Risk free interest rate	4.66%	4.89%	6.15%
Expected volatility	35.79%	30.35%	25.86%
Dividend yield	1.58%	1.19%	.89%

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**Note 2: Earnings Per Share**

The following is a reconciliation of the components of the basic and diluted earnings per share computations for income available to common stockholders for the years ended December 31:

<i>(Number of Shares in Millions)</i>	2002			2001			2000		
	<u>Net Income</u>	<u>Shares</u>	<u>Per Share Amount</u>	<u>Net Loss</u>	<u>Shares</u>	<u>Per Share Amount</u>	<u>Net Income</u>	<u>Shares</u>	<u>Per Share Amount</u>
BASIC EARNINGS (LOSS) PER SHARE	\$99.5	376.1	\$0.26	\$(534.5)	369.0	\$(1.45)	\$392.8	359.6	\$1.09
Effect of Dilutive Securities:(a)(b)									
Options	--	2.2		--	--		--	7.6	
Restricted stock	<u>--</u>	<u>3.0</u>		<u>--</u>	<u>--</u>		<u>.6</u>	<u>3.4</u>	
DILUTED EARNINGS (LOSS) PER SHARE	<u>\$99.5</u>	<u>381.3</u>	\$0.26	<u>\$(534.5)</u>	<u>369.0</u>	\$(1.45)	<u>\$393.4</u>	<u>370.6</u>	\$1.06

- (a) The computation of diluted earnings per share for 2002, 2001 and 2000 excludes the assumed conversion of the 1.87% and 1.80% Convertible Subordinated Notes (see Note 8) because they were antidilutive. The computation of diluted earnings per share for 2001 excludes the weighted average number of incremental shares in connection with stock options and restricted stock because they were antidilutive.
- (b) The computation of diluted earnings per share for 2002 and 2001 excludes the assumed conversion of the Zero-Coupon Convertible Senior Notes due 2021 (see Note 8) as they are contingently convertible and assume cash settlement of the related put option.

**Note 3: Acquisitions and Deferred Payments**

**Acquisitions**

The Company acquired numerous advertising and specialized marketing and communications services companies during the three-year period ended December 31, 2002. The aggregate purchase price, including cash and stock payments, was as follows:

<i>(Number of Shares in Millions)</i>	<u>Number of Acquisitions</u>	Consideration			<u>No. of Shares Issued</u>
		<u>Cash</u>	<u>Stock</u>	<u>Total</u>	
2002 - Purchases	<u>11</u>	<u>\$ 53.0</u>	<u>\$ 1.1</u>	<u>\$ 54.1</u>	<u>--</u>
2001 - Purchases	19	\$ 84.7	\$ 14.0	\$ 98.7	.5
- Pooling	<u>1</u>	<u>--</u>	<u>1,631.0</u>	<u>1,631.0</u>	<u>58.2</u>
Total	<u>20</u>	<u>\$ 84.7</u>	<u>\$1,645.0</u>	<u>\$1,729.7</u>	<u>58.7</u>
2000 - Purchases	93	\$577.4	\$ 331.9	\$ 909.3	8.0
- Poolings	<u>3</u>	<u>--</u>	<u>759.0</u>	<u>759.0</u>	<u>19.1</u>
Total	<u>96</u>	<u>\$577.4</u>	<u>\$1,090.9</u>	<u>\$1,668.3</u>	<u>27.1</u>

The value of the stock issued for acquisitions is based on the market price of the Company's stock at the time of the transaction. For those entities accounted for as purchase transactions, the purchase price of the acquisitions has been allocated to identifiable assets acquired and liabilities assumed based on estimated fair values with any excess being recorded as goodwill.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

Details of businesses acquired in transactions accounted for as purchases were as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Consideration for new acquisitions	\$ 54.1	\$ 98.7	\$909.3
Less: fair value of net assets of new acquisitions	<u>(13.9)</u>	<u>(17.1)</u>	<u>(91.1)</u>
Goodwill recorded for new acquisitions	<u>\$ 40.2</u>	<u>\$ 81.6</u>	<u>\$818.2</u>
Cash paid for new acquisitions	\$ 53.0	\$ 84.7	\$577.4
Deferred cash payments, prior acquisitions	240.1	228.9	158.1
Less: cash acquired	<u>(11.7)</u>	<u>(3.0)</u>	<u>(65.4)</u>
Net cash paid for acquisitions	<u>\$281.4</u>	<u>\$310.6</u>	<u>\$670.1</u>

**2002 Acquisitions**

***Purchases***

The results of operations of the acquired companies, which included the Target Group, were included in the consolidated results of the Company from their respective acquisition dates, which were throughout the year. None of the acquisitions made in 2002 was significant on an individual basis.

**2001 Acquisitions**

***Purchases***

The results of operations of the acquired companies, which included Transworld Marketing Corporation and DeVries Public Relations, were included in the consolidated results of the Company from their respective acquisition dates, which were generally in the middle of the year. None of the acquisitions made in 2001 was significant on an individual basis.

***Acquisition of True North***

On June 22, 2001, the Company acquired True North Communications Inc. ("True North"), a global provider of advertising and communication services, in a transaction accounted for as a pooling of interests. Approximately 58.2 million shares were issued in connection with the acquisition, which, based on the market price of the Company's stock at the date of closing, yielded a value of approximately \$1,631. No significant adjustments were necessary to conform accounting policies of the entities. The Company's consolidated financial statements, including the related notes, have been restated as of the earliest period presented to include the results of operations, financial position and cash flows of True North.

The following table shows the historical results of the Company and True North for the periods prior to the consummation of the merger:

	<b>Three Months Ended March 31, 2001 (Unaudited)</b>	<b>Year Ended December 31, 2000</b>
Revenue:		
IPG	\$1,318.8	\$5,625.8
True North	<u>356.0</u>	<u>1,556.9</u>
Revenue	<u>\$1,674.8</u>	<u>\$7,182.7</u>
Net income (loss):		
IPG	\$ (40.7)	\$ 331.2
True North	<u>9.5</u>	<u>61.6</u>
Net income (loss)	<u>\$ (31.2)</u>	<u>\$ 392.8</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**2000 Acquisitions**

*Purchases*

The companies acquired in transactions accounted for as purchases included Capita Technologies, Nationwide Advertising Services, Waylon, MWW and certain assets of Caribiner International. The results of operations of the acquired companies were included in the consolidated results of the Company from their respective acquisition dates, which occurred throughout the year. None of the acquisitions was significant on an individual basis.

*Poolings*

In April 2000, the Company acquired NFO Worldwide, Inc. ("NFO"), a leading provider of research-based marketing information and counsel, in a transaction accounted for as a pooling of interests. Approximately 12.6 million shares were issued to acquire NFO.

In November 2000, the Company acquired Deutsch, Inc. and its affiliate companies ("Deutsch"), a full service advertising agency, in a transaction accounted for as a pooling of interests. Approximately 6 million shares were issued to acquire Deutsch. No adjustments were necessary to conform accounting policies of the entities. The Company's consolidated financial statements have been restated as of the earliest period presented to include the results of operations, financial position and cash flows of NFO, Deutsch and the other immaterial acquisition (for which 0.5 million shares were issued) accounted for as poolings of interests.

Revenue and net income for NFO for the quarter ended March 31, 2000 were \$106.0 and \$0.2. Revenue and net income for Deutsch for the three quarters ended September 30, 2000 were \$88.1 and \$19.5.

In connection with the acquisition of Deutsch in 2000 and based on the taxable structure of the transaction, a deferred tax asset of approximately \$110 and a current tax liability of \$15.0 were recorded with corresponding adjustments to additional paid in capital. In connection with the acquisition of Deutsch, the Company recognized a charge related to one-time transaction costs of \$44.7. The principal component of this amount related to the expense associated with various equity participation agreements with certain members of management. These agreements provided for participants to receive a portion of the proceeds in the event of the sale or merger of Deutsch.

Prior to its acquisition by the Company, Deutsch elected to be treated as an "S" Corporation under applicable sections of the Internal Revenue Code as well as for state income tax purposes. Accordingly, income tax expense was lower than would have been the case had Deutsch been treated as a "C" Corporation. Deutsch became a "C" Corporation upon its acquisition by the Company. On a pro forma basis, assuming "C" Corporation status, net income for Deutsch and the Company would have been lower by \$10.7 in 2000.

**Deferred Payments**

During the three-year period ended December 31, 2002, the Company paid the following deferred payments on acquisitions that had closed in prior years:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Cash	\$240.1	\$228.9	\$158.1
Stock	<u>83.2</u>	<u>48.2</u>	<u>63.2</u>
	<u>\$323.3</u>	<u>\$277.1</u>	<u>\$221.3</u>

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

As of December 31, 2002, the Company's estimated liability for deferred payments is as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 and thereafter</u>	<u>Total</u>
Cash	\$142.0	\$78.8	\$49.4	\$28.2	\$298.4
Stock	<u>41.7</u>	<u>9.2</u>	<u>13.4</u>	<u>9.3</u>	<u>73.6</u>
<b>Total</b>	<u>\$183.7</u>	<u>\$88.0</u>	<u>\$62.8</u>	<u>\$37.5</u>	<u>\$372.0</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

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 may 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 \$192.5, of which \$9.9 is payable in stock. Exercise of the put options would require payments to be made as follows:

2003	\$87.6
2004	\$20.4
2005	\$34.4
2006 and thereafter	\$50.1

The actual amount to be paid is generally 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 \$112.5 and, in the event of exercise, would be paid as follows:

2003	\$25.8
2004	\$ 5.8
2005	\$15.3
2006 and thereafter	\$65.6

The actual amount to be paid is contingent upon the Company's decision to exercise its option and the upon the achievement of projected operating performance targets and satisfying other conditions as specified in the relevant agreement.

**Note 4: Restructuring and Other Merger-related Costs**

**2002 Activities**

In the third quarter of 2002, the Company recorded an additional \$12.1 in charges related to the 2001 restructuring plan. The additional charge was necessitated largely by increases in estimates of lease losses due to lower than anticipated sublease income in key markets, including San Francisco, Chicago, Paris and London.

**2001 Activities**

Following the completion of the True North acquisition in June 2001, the Company initiated a series of operational initiatives focusing on: a) the integration of the True North operations and the identification of synergies and savings, b) the realignment of certain Interpublic businesses and c) productivity initiatives to achieve higher operating margins. In connection with the operational initiatives, 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 (\$446.5, net of tax).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

A summary of the remaining liability, including the 2002 charges, for restructuring and other merger-related costs is as follows:

	<b>Balance at December 31, 2001</b>	<b>2002 Charge</b>	<b>Cash paid in 2002</b>	<b>Long- term Liabilities and Non- cash Items</b>	<b>Liability at December 31, 2002</b>
<b>TOTAL BY TYPE</b>					
Severance and termination costs	\$154.0	\$ 2.3	\$(129.2)	\$(11.2)	\$ 15.9
Lease termination and other exit costs	<u>157.1</u>	<u>9.8</u>	<u>(72.3)</u>	<u>--</u>	<u>94.6</u>
Total	<u>\$311.1</u>	<u>\$12.1</u>	<u>\$(201.5)</u>	<u>\$(11.2)</u>	<u>\$110.5</u>

The Company has terminated approximately 7,000 employees in connection with the restructuring plan. The majority of the remaining severance liabilities are expected to be paid out through the end of the third quarter of 2003. Amounts totaling \$11.2 were transferred from restructuring liabilities to non-current liabilities (in the case of certain long-term deferred compensation arrangements) or to additional paid-in capital (in the case of vested restricted stock amounts).

The Company downsized or vacated approximately 180 locations. The remaining liabilities will be paid out over a period of up to five years. Lease termination and related costs included write-offs related to the abandonment of leasehold improvements as part of the office vacancies.

Other exit costs relate principally to the impairment loss on sale or closing of certain business units in the US and Europe. In the aggregate, the businesses sold or closed represented an immaterial portion of the revenue and operating profit of the Company. The write-off amount was computed based upon the difference between the estimated sales proceeds (if any) and the carrying value of the related assets. The sales and closures had been completed by September 30, 2002.

**2000 Activities**

During 2000, the Company recorded restructuring and other merger-related costs of \$177.7 (\$124.3, net of tax). Of the total pre-tax restructuring and other merger-related costs, cash charges represented \$104.6. The key components of the charge were: a) costs associated with the restructuring of Lowe & Partners Worldwide (formerly Lowe Lintas & Partners Worldwide), b) costs associated with the loss, by True North, of the Chrysler account, c) other costs related to the acquisition of Deutsch and d) costs relating principally to the merger with NFO.

**Lowe & Partners**

In October 1999, the Company announced the merger of two of its advertising networks. The networks affected, Lowe & Partners Worldwide and Ammirati Puris Lintas, were combined to form a new agency. The merger involved the consolidation of operations in agencies in approximately 24 cities in 22 countries around the world and the severance of approximately 600 employees. As of September 30, 2000, all restructuring activities had been completed.

In connection with this restructuring, costs of \$84.1 (\$51.4, net of tax) were recorded in 1999 and \$87.8 (\$53.6, net of tax) in 2000. Of the totals, \$75.6 related to severance, \$50.2 related to lease related costs and the remainder related principally to investment write-offs. No adjustment to the Company's statement of operations was required as a result of the completion of the restructuring plan.

**Loss of Chrysler Account**

As a result of the loss of the Chrysler account, one of True North's larger accounts, the Company recorded a charge of \$17.5 pre-tax (\$10.0, net of tax) in the fourth quarter of 2000. The charge covered primarily severance, lease termination and other exit costs associated with the decision to close the Detroit office. In addition, an impairment loss of \$5.5 was recorded for intangible assets that were determined to be no longer recoverable. Offsetting these charges was a \$5.2 payment from Chrysler to compensate the Company for severance and other exit costs. As of December 31, 2001, all actions had been completed.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Acquisition of Deutsch**

In connection with the acquisition of Deutsch in 2000, the Company recognized a charge related to one-time transaction costs of \$44.7 (\$41.7, net of tax). The principal component of this amount related to the expense associated with various equity participation agreements with certain members of management. These agreements provided for participants to receive a portion of the proceeds in the event of the sale or merger of Deutsch.

**NFO**

In addition to the above 2000 activities, additional charges, substantially all of which were cash costs, were recorded during 2000 related principally to the transaction and other merger-related costs arising from the acquisition of NFO.

**Note 5: Long-Lived Asset Impairment and Other Charges**

***2002 Impairment***

Octagon Motorsports (OMS), within SEG, owns and leases certain racing circuit facilities that are used for automobile, motorcycle and go-cart racing, primarily in the United Kingdom. Beginning in the second quarter of 2002 and continuing in subsequent quarters, certain of the Octagon businesses experienced significant operational difficulties, including significantly lower than anticipated attendance at the marquee British Grand Prix race in July 2002. These events and a change in management at OMS in the third quarter of 2002 led the Company to begin assessing its long-term strategy for OMS.

In accordance with the provisions of SFAS 142, the Company prepared a discounted cash flow analysis which indicated that the book value of OMS significantly exceeded its estimated fair value and that a goodwill impairment had occurred. In addition, as a result of the goodwill analysis, the Company assessed whether there had been an impairment of the Company's long-lived assets in accordance with SFAS 144. The Company concluded that the book value of certain asset groupings at OMS was significantly higher than their expected future cash flows and that an impairment had occurred. Accordingly, the Company has recognized a non-cash impairment loss and related charge of \$127.1 (\$89.7, net of tax) in 2002. The charges included \$82.1 of goodwill impairment, \$33.0 of fixed assets and capital expenditure write-offs, and \$12.0 to record the fair value of an associated put option.

In addition, OMS is contractually required to upgrade and improve certain of its existing facilities over the next two years. As of December 31, 2002, these capital expenditure commitments amount to approximately \$30.0 and are expected to be impaired as incurred based on current cash flow analyses for the relevant asset groupings.

In the fourth quarter of 2002, management determined that its original operating plans were no longer feasible and decided to explore options to exit some or all of these businesses. The remaining book value of long-lived assets relating to OMS is approximately \$70 at December 31, 2002, and this amount, as well as other substantial contractual obligations, may not be fully recoverable depending upon the exit strategy ultimately followed.

***2001 Impairment***

Following the completion of the True North acquisition in 2001 and the realignment of certain of the Company's businesses, the Company evaluated the realizability of various assets. In connection with this review undiscounted cash flow projections were prepared for certain investments, and the Company determined that the goodwill attributable to certain business units was stated at an amount in excess of the future estimated cash flows. As a result, an impairment charge of \$303.1 (\$263.4, net of tax) was recorded in 2001. Of the total write-off, \$221.4 was recorded in the second quarter, with the remainder recorded in the third quarter. The largest components of the goodwill impairment and other charges were Capita Technologies, Inc. (approximately \$145) and Zentropy Partners (approximately \$16), both internet services businesses. The remaining amount primarily related to several other businesses including internet services, healthcare consulting and certain advertising offices in Europe and Asia Pacific.

***Operating Expenses***

Included in office and general expenses in 2001 are charges of \$85.4 (\$49.5, net of tax) relating primarily to operating assets, which are no longer considered realizable. Additionally, a benefit of \$50.0 (\$29.0, net of tax) resulting from a reduction in severance reserves related to significant headcount reductions is included in salaries and related expenses in 2001.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**Note 6: Other Income (Expense)**

***Investment Impairment***

During 2002, the Company recorded \$39.7 of investment impairment primarily related to certain investments of Octagon, the Company's sports marketing business within SEG. The impairment charges adjusted the carrying value of investments to the estimated market value where an other than temporary impairment had occurred.

During 2001, the Company recorded total charges related to the impairment of investments of \$210.8 (\$136.6, net of tax). Of the total amount, \$160.1 (\$103.7, net of tax) was recorded in the first quarter, and \$48.2 (\$30.4, net of tax) was recorded in the third quarter. The charge in the first quarter related to the impairment of investments primarily in publicly traded internet-related companies, including marchFIRST, Inc. (an internet professional services firm), which had filed for relief under Chapter 11 of the Federal Bankruptcy Code in April 2001. The third quarter charge included write-offs for investments in non-internet companies, certain venture funds and other investments. In addition, the Company recorded a charge of \$2.5 to record the fair value of a put option. The impairment charges adjusted the carrying value of investments to the estimated market value where an other than temporary impairment had occurred.

***Other Income***

The following table sets forth the components of other income:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Gains on sales of business	\$ 7.0	\$12.3	\$16.5
Gains (losses) on sales of available-for-sale securities	5.3	(2.5)	28.5
Investment income and miscellaneous	<u>2.8</u>	<u>3.9</u>	<u>(2.4)</u>
	<u>\$15.1</u>	<u>\$13.7</u>	<u>\$42.6</u>

During 2002, the Company sold an unconsolidated affiliate in Europe for proceeds of \$12.8, an unconsolidated affiliate in the US for proceeds of \$5.2 and a marketing services affiliate for proceeds of \$3.8.

During 2001, the Company sold a marketing services affiliate in Europe for proceeds of approximately \$5 and some non-core marketing services affiliates in the US for proceeds of \$6.9.

During 2000, the Company sold its interest in a non-core minority owned marketing services business for proceeds of approximately \$12.

**Note 7: Provision for Income Taxes**

The Company accounts for income taxes under SFAS 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 applies an asset and liability approach that requires the recognition of deferred tax assets and liabilities with respect to the expected future tax consequences of events that have been recognized in the consolidated financial statements and tax returns.

The components of income (loss) before provision for (benefit of) income taxes are as follows:

	<u>Year Ended December 31,</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
Domestic	\$353.6	\$(474.3)	\$499.0
Foreign	<u>(88.2)</u>	<u>(89.2)</u>	<u>292.4</u>
Total	<u>\$265.4</u>	<u>\$(563.5)</u>	<u>\$791.4</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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The provision for (benefit of) income taxes consists of:

Federal Income Taxes (Including Foreign Withholding Taxes):			
Current	\$ 6.2	\$48.3	\$168.1
Deferred	<u>120.1</u>	<u>(144.4)</u>	<u>2.9</u>
	<u>126.3</u>	<u>(96.1)</u>	<u>171.0</u>
State and Local Income Taxes:			
Current	26.6	3.7	48.3
Deferred	<u>3.3</u>	<u>(36.9)</u>	<u>(2.8)</u>
	<u>29.9</u>	<u>(33.2)</u>	<u>45.5</u>
Foreign Income Taxes:			
Current	52.5	83.9	145.4
Deferred	<u>(68.4)</u>	<u>(9.9)</u>	<u>(21.7)</u>
	<u>(15.9)</u>	<u>74.0</u>	<u>123.7</u>
Total	<u>\$140.3</u>	<u>\$ (55.3)</u>	<u>\$340.2</u>

At December 31, 2002 and 2001 the deferred tax assets consisted of the following items:

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
Postretirement/postemployment benefits	\$ 22.4	\$ 59.6
Deferred compensation	141.1	112.5
Pension costs	47.1	21.3
Depreciation	0.7	(11.0)
Rent	(6.3)	(9.6)
Interest	(7.2)	3.5
Accrued reserves	24.6	12.2
Allowance for doubtful accounts	33.5	16.8
Goodwill amortization	50.7	83.9
Investments in equity securities	5.8	33.7
Tax loss/tax credit carryforwards	155.0	74.2
Restructuring and other merger-related costs	130.1	220.3
Other	<u>18.7</u>	<u>(0.6)</u>
Total deferred tax assets	616.2	616.8
Valuation allowance	<u>(69.3)</u>	<u>(41.8)</u>
Net deferred tax assets	<u>\$546.9</u>	<u>\$575.0</u>

The valuation allowance of \$69.3 and \$41.8 at December 31, 2002 and 2001, respectively, represents a provision for uncertainty as to the realization of certain deferred tax assets, including US tax credits and net operating loss carryforwards in certain jurisdictions. The change during 2002 in the deferred tax valuation allowance primarily relates to uncertainties regarding the utilization of tax credits and net operating loss carryforwards. At December 31, 2002, there were \$57.2 of tax credit carryforwards with expiration periods through 2007 and loss carryforwards with a tax effect of \$97.8 with various expiration periods. The Company has concluded that, based upon expected future results, it is more likely than not that the net deferred tax asset balance will be realized.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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A reconciliation of the effective income tax rate as shown in the consolidated statement of income to the federal statutory rate is as follows:

	<u>Year Ended December 31,</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
Statutory federal income tax rate	35.0%	(35.0)%	35.0%
State and local income taxes, net of federal income tax benefit	7.3	2.9	3.7
Impact of foreign operations, including withholding taxes	9.9	2.7	(0.3)
Goodwill and intangible asset amortization	--	6.1	3.6
Effect of pooled companies	--	--	1.8
Goodwill and other long-lived asset impairment	2.7	11.7	--
Restructuring and other merger-related costs	(0.2)	4.7	1.2
Other	<u>(1.8)</u>	<u>(2.9)</u>	<u>(2.0)</u>
Effective tax rate	<u>52.9%</u>	<u>(9.8)%</u>	<u>43.0%</u>

As described in Note 3, prior to its acquisition by the Company, Deutsch had elected to be treated as an "S" Corporation and accordingly, its income tax expense was lower than it would have been had Deutsch been treated as a "C" Corporation. Deutsch became a "C" Corporation upon its acquisition by the Company. Assuming Deutsch had been a "C" Corporation, the Company's effective tax rate would have been 44.3% for 2000.

The total amount of undistributed earnings of foreign subsidiaries for income tax purposes was approximately \$794.7 at December 31, 2002. It is the Company's intention to reinvest undistributed earnings of its foreign subsidiaries and thereby indefinitely postpone their remittance. Accordingly, no provision has been made for foreign withholding taxes or United States income taxes which may become payable if undistributed earnings of foreign subsidiaries were paid as dividends to the Company. The additional taxes on that portion of undistributed earnings which is available for dividends are not practicably determinable.

The Internal Revenue Service (IRS) is currently examining the Company's federal income tax returns for 1994 to 1996. While the audit is not complete, the IRS has indicated its intention to challenge certain of the Company's tax positions. The Company believes that its tax positions comply with applicable tax law and intends to defend its positions vigorously. The ultimate disposition of these matters could require the Company to make additional payment to the IRS. Nonetheless, the Company believes that there will not be a material effect on the Company's financial position, cash flows or results of operations from the ultimate resolution of these matters.

**Note 8: Debt**

*Revolving Credit Agreements*

On June 27, 2000 and May 16, 2002, the Company entered into two revolving credit facilities, respectively, each provided by a syndicate of banks (the "Revolving Credit Facilities"), which are used to fund the Company's ordinary course business needs. The facility entered into on June 27, 2000 provides for borrowings of up to \$375.0 and is for a term of five years, which expires in June of 2005. The facility entered into on May 16, 2002 provides for borrowings of up to \$500.0 and is for a term of 364 days, which expires on May 15, 2003. However, the Company has the option to extend the maturity of amounts outstanding on the termination date under the 364-day Revolving Credit Facility for a period of one year. As of December 31, 2002, no amounts were borrowed under the 364-day Revolving Credit Agreements and \$50.3 was borrowed under the five-year Revolving Credit Facility. As of March 20, 2003, no amounts were borrowed under the 364-day Revolving Credit Facility and approximately \$49.8 was borrowed under the five-year Revolving Credit Facility.



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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. On October 25, 2002, Moody's Investors Services, Inc. downgraded the Company's credit rating to Baa3. On March 7, 2003, Standard and Poor's downgraded the Company's credit rating to BB+. As of March 7, 2003, the combined effect of the downgrades was an increase in the interest spread payable on LIBOR loans under the Revolving Credit Facilities of 25 basis points from the interest rate spread of 1.25% applicable as of December 31, 2002.

The Company's Revolving Credit Facilities include financial covenants that set i) maximum levels of debt as a function of EBITDA and ii) minimum levels of EBITDA as a function of interest expense (in each case, as defined in these agreements). As of December 31, 2002, the Company was in compliance with all of the covenants (including the financial covenants, as amended) contained in the Revolving Credit Facilities.

During the third quarter of 2002, the Company obtained waivers of certain provisions (excluding financial covenants) contained in the Revolving Credit Facilities, which related to the restatement of the Company's historical consolidated financial statements in the aggregate amount of \$181.3. In connection with these waivers, the Company agreed to an increase in interest rates and commitment fees payable to the lenders. The Company also paid fees to the lenders as additional consideration for their granting the waivers. The impact of the fees paid and the increased interest rates is not material to the Company's financial position, cash flows or results of operations.

On February 10, 2003, certain defined terms relating to financial covenants contained in the Revolving Credit Facilities were amended effective as of December 31, 2002. The definition of debt for borrowed money in the Revolving Credit Facilities 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 definition of EBITDA in the Revolving Credit Agreements was 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 corresponding financial covenant ratio levels in the Revolving Credit Facilities were also amended.

The Company also amended certain other provisions of the Revolving Credit Facilities effective as of December 31, 2002. The new 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, make capital expenditures and prepay long-term debt, as well as the ability of the Company's domestic subsidiaries to incur additional debt. Certain of these limitations are modified upon receipt of aggregate net cash proceeds equal to at least \$400.0 from asset sales and capital markets transactions. The level of proceeds from such transactions and the outstanding balance of the Company's Zero-Coupon Convertible Senior Notes due 2021 (the "Zero-Coupon Notes") will determine the permitted levels of annual acquisition spending and the permitted level of long-term debt prepayment. The level of proceeds, the outstanding balance of the Zero-Coupon Notes and the Company's future earnings performance will determine the permitted levels of share buybacks and dividend payments.

On March 13, 2003, the Company sold 4.5% Convertible Senior Notes due 2023 (the "4.5% Notes") in an aggregate principal amount of \$800.0. The Company received net cash proceeds from this transaction equal to approximately \$778.0. As a result, the Company's permitted level of annual cash acquisition spending has increased to \$25.0 and the permitted level of annual share buybacks and dividend payments has increased to \$25.0. In addition, on March 10, 2003, the Company commenced a tender offer to purchase for cash any and all of the outstanding Zero-Coupon Notes. The tender offer will expire on April 4, 2003, unless extended. If the Zero-Coupon Notes are substantially retired pursuant to this tender offer, the Company's permitted level of annual cash acquisition spending would be further increased to \$100.0 and the Company would be permitted to prepay long-term debt.

In addition, if the Zero-Coupon Notes are substantially retired pursuant to the tender offer and earnings before interest, taxes, depreciation and amortization are at least \$1,000.0 for four consecutive quarters, the Company's permitted level of annual share buybacks and dividend payments would increase to \$100.0. All limitations on dividend payments and share buybacks expire when the Zero-Coupon Notes have been substantially retired and earnings before interest, taxes, depreciation and amortization are at least \$1,300.0 for four consecutive quarters.

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As a result of the issuance of the 4.5% Notes in the first quarter of 2003 and the anticipated 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 will be outstanding at March 31, 2003. Therefore, the Company amended the Revolving Credit Facilities, 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.

On February 26, 2003, the Company obtained waivers of certain defaults under the Revolving Credit Facilities 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 the restatement.

*Other Committed and Uncommitted Facilities*

In addition to the Revolving Credit Facilities, at December 31, 2002 and 2001, respectively, the Company had \$157.8 and \$53.3 of committed lines of credit, all of which were provided by overseas banks that participate in the Revolving Credit Facilities. At December 31, 2002 and 2001, respectively, \$3.1 and \$7.2 were outstanding under these lines of credit.

At December 31, 2002 and 2001, respectively, the Company also had \$707.9 and \$738.3 of uncommitted lines of credit, 66.8% and 56.2% of which, respectively, were provided by banks that participate in the Revolving Credit Agreements. At December 31, 2002 and 2001, respectively, approximately \$213.2 and \$286.6 were 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 18, 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 December 31, 2002 and 2001, 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 (in each case, as defined in these agreements). 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. During 2001, as a result of significant restructuring, asset impairment and other charges, the Company required and received amendments related to the financial covenants in the Prudential Agreements.

During the third quarter of 2002, due to the impact on the Company's net worth resulting from (a) lower operating profit in the third quarter and (b) restructuring charges and lower operating profit in prior periods resulting from the restatement of the Company's historical consolidated financial statements in the aggregate amount of \$181.3, the Company required and received waivers related to its financial covenants in the Prudential Agreements.

In connection with the third quarter waivers, the Company agreed to increase the interest rates on the outstanding balances under the Prudential Agreements. The Company also paid a fee to Prudential as additional consideration for the waivers. The impact of the fee and the increased interest rates is not material to the Company's financial position, cash flows or results of operations.

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, make capital expenditures and prepay long-term debt, 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.

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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 corresponding financial covenant ratio levels in the Prudential Agreements were also amended.

In addition, the Company amended the Prudential Agreements, as of March 13, 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.

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 the commitment were not material to the Company's financial position, cash flows or results of operations.

*Other Debt Instruments*

*(i) 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. The Company intends to use the net proceeds of this offering to fund its concurrent offer to repurchase the outstanding Zero-Coupon Notes. Assuming 100% of the Zero-Coupon Notes are tendered, the Company will pay a total of \$582.5 to the holders of the Zero-Coupon Notes in connection with the offer. Any funds not used to repurchase the Zero-Coupon Notes will be used 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.

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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.

*(ii) Zero-Coupon Convertible Senior Notes*

In December 2001, the Company completed the issuance and sale of approximately \$702 of aggregate principal amount of Zero-Coupon Convertible Senior Notes ("Zero-Coupon Notes") due 2021. The Company used the net proceeds of \$563.5 from this offering to repay indebtedness under the Company's credit facilities. The Zero-Coupon Notes are unsecured, zero-coupon, senior securities that may be converted into common shares if the price of the Company's common stock reaches a specified threshold, at a conversion rate of 22.8147 shares per one thousand dollars principal amount at maturity, subject to adjustment. This threshold will initially be 120% of the accreted value of a Zero-Coupon Note, divided by the conversion rate and will decline 1/2% each year until it reaches 110% at maturity in 2021. A Zero-Coupon Note's accreted value is the sum of its issue price plus its accrued original issue discount.

The Zero-Coupon Notes may also be converted, regardless of the sale price of the Company's common stock, at any time after: (i) the credit rating assigned to the Zero-Coupon Notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Group and Fitch Ratings are Bal, BB+ and BB+, respectively, or lower, or the Zero-Coupon Notes are no longer rated by at least two of these ratings services, (ii) the Company calls the Zero-Coupon 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 the Company's 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 Zero-Coupon Notes for cash on December 14, 2003. The Company may also be required to redeem the Zero-Coupon Notes at the investor's option, on December 14, 2004, 2005, 2006, 2011 or 2016 for cash or common stock or a combination of both, at the Company's election. Additionally, the Company has the option of redeeming the Zero-Coupon Notes after December 14, 2006 for cash.

The yield to maturity of the Zero-Coupon Notes at the date of issuance was 1%. Unless the Company is required to pay the contingent interest described in the following sentence or the US tax laws change in certain ways, no cash interest will be paid at any time. After December 14, 2006, if the Company's stock price reaches specified thresholds, the Company would be obligated to pay semi-annual contingent cash interest which would approximate the dividends paid to common stockholders during the prior six-month period (subject to a floor rate).

The balance outstanding under the Zero-Coupon Notes as of December 31, 2002 was \$581.0. This amount is classified as current in the accompanying consolidated balance sheet.

On March 10, 2003, the Company commenced a tender offer to purchase for cash any and all of the outstanding Zero-Coupon Notes, at a price equal to 82.9876% of the principal amount of the notes at maturity. The tender offer will expire on April 4, 2003, unless extended. The price offered is equal to the accreted value of the notes as of April 4, 2003. If all of the Zero-Coupon Notes are tendered pursuant to the tender offer, the Company would pay a total of \$582.5 to the holders of the Zero-Coupon Notes.

*(iii) Floating Rate Notes*

On June 28, 2001, the Company issued and sold \$100.0 of floating rate notes which bore interest based on three-month LIBOR. The notes matured and were repaid on June 28, 2002.

*(iv) Senior Unsecured Notes - 7.25%*

On August 22, 2001, the Company completed the issuance and sale of \$500.0 principal amount of senior unsecured notes due 2011. The notes bear interest at a rate of 7.25% per annum. The Company used the net proceeds of approximately \$493 from the sale of the notes to repay outstanding indebtedness under its Revolving Credit Facilities.

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*(v) Senior Unsecured Notes - 7.875%*

On October 20, 2000, the Company completed the issuance and sale of \$500.0 principal amount of senior unsecured notes due 2005. The notes bear an interest rate of 7.875% per annum. The Company used the net proceeds of approximately \$496 from the sale of the notes to repay outstanding indebtedness under its Revolving Credit Facilities.

During 2001, the Company entered into interest rate swap agreements to convert the fixed interest rate on the 7.875% notes to a variable rate based on 6 month LIBOR. At December 31, 2001, the Company had outstanding interest rate swap agreements covering \$400.0 of the \$500.0, 7.875% notes due October 2005, which reduced the effective interest rate on the notes to 6.972%. During 2002, the Company terminated all interest rate swaps agreements and generated proceeds to the Company of \$45.7. The net proceeds are being recorded as an adjustment to the interest rate of the 7.875% notes. The remaining unamortized gain at December 31, 2002 was \$33.7.

*(vi) Convertible Subordinated Notes - 1.87%*

On June 1, 1999, the Company issued \$361.0 face amount of Convertible Subordinated Notes due 2006 with a cash coupon rate of 1.87% and a yield to maturity of 4.75%. The 2006 notes were issued at an original price of 83% of the face amount, generating proceeds of approximately \$300. The notes are convertible into 6.4 million shares of the Company's common stock at a conversion rate of 17.616 shares per one thousand dollars face amount. Since June 2002, the Company has had the option to redeem the notes for cash.

*(vii) Convertible Subordinated Notes - 1.80%*

On September 16, 1997, the Company issued \$250.0 face amount of Convertible Subordinated Notes due 2004 with a coupon rate of 1.80% and a yield to maturity of 5.25%. The 2004 Notes were issued at an original price of 80% of the face amount, generating proceeds of approximately \$200. The notes are convertible into 6.7 million shares of the Company's common stock at a conversion rate of 26.772 shares per one thousand dollars face amount. Since September 2000, the Company has had the option to redeem the notes for cash.

*Debt Outstanding at December 31, 2002 and 2001*

*(i) Short-Term Debt*

The Company and its subsidiaries have short-term lines of credit with various banks that permit borrowings at variable interest rates. At December 31, 2002 and 2001, all borrowings under these facilities were by the Company's subsidiaries and totaled \$216.3 and \$293.8, respectively. Where required, the Company has guaranteed the repayment of borrowings by its subsidiaries.

As of December 31, 2002 and 2001, respectively, 66.8% and 56.2% of these short-term facilities were provided by banks that participate in the Company's Revolving Credit Facilities. The weighted-average interest rates on outstanding balances under the committed and uncommitted short-term facilities at December 31, 2002 and 2001 were approximately 4.83% and 3.64%, respectively.

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The following table summarizes the Company's short term debt as of December 31, 2002 and 2001.

<b>2002</b>	<b>Total Facility</b>	<b>Amount Outstanding at December 31, 2002</b>	<b>Total Available</b>
<u>Committed</u>			
364-day Revolving Credit Facility	\$ 500.0	\$ --	\$ 500.0
Other Facilities (principally International)	<u>157.8</u>	<u>3.1</u>	<u>154.7</u>
	<u>\$ 657.8</u>	<u>\$ 3.1</u>	<u>\$ 654.7</u>
<u>Uncommitted</u>			
Domestic	\$ 27.7	\$ 7.7	\$ 20.0
International	<u>680.2</u>	<u>205.5</u>	<u>474.7</u>
	<u>707.9</u>	<u>213.2</u>	<u>494.7</u>
Total	<u>\$1,365.7</u>	<u>\$216.3</u>	<u>\$1,149.4</u>
<b>2001</b>	<b>Total Facility</b>	<b>Amount Outstanding at December 31, 2001</b>	<b>Total Available</b>
<u>Committed</u>			
364-day Revolving Credit Facility	\$ 500.0	\$ --	\$ 500.0
Other Facilities (principally International)	<u>53.3</u>	<u>7.2</u>	<u>46.1</u>
	<u>\$ 553.3</u>	<u>\$ 7.2</u>	<u>\$ 546.1</u>
<u>Uncommitted</u>			
Domestic	\$ 127.5	\$ 62.5	\$ 65.0
International	<u>610.8</u>	<u>224.1</u>	<u>386.7</u>
	<u>738.3</u>	<u>286.6</u>	<u>451.7</u>
Total	<u>\$1,291.6</u>	<u>\$ 293.8</u>	<u>\$ 997.8</u>

*(ii) Long-Term Debt*

*Long-term debt at December 31 consisted of the following:*

	<b>2002</b>	<b>2001</b>
Convertible Subordinated Notes - 1.80%	\$ 236.1	\$ 228.5
Convertible Subordinated Notes - 1.87%	328.5	320.0
Zero-Coupon Convertible Notes	581.0	575.3
Senior Unsecured Note - 7.875%	533.7	500.0
Senior Unsecured Note - 7.25%	500.0	500.0
Five-Year Revolving Credit Facility - .0525% (3.05% in 2001)	50.3	144.1
Term Loans - 8.05% to 10.01% (6.05% to 8.01% in 2001)	157.1	203.9
Other Notes Payable and Capitalized Leases - 2.25% to 25.67%	<u>35.0</u>	<u>43.4</u>
	2,421.7	2,515.2
Less: Current Portion	<u>604.0</u>	<u>34.6</u>
Long-Term Debt	<u>\$1,817.7</u>	<u>\$2,480.6</u>

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Long-term debt maturing over the next five years and thereafter is as follows:

2003	\$604.0
2004	\$291.2
2005	\$591.9
2006	\$359.1
2007	\$ 50.0
2008 and thereafter	\$525.5

*Other*

As of December 31, 2002 and 2001, respectively, the Company's credit ratings as reported by each of Standard & Poor's Ratings Services, Moody's Investors Services, Inc. and Fitch Ratings were BBB-, Baa3 and BBB-, and BBB+, Baa1, and A-. On March 7, 2003, Standard & Poor's Ratings Services downgraded the Company's credit rating to BB+ with negative outlook. The Company's remaining two credit ratings are currently BBB- with negative outlook, as reported by Fitch Ratings, and Baa3 with stable outlook, as reported by Moody's Investors Services, Inc.

See Note 13 for discussion of fair market value of the Company's long-term debt.

**Note 9: Incentive Plans**

The 2002 Performance Incentive Plan ("2002 PIP Plan") was approved by the Company's stockholders in May 2002 and includes both stock and cash based incentive awards. The maximum number of shares of the Company's common stock that may be granted under the 2002 PIP Plan is 12,500,000 shares, supplemented with additional shares as defined in the 2002 PIP Plan document (excluding management incentive compensation performance awards). The 2002 PIP Plan also limits the number of shares available with respect to awards made to any one participant as well as limiting the number of shares available under certain awards. Awards made prior to the 2002 PIP Plan remain subject to the respective terms and conditions of the predecessor plans. Except as otherwise noted, awards under the 2002 PIP Plan have terms similar to awards made under the respective predecessor plans.

**Stock Options**

Stock options are generally granted at the fair market value of the Company's common stock on the date of grant and are exercisable as determined by the Compensation Committee of the Board of Directors (the "Committee"). Generally, options become 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:

<i>(Number of Shares in Thousands)</i>	<u>2002</u>		<u>2001</u>		<u>2000</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Shares under option, beginning of year	38,314	\$29	34,939	\$25	34,665	\$22
Options granted	7,895	\$26	10,048	\$36	6,381	\$38
Options exercised	(2,831)	\$14	(5,228)	\$15	(3,657)	\$15
Options cancelled	<u>(1,037)</u>	\$29	<u>(1,445)</u>	\$33	<u>(2,450)</u>	\$28
Shares under option, end of year	<u>42,341</u>	\$29	<u>38,314</u>	\$29	<u>34,939</u>	\$25
Options exercisable at year-end	19,758	\$25	20,166	\$22	12,008	\$15

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

The following table summarizes information about stock options outstanding and exercisable at December 31, 2002:

*(Number of Shares in Thousands)*

<u>Range of Exercise Prices</u>	<u>Number of Shares Outstanding at 12/31/02</u>	<u>Weighted-Average Remaining Contractual Life</u>	<u>Weighted-Average Exercise Price</u>	<u>Number of Shares Exercisable at 12/31/02</u>	<u>Weighted-Average Exercise Price</u>
\$ 3.31 to \$9.99	219	0.89	\$ 9.27	219	\$ 9.27
\$10.00 to \$14.99	3,279	5.45	\$12.26	1,843	\$11.01
\$15.00 to \$24.99	9,252	4.78	\$19.18	8,622	\$19.04
\$25.00 to \$60.00	29,591	7.47	\$34.71	9,074	\$34.19

See Note 1 for pro forma disclosure of net income (loss) and earnings (loss) per share under SFAS 123.

**Employee Stock Purchase Plan**

Under the Employee Stock Purchase Plan ("ESPP"), employees may purchase common stock of the Company through payroll deductions not exceeding 10% of their compensation. The price an employee pays for a share of stock is 85% of the market price on the last business day of the month. The Company issued 900,000 shares, 800,000 shares and 600,000 shares in 2002, 2001 and 2000, respectively. An additional 13.3 million shares were reserved for issuance at December 31, 2002.

**Restricted Stock**

Restricted stock issuances are subject to certain restrictions and vesting requirements as determined by the Committee. The vesting period is generally five to seven years. No monetary consideration is paid by a recipient for a restricted stock award and the grant date fair value of these shares is amortized over the restriction periods. At December 31, 2002, there was a total of 6.6 million shares of restricted stock outstanding. During 2002, 2001 and 2000, the Company awarded 1.5 million shares, 1.5 million shares and 2.4 million shares of restricted stock with a weighted-average grant date fair value of \$29.11, \$32.09 and \$42.13, respectively. The cost recorded for restricted stock awards in 2002, 2001 and 2000 was \$50.0, \$48.5 and \$36.7, respectively.

**Performance Units**

Performance units have been awarded to certain key employees of the Company and its subsidiaries. The ultimate value of these performance units is contingent upon the annual growth in profits (as defined) of the Company, its operating components or both, over the performance periods. The awards are generally paid in cash. The projected value of these units is accrued by the Company and charged to expense over the performance period. The Company expensed approximately \$15, \$45 and \$40 in 2002, 2001 and 2000, respectively.

**Note 10: Retirement Plans**

**Defined Benefit Pension Plans**

Through March 31, 1998 the Company and certain of its domestic subsidiaries had a defined benefit plan ("Domestic Plan") which covered substantially all regular domestic employees. Effective April 1, 1998, this Plan was curtailed and participants with five or less years of service became fully vested in the Domestic Plan. Participants with five or more years of service as of March 31, 1998 retain their vested balances and participate in a new benefit plan.

Under the amended plan, each participant's account is credited with an annual allocation, which approximates the projected discounted pension benefit accrual (normally made under the Domestic Plan) plus interest, while they continue to work for the Company. Participants in active service are eligible to receive up to ten years of allocations coinciding with the number of years of plan participation with the Company after March 31, 1998.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

Net periodic pension costs (income) for the Domestic Plan for 2002, 2001 and 2000 were \$3.4, \$1.6 and (\$ .9), respectively.

Additionally, NFO maintains a defined benefit plan ("NFO Plan") covering approximately one half of NFO's US employees. The periodic pension costs for this plan for 2002, 2001 and 2000 were \$1.0, \$0.6 and \$0.5, respectively.

The Company also has several foreign pension plans in which benefits are based primarily on years of service and employee compensation. It is the Company's policy to fund these plans in accordance with local laws and income tax regulations.

Certain of the Company's international subsidiaries have similar plans for their employees. The cost to the Company for retired employees is not significant for these plans.

Net periodic pension costs for foreign pension plans for 2002, 2001 and 2000 included the following components:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Service cost	\$ 9.9	\$10.4	\$ 9.5
Interest cost	12.0	11.7	11.6
Expected return on plan assets	(10.3)	(10.7)	(12.0)
Amortization of unrecognized transition obligation	.6	1.3	.5
Amortization of prior service cost	.7	.6	.7
Recognized actuarial loss (gain)	<u>.3</u>	<u>(.6)</u>	<u>(.3)</u>
Net periodic pension cost	<u>\$13.2</u>	<u>\$12.7</u>	<u>\$10.0</u>

The following table sets forth the change in the benefit obligation, the change in plan assets, the funded status and amounts recognized for the pension plans in the Company's consolidated balance sheet at December 31, 2002 and 2001:

	<u>Domestic</u> <u>Pension Plans</u>		<u>Foreign</u> <u>Pension Plans</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<b>Change in Benefit Obligations</b>				
Benefit obligation at January 1	\$147.5	\$ 153.8	\$ 208.9	\$ 231.7
Service cost	.7	.7	9.9	10.4
Interest cost	10.3	10.4	12.0	11.7
Benefits paid	(14.6)	(13.9)	(10.4)	(16.6)
Plan participant contributions	--	--	2.6	2.3
Actuarial (gains) losses	6.9	(3.6)	20.4	(15.7)
Foreign currency effect	--	--	1.0	(15.1)
Other	<u>--</u>	<u>.1</u>	<u>--</u>	<u>.2</u>
Benefit obligation at December 31	<u>150.8</u>	<u>147.5</u>	<u>244.4</u>	<u>208.9</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**Change in Plan Assets**

Fair value of plan assets at January 1	112.8	132.5	148.7	183.8
Actual return on plan assets	(12.0)	(6.2)	(22.4)	(18.0)
Employer contributions	4.1	.4	7.0	7.8
Plan participant contributions	--	--	2.6	2.3
Benefits paid	(14.6)	(13.9)	(10.4)	(16.6)
Foreign currency effect	--	--	(4.5)	(14.7)
Other	<u>--</u>	<u>--</u>	<u>1.3</u>	<u>4.1</u>
Fair value of plan assets at December 31	<u>90.3</u>	<u>112.8</u>	<u>122.3</u>	<u>148.7</u>

**Reconciliation of Funded Status to  
Total Amount Recognized**

Funded status of the plans	(60.5)	(34.7)	(122.1)	(60.2)
Unrecognized net actuarial loss	70.5	45.0	67.5	14.3
Unrecognized prior service cost	.1	.1	.8	.8
Unrecognized transition cost	<u>--</u>	<u>--</u>	<u>.8</u>	<u>1.9</u>
Net asset (liability) recognized	<u>\$ 10.1</u>	<u>\$ 10.4</u>	<u>\$ (53.0)</u>	<u>\$ (43.2)</u>

**Amounts Recognized in Consolidated  
Balance Sheet**

Prepaid Benefit Cost	\$ 10.1	\$ 9.8	\$ 14.0	\$ 16.0
Accrued Benefit Liability	(63.6)	(40.9)	(112.7)	(59.2)
Intangible Asset	--	--	.5	--
Accumulated Other Comprehensive Income	<u>63.6</u>	<u>41.5</u>	<u>45.2</u>	<u>--</u>
Net asset (liability) recognized	<u>\$ 10.1</u>	<u>\$ 10.4</u>	<u>\$ (53.0)</u>	<u>\$ (43.2)</u>

At December 31, 2002 and 2001, the assets of the Domestic Plans and the foreign pension plans were primarily invested in fixed income and equity securities.

For the Domestic Plans, discount rates of 6.75% in 2002 and 7.25% in 2001 and salary increase assumptions of 3.5% in 2002 and 2001 were used in determining the actuarial present value of the projected benefit obligation. The expected return of Domestic Plans assets was 9% to 9.5% in 2002 and 2001. For the foreign pension plans, discount rates ranging from 2.3% to 10% in 2002 and 3% to 10% in 2001 and salary increase assumptions ranging from 1% to 10% in 2002 and 2001 were used in determining the actuarial present value of the projected benefit obligation. The expected rates of return on the assets of the foreign pension plans ranged from .3% to 10% in 2002 and 2% to 10% in 2001.

As of December 31, 2002, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the Domestic Plans with accumulated benefit obligation in excess of plan assets were approximately \$151, \$149 and \$90, respectively, and as of December 31, 2001, approximately \$147, \$146 and \$113, respectively. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the foreign pension plans with accumulated benefit obligations in excess of plan assets were approximately \$240, \$232 and \$116, respectively, as of December 31, 2002 and approximately \$69, \$66 and \$3, respectively, as of December 31, 2001.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**Other Benefit Arrangements**

The Company sponsors other defined contribution plans ("Savings Plans") and certain domestic subsidiaries maintain a profit sharing plan ("Profit Sharing Plan") that cover substantially all domestic employees of the Company and participating subsidiaries. The Savings Plans permit participants to make contributions on a pre-tax and/or after-tax basis. The Savings Plans allow participants to choose among several investment alternatives. The Company matches a portion of participants' contributions based upon the number of years of service. The Company match is made in cash and ranges between 2-4% of salary. The Company contributed \$29.0, \$36.7 and \$34.2 to the Savings Plans and Profit Sharing Plan in 2002, 2001 and 2000, respectively.

The Company has deferred compensation plans which permit certain of its key officers and employees to defer a portion of their salary and incentive compensation and receive corresponding company matching and discretionary profit sharing contributions. The Company has purchased whole life insurance policies on participants' lives to assist in the funding of the deferred compensation liability. As of December 31, 2002 and 2001, the cash surrender value of these policies was approximately \$121 and \$105, respectively. Additionally, certain investments are maintained in a separate trust for the purpose of paying the deferred compensation liability. The assets are held on the balance sheet of the Company but are restricted to the purpose of paying the deferred compensation liability. As of December 31, 2002 and 2001, the value of such restricted assets was approximately \$82 and \$91, respectively.

**Postretirement Benefit Plans**

The Company and its subsidiaries provide certain postretirement health care benefits for employees who were in the employ of the Company as of January 1, 1988 and life insurance benefits for employees who were in the employ of the Company as of December 1, 1961. The plans cover certain domestic employees and certain key employees in foreign countries. The Company's plan covering postretirement medical benefits is self-insured with no maximum limit of coverage.

The Company accrues the expected cost of postretirement benefits other than pensions over the period in which the active employees become eligible for such postretirement benefits. The net periodic expense for these postretirement benefits for 2002, 2001 and 2000 was \$4.8, \$3.7 and \$3.0, respectively.

The following table sets forth the change in benefit obligation, change in plan assets, funded status and amounts recognized for the Company's postretirement benefit plans in the consolidated balance sheet at December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
<b>Change in benefit obligation</b>		
Beginning obligation	\$ 52.6	\$ 49.4
Service cost	.9	.9
Interest cost	3.8	3.7
Participant contributions	.1	.1
Benefits paid	(4.9)	(4.6)
Plan amendments	--	--
Actuarial (gain) loss	<u>(.5)</u>	<u>3.1</u>
Ending obligation	<u>52.0</u>	<u>52.6</u>
<b>Change in plan assets</b>		
Beginning fair value	--	--
Actual return on plan assets	--	--
Employer contributions	4.8	4.5
Participant contributions	.1	.1
Benefits paid	<u>(4.9)</u>	<u>(4.6)</u>
Ending fair value	<u>--</u>	<u>--</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**Reconciliation of Funded Status to Total Amount Recognized**

Funded status of the plans	(52.0)	(52.6)
Unrecognized net actuarial gain	(3.5)	(2.9)
Unrecognized prior service cost	(.3)	(.5)
Unrecognized net transaction obligation	<u>1.5</u>	<u>1.6</u>
Net liability recognized	<u><u>\$(54.3)</u></u>	<u><u>\$(54.4)</u></u>

Discount rates of 6.75% in 2002 and 7.25% in 2001 and salary increase assumptions of 3.5% in 2002 and 3.5% to 6% in 2001 were used in determining the accumulated postretirement benefit obligation. A 7.0% to 11.5% and a 6.1% to 12% increase in the cost of covered health care benefits were assumed for 2002 and 2001, respectively. These rates are assumed to decrease incrementally to approximately 5% to 11% in the years 2003 to 2006 and remain at that level thereafter. A 1% increase in the health care cost trend rate would increase the obligation by approximately \$3 and the periodic expense by \$0.3. A 1% decrease would decrease the obligation and expense by similar amounts.

**Note 11: Comprehensive Income**

Accumulated other comprehensive income (loss) amounts are reflected in the consolidated financial statements as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Net income (loss)	\$ 99.5	\$(534.5)	\$392.8
Foreign currency translation adjustment	<u>123.7</u>	<u>(87.3)</u>	<u>(89.3)</u>
<b>Adjustment for minimum pension liability:</b>			
Adjustment for minimum pension liability	(67.4)	(9.3)	--
Tax benefit	<u>22.3</u>	<u>3.9</u>	<u>--</u>
Adjustment for minimum pension liability	<u>(45.1)</u>	<u>(5.4)</u>	<u>--</u>
<b>Unrealized holding gain (loss) on securities:</b>			
Unrealized holding gains	--	0.5	9.1
Tax expense	--	(0.2)	(3.8)
Unrealized holding losses	(7.4)	--	(381.9)
Tax benefit	3.0	--	160.4
Reclassification of unrealized loss to net earnings	--	94.8	--
Tax benefit	--	(39.8)	--
Reclassification of unrealized gains to net earnings	--	(0.3)	(13.8)
Tax expense	<u>--</u>	<u>0.1</u>	<u>5.8</u>
Unrealized holding gain (loss) on securities	<u>(4.4)</u>	<u>55.1</u>	<u>(224.2)</u>
<b>Comprehensive income (loss)</b>	<u><u>\$173.7</u></u>	<u><u>\$(572.1)</u></u>	<u><u>\$ 79.3</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

As of December 31, accumulated other comprehensive loss as reflected in the Consolidated Balance Sheet is as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Foreign currency translation adjustment	\$(300.7)	\$(424.4)	\$(337.1)
Adjustment for minimum pension liability	(69.1)	(24.0)	(18.6)
Unrealized holding gain (loss) on securities	<u>(3.8)</u>	<u>0.6</u>	<u>(54.5)</u>
<b>Accumulated other comprehensive loss</b>	<b><u>\$(373.6)</u></b>	<b><u>\$(447.8)</u></b>	<b><u>\$(410.2)</u></b>

**Note 12: Derivative and Hedging Instruments**

The Company enters into interest rate swaps, hedges of net investments in foreign operations and forward contracts.

*Interest Rate Swaps*

At December 31, 2001, the Company had outstanding interest rate swap agreements covering \$400.0 of the \$500.0, 7.875% notes due October 2005. The swaps had the same term as the debt and effectively converted the fixed rate on the debt to a variable rate based on 6 month LIBOR. The swaps were accounted for as hedges of the fair value of the related debt and were recorded as an asset or liability as appropriate. As of December 31, 2001, the fair value of the hedges was an asset of approximately \$10.

As of December 31, 2002, the Company had terminated all of the interest rate swap agreements covering the \$500.0, 7.875% notes due October 2005. In connection with the termination of the interest rate swap agreements transaction, the Company received \$45.7 in cash which will be recorded as an offset to interest expense over the remaining life of the related debt.

*Hedges of Net Investments*

The Company has significant foreign operations and conducts business in various foreign currencies. In order to hedge the value of its investment in Europe, the Company had designated approximately 125 million Euro of borrowings under its \$375.0 Revolving Credit Facility as a hedge of this net investment. Changes in the spot rate of the debt instruments designated as hedges of the net investment in a foreign subsidiary are reflected in the cumulative translation adjustment component of stockholders' equity. The amount deferred in 2001 was approximately \$5. The Company has repaid the Euro borrowings that, as of December 31, 2001, had been designated as a hedge of a net investment.

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. The amount deferred in 2002 was not material.

*Forward Contracts*

The Company has entered into foreign currency transactions in which foreign currencies (principally the Euro, Pounds Sterling and the Japanese Yen) are bought or sold forward. The contracts were entered into to meet currency requirements arising from specific transactions. The changes in value of these forward contracts were reflected in the Company's consolidated statement of operations. As of December 31, 2001 the Company had contracts covering approximately \$50 of notional amount of currency and the fair value of the forward contracts was a loss of \$0.2.

As of December 31, 2002, the Company had contracts covering \$37.1 of notional amount of currency and the fair value of the forward contracts was a gain of \$5.1.

*Other*

The Company has two embedded derivative instruments under the terms of the offering of Zero-Coupon Notes (for which a tender offer was made in March 2003) as discussed in Note 8. At December 31, 2002, the fair value of the two derivatives was negligible. In connection with the issuance and sale of the 4.5% Convertible Senior Notes in March 2003, two embedded derivatives were created. The fair value of the two derivatives in March 2003 was negligible.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

As discussed in Note 3, the Company has 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 approximate fair value.

**Note 13: Financial Instruments**

Financial assets, which include cash and cash equivalents, investments and receivables, have carrying values which approximate fair value. Marketable securities are mainly available-for-sale as defined by SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities", and accordingly are reported at fair value with net unrealized gains and losses reported as a component of other comprehensive income. The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies.

The Company's off-balance sheet financial instruments consisted of interest-rate swap agreements and foreign currency forward contracts as discussed in Note 12. The fair value of interest rate swap agreements was estimated based on quotes from the market makers of these instruments and represents the estimated amounts that the Company would expect to receive or pay to terminate the agreements at the reporting date. The fair values associated with the foreign currency contracts were estimated by valuing the net position of the contracts using the applicable spot rates and forward rates as of the reporting date.

The following table summarizes net unrealized holding gains and losses before taxes of the Company's investments carried on the cost method, at December 31:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Cost	\$169.0	\$176.3	\$379.3
Unrealized:			
- Gains	--	1.4	1.3
- Losses	<u>(6.0)</u>	<u>--</u>	<u>(94.9)</u>
Net unrealized gains (losses)	<u>(6.0)</u>	<u>1.4</u>	<u>(93.6)</u>
Fair market value	<u>\$163.0</u>	<u>\$177.7</u>	<u>\$285.7</u>

Unrealized holding gains (losses), net of tax, were \$(3.8), \$0.6 and \$(54.5) at December 31, 2002, 2001 and 2000, respectively.

Financial liabilities with carrying values approximating fair value include accounts payable and accrued expenses, as well as short-term bank borrowings.

As of December 31, the fair value of the Company's significant long-term borrowings was as follows:

	<u>2002</u>		<u>2001</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Convertible Subordinated Notes - 1.87%	\$328.5	\$278.0	\$320.0	\$284.7
Convertible Subordinated Notes - 1.80%	\$236.1	\$219.4	\$228.5	\$235.9
Senior Unsecured Note - 7.875%	\$533.7	\$485.0	\$500.0	\$513.4
Senior Unsecured Note - 7.25%	\$500.0	\$475.0	\$500.0	\$476.7
Zero-Coupon Convertible Notes	\$581.0	\$551.9	\$575.3	\$593.1

The fair value of long-term debt instruments is based on market prices for debt instruments with similar terms and maturities

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

Effective February 10, 1999, a majority-owned subsidiary of the Company, Modem Media, Poppe Tyson, Inc. (now known as Modem Media, Inc.), completed an initial public offering (IPO) of its common stock. As a result of the IPO, the Company owned approximately 48% of Modem Media, down from its 70% ownership, but controlled approximately 80% of the related stockholder votes due to the super-majority voting right on its Class B shares. In April 2000, the Company converted all of its shares of Modem Media Class B common stock into Class A common stock pursuant to a Stockholders' Agreement with Modem Media. As a result, the Company's voting power was reduced from approximately 80% to approximately 46%. Accordingly, effective with the second quarter of 2000, Modem Media is no longer consolidated in the Company's financial statements and is accounted for on the equity method. As of December 31, 2002, the carrying value of Modem Media, Inc., was \$28.9.

**Note 14: Segment Information**

During the second quarter of 2002, the Company reorganized its operations. Prior to the second quarter, the Company was organized into four global operating groups: a) McCann-Erickson WorldGroup ("McCann"), b) the FCB Group ("FCB"), c) The Partnership and d) Advanced Marketing Services ("AMS"). In the second quarter, the Company carved out certain operations related to sports and event planning activities and combined them to form a fifth global operating group, 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 Worldwide (for sports marketing) 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 to 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, in 2002 due to the recording of long-lived asset impairment charges, the operating difficulties and resulting higher costs from its motorsports business, the Company incurred a significant operating loss. Based on the fact that the book value of long-lived assets relating to OMS 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. Accordingly, the Company has begun to report SEG as a separate reportable segment.

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

Summarized financial information concerning the Company's reportable segments is shown in the following table:

	<b>IPG</b> <b>(excl. SEG)</b>	<b>SEG</b>	<b>Consolidated</b> <b>Total</b>
<b>2002</b>			
Revenue	\$ 5,834.9	\$ 368.7	\$ 6,203.6
Operating income (loss)	596.2	(190.4)	405.8
Total assets	11,216.0	577.7	11,793.7
Goodwill	3,057.2	319.9	3,377.1
Depreciation and amortization of fixed assets	187.0	17.5	204.5
Capital expenditures	\$ 142.4	\$ 40.8	\$ 183.2
<b>2001</b>			
Revenue	\$ 6,365.7	\$ 425.5	\$ 6,791.2
Operating loss	(230.8)	(12.8)	(243.6)
Total assets	10,737.0	638.3	11,375.3
Goodwill	2,629.0	365.3	2,994.3
Depreciation and amortization of fixed assets	194.9	15.0	209.9
Capital expenditures	\$ 243.5	\$ 24.5	\$ 268.0
<b>2000</b>			
Revenue	\$ 6,785.1	\$ 397.6	\$ 7,182.7
Operating income	751.6	66.0	817.6
Total assets	11,653.6	600.0	12,253.6
Goodwill	2,700.1	359.0	3,059.1
Depreciation and amortization of fixed assets	187.9	12.3	200.2
Capital expenditures	\$ 243.1	\$ 16.4	\$ 259.5

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

	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Total operating income (loss) for reportable segments	\$405.8	\$(243.6)	\$817.6
Interest expense	(145.6)	(164.6)	(126.3)
Interest income	29.8	41.8	57.5
Other income	15.1	13.7	42.6
Investment impairment	(39.7)	(210.8)	--
Income (loss) before income taxes	<u>\$265.4</u>	<u>\$(563.5)</u>	<u>\$791.4</u>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

Long-lived assets and revenue are presented below by major geographic area:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Long-Lived Assets:			
United States	<u>\$2,652.2</u>	<u>\$2,405.7</u>	<u>\$2,701.5</u>
International			
United Kingdom	535.7	667.9	563.1
All Other Europe	1,238.4	943.0	840.3
Asia Pacific	163.5	172.4	310.8
Latin America	179.2	189.4	118.9
Other	<u>192.5</u>	<u>150.4</u>	<u>133.9</u>
Total International	<u>2,309.3</u>	<u>2,123.1</u>	<u>1,967.0</u>
Total Consolidated	<u>\$4,961.5</u>	<u>\$4,528.8</u>	<u>\$4,668.5</u>
Revenue:			
United States	<u>\$3,489.2</u>	<u>\$3,879.7</u>	<u>\$4,244.2</u>
International			
United Kingdom	654.1	678.8	604.9
All Other Europe	1,131.6	1,157.1	1,233.6
Asia Pacific	429.0	480.9	508.9
Latin America	251.9	328.4	333.7
Other	<u>247.8</u>	<u>266.3</u>	<u>257.4</u>
Total International	<u>2,714.4</u>	<u>2,911.5</u>	<u>2,938.5</u>
Total Consolidated	<u>\$6,203.6</u>	<u>\$6,791.2</u>	<u>\$7,182.7</u>

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.

The largest client of the Company contributed approximately 8% in 2002, 7% in 2001 and 6% in 2000 to revenue. The Company's second largest client contributed approximately 3% in 2002, 2% in 2001 and 2% in 2000 to revenue.

**Note 15: Commitments and Contingencies**

**Leases**

The Company and its subsidiaries lease certain facilities and equipment. Gross rental expense amounted to approximately \$458.4 for 2002, \$470.2 for 2001 and \$433.8 for 2000, which was reduced by sublease income of \$24.5 in 2002, \$29.9 in 2001 and \$27.8 in 2000.

Minimum rental commitments for the rental of office premises and equipment under noncancellable leases, some of which provide for rental adjustments due to increased property taxes and operating costs for 2003 and thereafter, are as follows:

<u>Period</u>	<u>Amount</u>
2003	\$ 281.5
2004	\$ 251.7
2005	\$ 222.7
2006	\$ 198.2
2007	\$ 180.5
2008 and thereafter	\$1,167.4

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

**Acquisitions-Related Commitments**

Certain of the Company's acquisition agreements provide for deferred payments by the Company, contingent upon future revenues or profits of the companies acquired. Additionally, the Company has entered into put option agreements which are also contingent upon future revenues or profits. Contingent amounts under acquisition deferred payments and put options are approximately \$565 (including cash and stock) assuming the full amount due under these acquisition agreements is paid. See Note 3 for further details.

**Tax Matters**

The Internal Revenue Service (IRS) is currently examining the Company's federal income tax returns for 1994 to 1996. While the audit is not complete, the IRS has indicated its intention to challenge certain of the Company's tax positions. The Company believes that its tax positions comply with applicable tax law and intends to defend its positions vigorously. The ultimate disposition of these matters could require the Company to make additional payment to the IRS. Nonetheless, the Company believes that there will not be a material effect on the Company's financial position, cash flows or results of operations from the ultimate resolution of these matters.

The Company and certain of its subsidiaries are party to various other tax examinations, some of which have resulted in assessments. The Company intends to vigorously defend any and all assessments and believes that additional taxes (if any) that may ultimately result from the settlement of such assessments or open examinations would not have a material adverse effect on the consolidated financial statements.

**Legal Matters**

*Federal Securities Class Actions*

Thirteen federal securities purported class actions were filed against The Interpublic Group of Companies, Inc. 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. No amount of damages is specified in the consolidated amended complaint. On February 6, 2003, defendants filed a motion to dismiss the consolidated amended complaint in its entirety. On February 28, 2003, plaintiffs filed their opposition to defendants' motion, and on March 14, 2003, defendants filed their reply to plaintiffs' opposition to defendants' motion. 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 Communications, Inc. 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

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 have moved to remand the actions to Illinois state court, and have opposed defendants' motion to transfer. Those motions are now pending.

*State Derivative Actions*

In addition to the federal lawsuits, 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 the 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 February 24, 2003, plaintiffs filed a Shareholders' Derivative Complaint in the United States District Court for the Southern District of New York. 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 intend to move to dismiss this federal derivative action.

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 the Company's financial position, cash flows or results of operations.

**Other Items**

The Company is committed to total payments of approximately \$130 over the period 2003 through 2011 under an executory contract.

At December 31, 2002, the Company had contingent obligations under guarantees and letters of credit issued by banks for the account of the Company and its subsidiaries in an aggregate amount of approximately \$267.7.

**Note 16: Restatements**

*Restatement Filed in December 2002*

During the second and third quarters of 2002, the Company identified total charges of \$181.3 (\$135.9, net of tax) that were related to prior periods. The Company restated its financial statements for periods up to and including June 30, 2002. Of the pre-tax amount, \$163.1 was related to periods prior to and including December 31, 2001.

As a result of a review undertaken surrounding the process of internally allocating certain overhead costs and reimbursable charges to operating units throughout the world, the Company identified and recorded \$101.0 of intracompany charges. The review related to McCann-Erickson WorldGroup ("McCann"). Cost allocations are performed by McCann in order to, among other things, satisfy regulatory authorities and measure client account profitability. The charges were principally in Europe and had been included in accounts receivable and work in progress rather than being expensed.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Dollars in Millions, Except Per Share Amounts)**

In addition to the intracompany charges, the Company identified an additional \$36.3 at McCann principally related to estimates of insurance proceeds not yet realized, specific write-offs of receivables and work in progress, costs that had been capitalized rather than expensed and other items. An additional \$44.0 at subsidiaries other than McCann was identified. The largest component of the total was \$30.3 related to understated liabilities, which the Company has concluded date back to 1996 and prior, at a subsidiary within The Partnership. The understated liabilities were identified as a result of the Company changing a subsidiary ledger system. Additionally, the Company identified \$8.7 related to revenue and cost recognition adjustments at a subsidiary of Interpublic Sports and Entertainment Group.

*Restatement Filed in March 2003*

During the fourth quarter of 2002, the Company identified total charges of \$118.7 (\$83.8, net of tax) that related to the three months ended September 30, 2002. Additionally, \$47.0 (\$35.3, net of tax) of other adjustments was identified that are related to prior periods from January 1, 1997 through September 30, 2002. Of the pre-tax amount, \$23.8 was related to periods prior to and including December 31, 2001.

The total amount of charges of \$23.8 includes amounts related to inappropriate purchase accounting adjustments, compensation costs that had been deferred instead of being expensed, charges to straight line certain long-term contracts and other items.

*Octagon Motorsports Impairment*

The Company has recognized a non-cash impairment loss and related charge of \$118.7 (\$83.8, net of tax) as of September 30, 2002 through a restatement of previously recorded results for that period. See Note 5 for further discussion of Octagon Motorsports impairment.

*Other Items*

See Note 8 for a discussion of certain liquidity matters and amendments under credit agreements.

The Company has been advised by the Securities and Exchange Commission staff that it has issued a formal order investigation in connection with the Company's restatement of earnings for the periods from 1997. The Company is cooperating fully with the Commission.

**Note 17: Subsequent Events (Unaudited)**

*Possible Sale of NFO*

On January 15, 2003, the Company announced that it had hired outside advisors to help it explore strategic alternatives regarding NFO, and is currently in discussions concerning a possible sale.

*4.5% Convertible Notes*

As discussed in Note 8, in March 2003, the Company completed the issuance and sale of \$800 of aggregate principal amount of 4.5% Convertible Senior Notes due 2023. The Company intends to use the net proceeds of approximately \$778 from the sale of the notes to fund a concurrent offer to purchase (for up to \$582.5) its outstanding Zero-Coupon Convertible Senior Notes due 2021. Any funds raised in the offering but not used in the offer to purchase will be used for the repayment of other indebtedness, general corporate purposes and working capital.

*Offer to Purchase Zero-Coupon Notes*

As discussed in Note 8, on March 10, 2003, the Company commenced a tender offer to purchase for cash any and all of its outstanding Zero-Coupon Notes issued in December 2001. The tender offer will expire on April 4, 2003, unless extended. The Company is offering to purchase the notes for cash at a purchase price of 82.9876% of the principal amount of the notes at maturity. The price offered is equal to the accreted value of the notes as of April 4, 2003. If all of the Zero-Coupon Notes are tendered pursuant to the tender offer, the Company would pay a total of \$582.5 to the holders of the Zero-Coupon Notes.

**RESULTS BY QUARTER (UNAUDITED)**  
(Amounts in Millions, Except Per Share Amounts)

	<u>First Quarter</u>		<u>Second Quarter</u>		<u>Third Quarter</u>		<u>Fourth Quarter</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenue	\$1,420.0	\$1,674.8	\$1,612.7	\$1,759.8	\$1,502.2	\$1,622.0	\$1,668.7	\$1,734.6
Salaries and related expenses	868.8	1,004.1	890.9	979.0	861.6	895.3	927.7	930.8
Office and general expenses	419.8	478.9	492.8	501.0	574.2	586.0	609.8	537.9
Amortization of intangible assets	2.8	41.9	3.6	42.2	3.1	42.8	3.5	46.2
Restructuring and other merger-related costs	--	1.5	--	51.3	12.1	592.8	--	--
Long-lived asset impairment and other charges	--	--	--	221.4	118.7	81.7	8.4	--
Income (loss) from operations	128.6	148.4	225.4	(35.1)	(67.5)	(576.6)	119.3	219.7
Interest expense	(35.3)	(37.5)	(36.9)	(41.4)	(36.7)	(46.9)	(36.7)	(38.8)
Interest income	6.9	12.5	8.1	10.1	5.9	6.5	8.9	12.7
Other income, net	0.3	8.6	10.3	3.3	4.0	(0.6)	0.5	2.4
Investment impairment	--	(160.1)	(16.2)	--	(4.9)	(48.2)	(18.6)	(2.5)
Income (loss) before provision for income taxes	100.5	(28.1)	190.7	(63.1)	(99.2)	(665.8)	73.4	193.5
Provision for (benefit of) income taxes	38.0	(2.5)	74.2	45.8	(18.0)	(186.3)	46.1	87.7
Income applicable to minority interests	(3.6)	(6.9)	(11.1)	(10.5)	(7.9)	(2.9)	(8.7)	(10.0)
Equity in net income (loss) of unconsolidated affiliates	0.9	1.3	3.6	2.1	(0.5)	--	1.7	0.6
Net equity interests	(2.7)	(5.6)	(7.5)	(8.4)	(8.4)	(2.9)	(7.0)	(9.4)
Net income (loss)	\$ 59.8	\$ (31.2)	\$ 109.0	\$ (117.3)	\$ (89.6)	\$ (482.4)	\$ 20.3	\$ 96.4
Per share data:								
Basic EPS	\$ 0.16	\$ (0.09)	\$ 0.29	\$ (0.32)	\$ (0.24)	\$ (1.31)	\$ 0.05	\$ 0.26
Diluted EPS	\$ 0.16	\$ (0.09)	\$ 0.29	\$ (0.32)	\$ (0.24)	\$ (1.31)	\$ 0.05	\$ 0.26
Cash dividends per share - Interpublic	\$ 0.095	\$ 0.095	\$ 0.095	\$ 0.095	\$ 0.095	\$ 0.095	\$ 0.095	\$ 0.095
Weighted-average shares:								
Basic	373.0	366.1	375.7	368.9	377.3	369.6	378.3	371.3
Diluted	379.8	366.1	382.4	368.9	377.3	369.6	381.8	377.2
Stock price:								
High	\$ 34.56	\$ 47.19	\$ 34.89	\$ 38.85	\$ 24.67	\$ 30.46	\$ 17.05	\$ 31.00
Low	\$ 27.20	\$ 32.50	\$ 23.51	\$ 27.79	\$ 13.40	\$ 19.30	\$ 11.25	\$ 19.50

As discussed in Note 16, the Company has restated amounts for all quarters for 2001 and the first three quarters for 2002 and has filed amended Form 10-Q/As for the relevant periods.

**Report of Independent Accountant on  
Financial Statement Schedule, Valuation and Qualifying Accounts**

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

Our audits of the consolidated financial statements referred to in our report dated March 6, 2003, except for Note 8, which is as of March 13, 2003, appearing in Item 8 of Part II of this Annual Report on Form 10-K, also included an audit of the Financial Statement Schedule, Valuation and Qualifying Accounts, listed in Item 8 of this Form 10-K. In our opinion, based on our audits and the reports of other auditors, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. The financial statements of True North for the year ended December 31, 2000 were audited by other independent accountants who have ceased operations. Those independent accountants expressed an unqualified opinion on those financial statements in their report dated March 20, 2001.

PricewaterhouseCoopers LLP  
New York, New York  
March 6, 2003

**SCHEDULE II**

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND ITS SUBSIDIARIES  
VALUATION AND QUALIFYING ACCOUNTS  
For the Years Ended December 31, 2002, 2001 and 2000  
(Dollars in Millions)**

<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	<u>COLUMN D</u>	<u>COLUMN E</u>	<u>COLUMN F</u>
<u>Additions/(Deductions)</u>					
<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Charged to Costs &amp; Expenses</u>	<u>Charged to Other Accounts-Describe</u>	<u>Deductions-Describe</u>	<u>Balance at End of Period</u>
Allowance for Doubtful Accounts - deducted from Receivables in the Consolidated Balance Sheet:					
2002	\$90.7	\$76.6	\$0.1 (1) (0.7) (2) 17.2 (3)	\$(42.7) (4) (2.3) (5) 0.9 (6)	\$139.8
2001	\$85.7	\$62.8	\$1.1 (1) 0.7 (2)	\$(58.3) (4) (1.3) (6)	\$ 90.7
2000	\$75.9	\$43.8	\$3.6 (1) 1.5 (2)	\$(30.6) (4) (4.8) (5) (3.7) (6)	\$ 85.7

- 
- (1) Allowance for doubtful accounts of acquired and newly consolidated companies.  
(2) Miscellaneous.  
(3) Reclassifications.  
(4) Principally amounts written off.  
(5) Reversal of previously recorded allowances on accounts receivable.  
(6) Foreign currency translation adjustment.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

**PART III**

Item 10. Directors and Executive Officers of Interpublic

The information required by this Item is incorporated by reference to the Proxy Statement, to be filed not later than 120 days after the end of the 2002 calendar year, except for the description of our Executive Officers which appears in Part I of this Report on Form 10-K under the heading "Executive Officers of Interpublic".

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to the Proxy Statement. Such incorporation by reference shall not be deemed to incorporate specifically by reference the information referred to in Item 402(a)(8) of Regulation S-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated by reference to the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference to the Proxy Statement. Such incorporation by reference shall not be deemed to incorporate specifically by reference the information referred to in Item 402(a)(8) of Regulation S-K.

Item 14. Controls and Procedures

Within the 90 days prior to the date of this report, the Company carried out an evaluation under the supervision and with the participation of the Company's senior management, including David A. Bell, the Company's chairman and chief executive officer, and Sean F. Orr, the Company's chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Senior management and the Company's Audit Committee have been informed by the Company's independent auditors that they have identified a "material weakness" (as defined under standards established by the American Institute of Certified Public Accountants) relating to the processing and monitoring of intracompany transactions. The Company's senior management has determined that this material weakness, together with other deficiencies associated with a lack of balance sheet monitoring, if unaddressed, could result in accounting errors such as those underlying the restatements of the Company's consolidated financial statements.

Based on the above and under the direction of the Audit Committee and the Board of Directors, senior management has directed that the Company dedicate resources and take steps to strengthen control processes in order both to identify and rectify all past accounting misstatements and prevent the situations that resulted in the need to restate prior period financial statements from recurring. To this end, the Company took the following immediate steps in the third and fourth quarters of 2002, involving in particular the Company's McCann-Erickson subsidiaries:

- \* Providing enhanced reporting and monitoring of intra- and intercompany transactions;
- \* Specifically defining the manner in which intra- and intercompany transactions arise and should be accounted for; and
- \* Implementing procedures to ensure accurate and timely balance sheet reconciliations.



Additionally, the Company has taken the following measures to improve its disclosure controls and procedures:

- \* Appointing Frank J. Borelli in November 2002 as the Presiding Director of the Company, which has enhanced transparency and further optimizes communication between the Company's board and its senior management.
- \* Continuing its search for a Chief Operating Officer;
- \* Appointing Thomas Dowling in November 2002 as Chief Risk Officer, who is charged with evaluating and strengthening the Company's global risk management strategy;
- \* Maintaining a Disclosure Committee that is mandated to assist the Company's CEO and CFO in overseeing the accuracy and timeliness of the Company's public disclosures and evaluate regularly the Company's disclosure controls and procedures;
- \* Beginning in November 2002, taking action, where appropriate, to augment or replace management, in particular at those subsidiaries associated with the matters underlying the Company's restatements;
- \* In December of 2002 and January of 2003, disseminating updated written policies and procedures company-wide to standardize and improve procedures, including procedures relating to intra- and intercompany transactions and balance sheet reviews;
- \* Working with the Company's independent auditors to expand the scope of the auditors' procedures and expand their audit of the financial statements for the year ended December 31, 2002; and
- \* In December 2002 formalizing and distributing to all Company's employees a code of conduct describing the legal and ethical standards it expects all Company employees to uphold.

The Company, together with its independent auditors and other advisers, continues to evaluate further improvements, including formalizing its processes, procedures and policies, to its internal controls and its disclosure controls and procedures and developing a plan to implement the reporting requirements of Section 404 of the Sarbanes Oxley Act of 2002.

As a result of the steps taken to improve controls and following the conclusion of the Company's recently completed review of its financial accounts, as of and for the year ended December 31, 2002, Mr. Bell and Mr. Orr concluded that the information required to be disclosed in this annual report on Form 10-K has been recorded, processed, summarized and reported as required. Based upon and as of the date of their evaluation, the chief executive officer and chief financial officer further concluded that the Company's disclosure controls and procedures, taking into account the steps listed above to improve the controls and procedures, are effective in all material respects.

Other than as described above, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of the Company's evaluation.

## PART IV

### Item 15. Exhibits, Financial Statement Schedule, and Reports on Form 8-K

(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 Public Accountants

True North Communications Inc. and Subsidiaries Report of Independent Public Accountants

Deutsch, Inc. and Subsidiaries and Affiliates Report of Independent Public Accountants

Consolidated Statements of Operations for the years ended December 31, 2002, 2001 and 2000

Consolidated Balance Sheets as of December 31, 2002 and 2001

Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001 and 2000

Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income for the years ended December 31, 2002, 2001 and 2000

Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

Report of Independent Accountant on Financial Statement Schedule

Valuation and Qualifying Accounts (for the three years ended December 31, 2002)

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 Commission as part of the electronic filing of the Report.)

<u>Exhibit No.</u>	<u>Description</u>
(3) (a)	The Restated Certificate of Incorporation of the Registrant, as amended is incorporated by reference to its Report on Form 10-Q for the quarter ended June 30, 1999. See Commission file number 1-6686.
(b)	The By-Laws of the Registrant, amended as of February 19, 1991, are incorporated by reference to its Report on Form 10-K for the year ended December 31, 1990. See Commission file number 1-6686.

- (4) Instruments Defining the Rights of Security Holders.
- (a) Senior Debt Indenture, dated as of October 20, 2000, 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 dated October 24, 2000.
  - (b) First Supplemental Indenture, dated as of August 22, 2001, between the Registrant and The Bank of New York, as trustee, is incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-4 (No. 333-74476).
  - (c) Second Supplemental Indenture, dated as of December 14, 2001, between the Registrant and The Bank of New York, as trustee is incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 (No. 333-82368).
  - (d) Third Supplemental Indenture, dated as of March 13, 2003, between the Registrant and The Bank of New York, as trustee, is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated March 18, 2003.
  - (e) Registration Rights Agreement, dated as of December 14, 2001, between the Registrant and Salomon Smith Barney Inc., as representative of the initial purchasers named therein, is incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 (No. 333-82368).
  - (f) Registration Rights Agreement, dated as of March 13, 2003, among the Registrant and Salomon Smith Barney Inc., J.P. Morgan Securities Inc. and UBS Warburg LLC, as representatives of the initial purchasers named therein, is incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated March 18, 2003.
  - (g) Indenture, dated as of September 16, 1997, between the Registrant and The Bank of New York, is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1998. See Commission file number 1-6686.
  - (h) The Preferred Share Purchase Rights Plan as adopted on July 18, 1989, is incorporated by reference to the Registrant's Registration Statement on Form 8-A dated August 1, 1989 (No. 00017904) and, as amended, by reference to the Registrant's Registration Statement on Form 8 dated October 3, 1989 (No. 00106686).
- (10) Material Contracts.
- (a) Purchase Agreement, dated September 10, 1997, among the Registrant, Morgan Stanley & Co., Incorporated, Goldman Sachs and Co. and SBC Warburg Dillon Read Inc., is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1999. See Commission file number 1-6686.
  - (b) Employment, Consultancy and other Compensatory Arrangements with Management.

Listed below are agreements or amendments to agreements between the Registrant and its executive officers which remain in effect on and after the date hereof or were executed during the year ended December 31, 2002 and thereafter, unless previously submitted, which are filed as exhibits to this Report on Form 10-K.

(i) David A. Bell

- (a) 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 filed herewith.
- (b) 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. See Commission file number 1-6686.
- (c) 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. See Commission file number 1-6686.

(ii) Sean F. Orr

- (a) Supplemental Agreement, dated as of November 7, 2002, to an Employment Agreement between the Registrant and Sean F. Orr, is filed herewith.
- (b) Supplemental Agreement, dated as of November 7, 2002, to Executive Special Benefit Agreements, dated as of May 1, 1999 and May 1, 2002, each between the Registrant and Sean F. Orr, is filed herewith.
- (c) Executive Special Benefit Agreement, dated as of May 1, 2002, between the Registrant and Sean F. Orr, signed as of November 7, 2002, is filed herewith.
- (d) Supplemental Agreement, dated as of June 1, 2000, to an Executive Severance Agreement, dated as of April 27, 1999, between the Registrant and Sean F. Orr, is incorporated by reference to Exhibit 10(f) to the Registrant's Report on Form 10-Q for the year ended June 30, 2000. See Commission file number 1-6686.
- (e) Supplemental Agreement, dated as of April 1, 2000, to an Employment Agreement between the Registrant and Sean F. Orr, is incorporated by reference to Exhibit 10(c) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2000. See Commission file number 1-6686.

- (f) Executive Severance Agreement, dated as of May 1, 1999, between the Registrant and Sean F. Orr, is incorporated by reference to Exhibit 10(b)(i)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 1999. See Commission file number 1-6686.
  - (g) Employment Agreement, dated as of April 27, 1999, between the Registrant and Sean F. Orr, 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, 1999. See Commission file number 1-6686.
  - (h) Executive Severance Agreement, dated as of April 27, 1999, between the Registrant and Sean F. Orr, is incorporated by reference to Exhibit 10(b)(i)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 1999. See Commission file number 1-6686.
- (iii) Barry R. Linsky
- (a) Supplemental Employment Agreement, dated as of March 26, 2001, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(iv)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001. See Commission file number 1-6686.
  - (b) Supplemental Agreement to an Executive Special Benefit Agreement, dated as of June 30, 2000, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2000. See Commission file number 1-6686.
  - (c) Executive Special Benefit-Income Replacement Agreement, dated as of June 1, 2000, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2000. See Commission file number 1-6686.
  - (d) Executive Severance Agreement, dated as of January 1, 1998, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(iv) to the Registrant's Report on Form 10-K for the year ended December 31, 1998. See Commission file number 1-6686.
  - (e) Supplemental Agreement, dated as of August 1, 1996, to an Employment Agreement, dated as of January 1, 1991, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(f) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
  - (f) Supplemental Agreement, dated as of January 1, 1996, to an Employment agreement, dated January 1, 1991, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(e) to the Registrant's

Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.

- (g) Supplemental Agreement, dated as of January 1, 1995, to an Employment Agreement, dated as of January 1, 1991, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(d) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
  - (h) Executive Special Benefit Agreement, dated as of March 1, 1993, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
  - (i) Supplemental Agreement, dated as of August 15, 1992, to an Employment Agreement, dated as of January 1, 1991, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
- (iv) Bruce Nelson
- (a) Executive Severance Agreement, dated as of April 18, 2002, between the Registrant and Bruce Nelson, is incorporated by reference to Exhibit 10(iii)(A)(i) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2002. See Commission file number 1-6686.
  - (b) Employment Agreement, dated as of September 5, 2000, between the Registrant and Bruce Nelson, 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, 2000. See Commission file number 1-6686.
  - (c) Executive Special Benefit Agreement, dated as of September 1, 2000, between the Registrant and Bruce Nelson, is incorporated by reference to Exhibit 10(b)(v)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2000. See Commission file number 1-6686.
  - (d) Supplemental Agreement, dated as of September 1, 2000, to an Executive Special Benefit Agreement, dated as of January 1, 1986, between the Registrant and Bruce Nelson, 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, 2000. See Commission file number 1-6686.
- (v) Nicholas J. Camera
- (a) Employment Agreement, dated as of November 14, 2002, between the Registrant and Nicholas J. Camera, is filed herewith.

- (b) Executive Severance Agreement, dated as of October 31, 1997, 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. See Commission file number 1-6686.
  - (c) Executive Special Benefit Agreement, dated as of January 1, 1995, between the Registrant and Nicholas J. Camera, is filed herewith.
- (vi) Albert Conte
- (a) 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. See Commission file number 1-6686.
- (vii) Thomas Dowling
- (a) Supplemental Agreement, dated as of November 14, 2002, to an Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is filed herewith.
  - (b) Supplemental Agreement, dated as of October 1, 2002, to an Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is filed herewith.
  - (c) 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. See Commission file number 1-6686.
  - (d) 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. See Commission file number 1-6686.
  - (e) 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. See Commission file number 1-6686.
- (viii) Brian Brooks
- (a) Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is filed herewith.

- (b) Executive Special Benefit Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is filed herewith.
  
- (ix) C. Kent Kroeber
  - (a) Agreement, dated as of July 11, 2002, between the Registrant and C. Kent Kroeber, is incorporated by reference to Exhibit 10(iii)(A)(i) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
  - (b) Executive Special Benefit - Income Replacement Agreement, dated as of July 11, 2002, by and between the Registrant and C. Kent Kroeber, is incorporated by reference to Exhibit 10(iii)(A)(ii) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
  - (c) Letter Agreement, dated July 11, 2002, between the Registrant and C. Kent Kroeber, is incorporated by reference to Exhibit 10(iii)(A)(iii) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
  - (d) Supplemental Agreement to an Executive Special Benefit Agreement, dated as of June 30, 2000, between the Registrant and C. Kent Kroeber, 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, 2000. See Commission file number 1-6686.
  - (e) Executive Special Benefit-Income Replacement Agreement dated as of June 1, 2000, between the Registrant and C. Kent Kroeber, 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, 2000. See Commission file number 1-6686.
  
- (x) Gunnar Wilmot
  - (a) Executive Special Benefit Agreement, dated as of January 1, 2002 and signed as of October 2, 2002, between the Registrant and Gunnar Wilmot, is filed herewith.
  - (b) 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. See Commission file number 1-6686.
  - (c) 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. See Commission file number 1-6686.



- (d) 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. See Commission file number 1-6686.
  - (e) 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. See Commission file number 1-6686.
- (xi) Philippe Krakowsky
- (a) 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. See Commission file number 1-6686.
  - (b) Special Deferred Compensation Agreement, dated as of April 1, 2002, and signed as of July 1, 2002, between the Registrant and Philippe Krakowsky, dated as of April 1, 2002, and signed as of July 1, 2002, 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. See Commission file number 1-6686.
  - (c) 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. See Commission file number 1-6686.
  - (d) 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. See Commission file number 1-6686.
- (xii) Susan Watson
- (a) Employment Agreement, dated as of November 14, 2002, between the Registrant and Susan Watson, is filed herewith.
- (xiii) Steven Berns
- (a) Executive Special Benefit Agreement, dated as of January 1, 2002, and signed as of January 1, 2003, between the Registrant and Steven Berns, is filed herewith.

- (b) Employment Agreement, dated as of August 3, 1999, between the Registrant and Steven Berns, is incorporated by reference to Exhibit 10(b)(xi)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001. See Commission file number 1-6686.
  
- (xiv) Richard P. Sneider, Jr.
  - (a) Employment Agreement, dated as of November 14, 2002, between the Registrant and Richard P. Sneider, Jr. , is filed herewith.
  
  - (b) Executive Severance Agreement, dated as of November 14, 2002, between the Registrant and Richard P. Sneider, Jr. , is filed herewith.
  
- (xv) John J. Dooner, Jr.
  - (a) Supplemental Agreement, dated as of November 7, 2002, to an Employment Agreement between the Registrant and John J. Dooner, Jr. , is filed herewith.
  
  - (b) Supplemental Agreement, dated as of November 7, 2002, to an Executive Special Benefit Agreement between the Registrant and John J. Dooner, Jr. , is filed herewith.
  
  - (c) 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 filed herewith.
  
  - (d) 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. See Commission file number 1-6686.
  
  - (e) 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. See Commission file number 1-6686.
  
  - (f) 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. See Commission file number 1-6686.
  
  - (g) 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. See Commission file number 1-6686.

- (h) 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. See Commission file number 1-6686.
- (i) 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. See Commission file number 1-6686.
- (j) 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. See Commission file number 1-6686.
- (k) 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. See Commission file number 1-6686.
- (l) 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. See Commission file number 1-6686.
- (m) 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. See Commission file number 1-6686.
- (n) 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. See Commission file number 1-6686.
- (o) 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. See Commission file number 1-6686.
- (p) 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. See Commission

file number 1-6686.

(xvi) Jill Considine

- (a) 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. See Commission file number 1-6686.

(xvii) Richard A. Goldstein

- (a) 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. See Commission file number 1-6686.

(c) Executive Compensation Plans.

- (i) 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. See Commission file number 1-6686.
- (ii) 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).
- (iii) 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. See Commission file number 1-6686.
- (iv) 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. See Commission file number 1-6686.
- (v) 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. See Commission file number 1-6686.
- (vi) 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. See Commission file number 1-6686.
- (vii) 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).

- (viii) 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. See Commission file number 1-6686.
  - (ix) 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. See Commission file number 1-6686.
  - (x) 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. See Commission file number 1-6686.
  - (xi) 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. See Commission file number 1-6686.
  - (xii) 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).
  - (xiii) 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).
  - (xiv) 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. See Commission file number 1-6686.
  - (xv) 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. See Commission file number 1-6686.
  - (xvi) The 2002 Performance Incentive Plan of the Registrant is incorporated by reference to Appendix A to the Registrant's Schedule 14A, filed April 17, 2002. See Commission file number 1-6686.
- (d) Loan Agreements.
- (i) Amendment No. 1, dated as of March 13, 2002, to the 364-Day Credit Agreement among Registrant, the initial lenders named therein and Citibank, N.A., as administrative agent.
  - (ii) Amendment No. 1, dated as of March 13, 2002, to the Amended and Restated Five-Year Credit Agreement, amended and restated as of December 31, 2002, among the Registrant, the initial lenders named therein and Citibank, N.A., as administrative agent, is filed herewith.
  - (iii) Waiver and Amendment letter, dated August 6, 2002 to the 364-Day Credit Agreement among the Registrant, the initial lenders named therein, and Citibank, N.A., as Administrative Agent, is incorporated by reference to Exhibit 10(i)(C) to the Registrant's Report on Form 10-Q for the

quarter ended June 30, 2002. See Commission file number 1-6686.

- (iv) Waiver and Amendment letter dated August 6, 2002 to the Five-Year Credit Agreement among the Registrant, the initial lenders named therein and Citibank, N.A., as Administrative Agent, is incorporated by reference to Exhibit 10(i)(D) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2002. See Commission file number 1-6686.
- (v) Waiver and Amendment No. 1, dated November 13, 2002 to the 364-Day Credit Agreement among the Registrant, the initial lenders named therein, and Citibank, N.A., as Administrative Agent, is incorporated by reference to Exhibit 10(i)(A)(i) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (vi) Waiver and Amendment No. 4, dated November 13, 2002 to the Five-Year Credit Agreement among the Registrant, the initial lenders named therein and Citibank, N.A., as Administrative Agent, is incorporated by reference to Exhibit 10(i)(A)(ii) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (vii) Note Purchase Agreement, dated May 26, 1994, between the Registrant and The Prudential Insurance Company of America ("Prudential"), is incorporated by reference to Exhibit 10(i)(B) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (viii) Note Purchase Agreement, dated April 28, 1995, between the Registrant and Prudential, is incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 1995. See Commission file number 1-6686.
- (ix) Note Purchase Agreement, dated October 31, 1996, between the Registrant and Prudential, is incorporated by reference to Exhibit 10(d)(iv) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
- (x) Note Purchase Agreement, dated August 19, 1997, between the Registrant and Prudential, is incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1997. See Commission file number 1-6686.
- (xi) Note Purchase Agreement, dated January 21, 1999, between the Registrant and Prudential, is incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 1999. See Commission file number 1-6686.
- (xii) Amendment No. 1, dated as of August 3, 1995, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to Exhibit 10D(viii) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1995. See Commission file number 1-6686.
- (xiii) Amendment No. 1, dated as of August 3, 1995, to the Note Purchase Agreement dated August 28, 1995, is incorporated by reference to Exhibit 10D(ix) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1995. See Commission file number 1-6686.

- (xiv) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to Exhibit 10(i)(I) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xv) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated April 28, 1995, is incorporated by reference to Exhibit 10(i)(J) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xvi) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated October 31, 1996, is incorporated by reference to Exhibit 10(i)(K) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xvii) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated August 18, 1997, is incorporated by reference to Exhibit 10(i)(L) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xviii) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated January 21, 1999, is incorporated by reference to Exhibit 10(i)(M) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xix) Amendment and Waiver Agreement, dated as of June 30, 2002, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to Exhibit 10(i)(N) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xx) Amendment and Waiver Agreement, dated as of June 30, 2002 to the Note Purchase Agreement dated April 28, 1995, is incorporated by reference to Exhibit 10(i)(O) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxi) Amendment and Waiver Agreement, dated as of June 30, 2002, to the Note Purchase Agreement dated October 31, 1996, is incorporated by reference to Exhibit 10(i)(P) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxii) Amendment and Waiver Agreement, dated as of June 30, 2002, to the Note Purchase Agreement dated August 19, 1997, is incorporated by reference to Exhibit 10(i)(Q) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxiii) Amendment and Waiver Agreement, dated as of June 30, 2002, to the Note Purchase Agreement dated January 21, 1999, is incorporated by reference to Exhibit 10(i)(R) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxiv) Amendment and Waiver Agreement, dated as of September 30, 2002, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to Exhibit 10(i)(S) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.

- (xxv) Amendment and Waiver Agreement, dated as of September 30, 2002, to the Note Purchase Agreement dated April 28, 1995, is incorporated by reference to Exhibit 10(i)(T) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxvi) Amendment and Waiver Agreement, dated as of September 30, 2002, to the Note Purchase Agreement, dated October 31, 1996, is incorporated by reference to Exhibit 10(i)(U) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxvii) Amendment and Waiver Agreement, dated as of September 30, 2002 to the Note Purchase Agreement, dated August 18, 1997, is incorporated by reference to Exhibit 10(i)(V) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxviii) Amendment and Waiver Agreement, dated as of September 30, 2002, to the Note Purchase Agreement, dated January 21, 1999, is incorporated by reference to Exhibit 10(i)(W) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxix) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated May 26, 1994, between the Registrant and Prudential, is filed herewith.
- (xxx) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated April 28, 1995, between the Registrant and Prudential, is filed herewith.
- (xxxi) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated October 31, 1996, between the Registrant and Prudential, is filed herewith.
- (xxxii) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated August 19, 1997, between the Registrant and Prudential, is filed herewith.
- (xxxiii) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated January 21, 1999, between the Registrant and Prudential, is filed herewith.
- (xxxiv) 364-Day Credit Agreement, amended and restated as of December 31, 2002, among the Registrant, the initial lenders named therein and Citibank, N.A., as administrative agent, is incorporated by reference to the Registrant's Current Report On Form 8-K/A, filed with the Securities and Exchange Commission on February 12, 2003.
- (xxxv) Five-Year Credit Agreement, amended and restated as of December 31, 2002, among the Registrant, the initial lenders named therein and Citibank, N.A., as administrative agent, is incorporated by reference to the Registrant's Current Report On Form 8-K/A, filed with the Securities and Exchange Commission on February 12, 2003.
- (xxxvi) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated May 26,



1994, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.

- (xxxvii) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated April 28, 1995, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
- (xxxviii) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated October 31, 1996, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
- (xxxix) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated August 18, 1997, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
- (xl) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated January 21, 1999, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
- (xli) Amended and Restated Commitment Letter, dated February 28, 2003, by and among the Registrant, UBS AG and UBS Warburg, LLC, is incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission On March 7, 2003.

(e) Leases.

Material leases of premises are incorporated by reference to the Registrant's Annual Report on Form 10-K for the years ended December 31, 1980 and December 31, 1988. See Commission file number 1-6686.

(f) Acquisition Agreement for Purchase of Real Estate.

Acquisition Agreement (in German) between Treuhandgesellschaft Aktiengesellschaft & Co. Grundbesitz OHG and McCann-Erickson Deutschland GmbH & Co. Management Property KG ("McCann-Erickson Deutschland") and the English translation of the Acquisition Agreement are incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. See Commission file number 1-6686.

(g) Mortgage Agreements and Encumbrances.

- (i) Summaries in German and English of Mortgage Agreements between McCann-Erickson Deutschland and Frankfurter Hypothekenbank Aktiengesellschaft ("Frankfurter Hypothekenbank"), Mortgage Agreement, dated January 22, 1993, between McCann-Erickson Deutschland and Frankfurter Hypothekenbank, Mortgage Agreement, dated January 22, 1993, between McCann-Erickson Deutschland and Frankfurter Hypothekenbank are incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31,

1993. See Commission file number 1-6686. Summaries in German and English of Mortgage Agreement, between McCann-Erickson Deutschland and Frankfurter Sparkasse and Mortgage Agreement, dated January 7, 1993, between McCann-Erickson Deutschland and Frankfurter Sparkasse are incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. See Commission file number 1-6686.

- (ii) Summaries in German and English of Documents creating Encumbrances in favor of Frankfurter Hypothekenbank and Frankfurter Sparkasse in connection with the aforementioned Mortgage Agreements, Encumbrance, dated January 15, 1993, in favor of Frankfurter Hypothekenbank, and Encumbrance, dated January 15, 1993, in favor of Frankfurter Sparkasse are incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. See Commission file number 1-6686.
- (iii) Loan Agreement (in English and German), dated January 29, 1993 between Lintas Deutschland GmbH and McCann-Erickson Deutschland is incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. See Commission file number 1-6686.

(21) Subsidiaries of the Registrant.

- (23) (a) Consent of Independent Accountants: PricewaterhouseCoopers LLP  
(b) Consent of Independent Public Accountants: J.H. Cohn LLP

(24) Power of Attorney to sign Form 10-K and resolution of Board of Directors re Power of Attorney.

(99) (a) The Company filed the following reports on Form 8-K during the quarter ended December 31, 2002:

- (i) Report dated December 12, 2002. Item 9 Regulation FD Disclosure.
- (ii) Report dated December 6, 2002. Item 5 Other Events and Regulation FD Disclosure.
- (iii) Report dated November 19, 2002. Item 9 Regulation FD Disclosure.
- (iv) Report dated November 19, 2002. Item 5 Other Events and Exhibit 99.1 Press Release.
- (v) Report dated November 13, 2002. Item 9 Regulation FD Disclosure.
- (vi) Report dated November 13, 2002. Item 5 Other Events and Exhibit 99.1 Press Release.
- (vii) Report dated, October 17, 2002. Item 5 Other Events and Exhibit 99.1 Press Release.

(b) Certification under Section 906 of the Sarbanes-Oxley Act of 2002.

## 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)

March 28, 2003

BY: /s/ David A. Bell  
David A. Bell  
Chairman of the Board, President  
and Chief Executive Officer

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	<u>Date</u>
<u>/s/ David A. Bell</u> David A. Bell	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 28, 2003
<u>/s/ Sean F. Orr</u> Sean F. Orr	Executive Vice President, Chief Financial Officer (Principal Financial Officer) and Director	March 28, 2003
<u>/s/ Frank J. Borelli</u> Frank J. Borelli	Director	March 28, 2003
<u>/s/ Reginald K. Brack</u> Reginald K. Brack	Director	March 28, 2003
<u>/s/ Jill M. Considine</u> Jill M. Considine	Director	March 28, 2003

<u>/s/ John J. Dooner, Jr.</u> John J. Dooner, Jr.	Director	March 28, 2003
<u>/s/ Richard A. Goldstein</u> Richard A. Goldstein	Director	March 28, 2003
<u>/s/ H. John Greeniaus</u> H. John Greeniaus	Director	March 28, 2003
<u>/s/ Michael I. Roth</u> Michael I. Roth	Director	March 28, 2003
<u>/s/ J. Phillip Samper</u> J. Phillip Samper	Director	March 28, 2003
<u>/s/ Richard P. Sneider, Jr.</u> Richard P. Sneider, Jr.	Vice President and Controller (Principal Accounting Officer)	March 28, 2003

## CERTIFICATION

I, David A. Bell, 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 annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures 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 annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date    March 28, 2003

          /s/ David A. Bell            
Name: David A. Bell  
Title: Chief Executive Officer

## CERTIFICATION

I, Sean F. Orr, 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 annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures 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 annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date    March 28, 2003

          /s/ Sean F. Orr            
Name: Sean F. Orr  
Title: Chief Financial Officer

## INDEX TO DOCUMENTS

<u>Exhibit No.</u>	<u>Description</u>
(3)	(a) The Restated Certificate of Incorporation of the Registrant, as amended is incorporated by reference to its Report on Form 10-Q for the quarter ended June 30, 1999. See Commission file number 1-6686.
	(b) The By-Laws of the Registrant, amended as of February 19, 1991, are incorporated by reference to its Report on Form 10-K for the year ended December 31, 1990. See Commission file number 1-6686.
(4)	Instruments Defining the Rights of Security Holders.
	(a) Senior Debt Indenture, dated as of October 20, 2000, 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 dated October 24, 2000.
	(b) First Supplemental Indenture, dated as of August 22, 2001, between the Registrant and The Bank of New York, as trustee, is incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-4 (No. 333-74476).
	(c) Second Supplemental Indenture, dated as of December 14, 2001, between the Registrant and The Bank of New York, as trustee is incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 (No. 333-82368).
	(d) Third Supplemental Indenture, dated as of March 13, 2003, between the Registrant and The Bank of New York, as trustee, is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated March 18, 2003.
	(e) Registration Rights Agreement, dated as of December 14, 2001, between the Registrant and Salomon Smith Barney Inc., as representative of the initial purchasers named therein, is incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 (No. 333-82368).
	(f) Registration Rights Agreement, dated as of March 13, 2003, among the Registrant and Salomon Smith Barney Inc., J.P. Morgan Securities Inc. and UBS Warburg LLC, as representatives of the initial purchasers named therein, is incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated March 18, 2003.
	(g) Indenture, dated as of September 16, 1997, between the Registrant and The Bank of New York, is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1998. See Commission file number 1-6686.
	(h) The Preferred Share Purchase Rights Plan as adopted on July 18, 1989, is incorporated by reference to the Registrant's Registration Statement on Form 8-A dated August 1, 1989 (No. 00017904) and, as amended, by reference to the Registrant's Registration Statement on Form 8

dated October 3, 1989 (No. 00106686).

(10) Material Contracts.

- (a) Purchase Agreement, dated September 10, 1997, among the Registrant, Morgan Stanley & Co., Incorporated, Goldman Sachs and Co. and SBC Warburg Dillon Read Inc., is incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1999. See Commission file number 1-6686.
- (b) Employment, Consultancy and other Compensatory Arrangements with Management.

Listed below are agreements or amendments to agreements between the Registrant and its executive officers which remain in effect on and after the date hereof or were executed during the year ended December 31, 2002 and thereafter, unless previously submitted, which are filed as exhibits to this Report on Form 10-K.

(i) David A. Bell

- (a) 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 filed herewith.
- (b) 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. See Commission file number 1-6686.
- (c) 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. See Commission file number 1-6686.

(ii) Sean F. Orr

- (a) Supplemental Agreement, dated as of November 7, 2002, to an Employment Agreement between the Registrant and Sean F. Orr, is filed herewith.
- (b) Supplemental Agreement, dated as of November 7, 2002, to Executive Special Benefit Agreements, dated as of May 1, 1999 and May 1, 2002, each between the Registrant and Sean F. Orr, is filed herewith.
- (c) Executive Special Benefit Agreement, dated as of May 1, 2002, between the Registrant and Sean F. Orr, signed as of November 7, 2002, is filed herewith.



- (d) Supplemental Agreement, dated as of June 1, 2000, to an Executive Severance Agreement, dated as of April 27, 1999, between the Registrant and Sean F. Orr, is incorporated by reference to Exhibit 10(f) to the Registrant's Report on Form 10-Q for the year ended June 30, 2000. See Commission file number 1-6686.
  - (e) Supplemental Agreement, dated as of April 1, 2000, to an Employment Agreement between the Registrant and Sean F. Orr, is incorporated by reference to Exhibit 10(c) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 2000. See Commission file number 1-6686.
  - (f) Executive Severance Agreement, dated as of May 1, 1999, between the Registrant and Sean F. Orr, is incorporated by reference to Exhibit 10(b)(i)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 1999. See Commission file number 1-6686.
  - (g) Employment Agreement, dated as of April 27, 1999, between the Registrant and Sean F. Orr, 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, 1999. See Commission file number 1-6686.
  - (h) Executive Severance Agreement, dated as of April 27, 1999, between the Registrant and Sean F. Orr, is incorporated by reference to Exhibit 10(b)(i)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 1999. See Commission file number 1-6686.
- (iii) Barry R. Linsky
- (a) Supplemental Employment Agreement, dated as of March 26, 2001, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(iv)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001. See Commission file number 1-6686.
  - (b) Supplemental Agreement to an Executive Special Benefit Agreement, dated as of June 30, 2000, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2000. See Commission file number 1-6686.
  - (c) Executive Special Benefit-Income Replacement Agreement, dated as of June 1, 2000, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2000. See Commission file number 1-6686.
  - (d) Executive Severance Agreement, dated as of January 1, 1998, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(iv) to the Registrant's Report on Form 10-K for the year ended

December 31, 1998. See Commission file number 1-6686.

- (e) Supplemental Agreement, dated as of August 1, 1996, to an Employment Agreement, dated as of January 1, 1991, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(f) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
  - (f) Supplemental Agreement, dated as of January 1, 1996, to an Employment agreement, dated January 1, 1991, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(e) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
  - (g) Supplemental Agreement, dated as of January 1, 1995, to an Employment Agreement, dated as of January 1, 1991, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(d) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
  - (h) Executive Special Benefit Agreement, dated as of March 1, 1993, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(c) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
  - (i) Supplemental Agreement, dated as of August 15, 1992, to an Employment Agreement, dated as of January 1, 1991, between the Registrant and Barry R. Linsky, is incorporated by reference to Exhibit 10(b)(ii)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
- (iv) Bruce Nelson
- (a) Executive Severance Agreement, dated as of April 18, 2002, between the Registrant and Bruce Nelson, is incorporated by reference to Exhibit 10(iii)(A)(i) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2002. See Commission file number 1-6686.
  - (b) Employment Agreement, dated as of September 5, 2000, between the Registrant and Bruce Nelson, 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, 2000. See Commission file number 1-6686.
  - (c) Executive Special Benefit Agreement, dated as of September 1, 2000, between the Registrant and Bruce Nelson, is incorporated by reference to Exhibit 10(b)(v)(b) to the Registrant's Report on Form 10-K for the year ended December 31, 2000. See Commission file number 1-6686.

- (d) Supplemental Agreement, dated as of September 1, 2000, to an Executive Special Benefit Agreement, dated as of January 1, 1986, between the Registrant and Bruce Nelson, 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, 2000. See Commission file number 1-6686.
  
- (v) Nicholas J. Camera
  - (a) Employment Agreement, dated as of November 14, 2002, between the Registrant and Nicholas J. Camera, is filed herewith.
  
  - (b) Executive Severance Agreement, dated as of October 31, 1997, 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. See Commission file number 1-6686.
  
  - (c) Executive Special Benefit Agreement, dated as of January 1, 1995, between the Registrant and Nicholas J. Camera, is filed herewith.
  
- (vi) Albert Conte
  - (a) 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. See Commission file number 1-6686.
  
- (vii) Thomas Dowling
  - (a) Supplemental Agreement, dated as of November 14, 2002, to an Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is filed herewith.
  
  - (b) Supplemental Agreement, dated as of October 1, 2002, to an Employment Agreement, dated as of November 1999, between the Registrant and Thomas Dowling, is filed herewith.
  
  - (c) 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. See Commission file number 1-6686.
  
  - (d) 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. See Commission file number 1-6686.

- (e) 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. See Commission file number 1-6686.
  
- (viii) Brian Brooks
  - (a) Employment Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is filed herewith.
  - (b) Executive Special Benefit Agreement, dated as of November 18, 2002, between the Registrant and Brian Brooks, is filed herewith.
  
- (ix) C. Kent Kroeber
  - (a) Agreement, dated as of July 11, 2002, between the Registrant and C. Kent Kroeber, is incorporated by reference to Exhibit 10(iii)(A)(i) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
  - (b) Executive Special Benefit - Income Replacement Agreement, dated as of July 11, 2002, by and between the Registrant and C. Kent Kroeber, is incorporated by reference to Exhibit 10(iii)(A)(ii) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
  - (c) Letter Agreement, dated July 11, 2002, between the Registrant and C. Kent Kroeber, is incorporated by reference to Exhibit 10(iii)(A)(iii) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
  - (d) Supplemental Agreement to an Executive Special Benefit Agreement, dated as of June 30, 2000, between the Registrant and C. Kent Kroeber, 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, 2000. See Commission file number 1-6686.
  - (e) Executive Special Benefit-Income Replacement Agreement dated as of June 1, 2000, between the Registrant and C. Kent Kroeber, 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, 2000. See Commission file number 1-6686.
  
- (x) Gunnar Wilmot
  - (a) Executive Special Benefit Agreement, dated as of January 1, 2002, and signed as of October 2, 2002, between the Registrant and Gunnar Wilmot, is filed herewith.

- (b) 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. See Commission file number 1-6686.
  - (c) 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. See Commission file number 1-6686.
  - (d) 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. See Commission file number 1-6686.
  - (e) 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. See Commission file number 1-6686.
- (xi) Philippe Krakowsky
- (a) 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. See Commission file number 1-6686.
  - (b) Special Deferred Compensation Agreement, dated as of April 1, 2002, and signed as of July 1, 2002, between the Registrant and Philippe Krakowsky, dated as of April 1, 2002, and signed as of July 1, 2002, 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. See Commission file number 1-6686.
  - (c) 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. See Commission file number 1-6686.
  - (d) 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. See Commission file number 1-6686.

(xii) Susan Watson

- (a) Employment Agreement, dated as of November 14, 2002, between the Registrant and Susan Watson, is filed herewith.

(xiii) Steven Berns

- (a) Executive Special Benefit Agreement, dated as of January 1, 2002, and signed as of January 1, 2003, between the Registrant and Steven Berns, is filed herewith.
- (b) Employment Agreement, dated as of August 3, 1999, between the Registrant and Steven Berns, is incorporated by reference to Exhibit 10(b)(xi)(a) to the Registrant's Report on Form 10-K for the year ended December 31, 2001. See Commission file number 1-6686.

(xiv) Richard P. Sneider, Jr.

- (a) Employment Agreement, dated as of November 14, 2002, between the Registrant and Richard P. Sneider, Jr. , is filed herewith.
- (b) Executive Severance Agreement, dated as of November 14, 2002, between the Registrant and Richard P. Sneider, Jr. , is filed herewith.

(xv) John J. Dooner, Jr.

- (a) Supplemental Agreement, dated as of November 7, 2002, to an Employment Agreement between the Registrant and John J. Dooner, Jr. , is filed herewith.
- (b) Supplemental Agreement, dated as of November 7, 2002, to an Executive Special Benefit Agreement between the Registrant and John J. Dooner, Jr. , is filed herewith.
- (c) 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 filed herewith.
- (d) 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. See Commission file number 1-6686.
- (e) 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. See Commission

file number 1-6686.

- (f) 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. See Commission file number 1-6686.
- (g) 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. See Commission file number 1-6686.
- (h) 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. See Commission file number 1-6686.
- (i) 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. See Commission file number 1-6686.
- (j) 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. See Commission file number 1-6686.
- (k) 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. See Commission file number 1-6686.
- (l) 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. See Commission file number 1-6686.
- (m) 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. See Commission file number 1-6686.
- (n) 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. See Commission file number 1-6686.

- (o) 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. See Commission file number 1-6686.
- (p) 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. See Commission file number 1-6686.

(xvi) Jill Considine

- (a) 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. See Commission file number 1-6686.

(xvii) Richard A. Goldstein

- (a) 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. See Commission file number 1-6686.

(c) Executive Compensation Plans.

- (i) 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. See Commission file number 1-6686.
- (ii) 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).
- (iii) 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. See Commission file number 1-6686.
- (iv) 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. See Commission file number 1-6686.



- (v) 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. See Commission file number 1-6686.
- (vi) 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. See Commission file number 1-6686.
- (vii) 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).
- (viii) 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. See Commission file number 1-6686.
- (ix) 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. See Commission file number 1-6686.
- (x) 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. See Commission file number 1-6686.
- (xi) 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. See Commission file number 1-6686.
- (xii) 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).
- (xiii) 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).
- (xiv) 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. See Commission file number 1-6686.
- (xv) 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. See Commission file number 1-6686.
- (xvi) The 2002 Performance Incentive Plan of the Registrant is incorporated by reference to Appendix A to the Registrant's Schedule 14A, filed April 17, 2002. See Commission file number 1-6686.

(d) Loan Agreements.

- (i) Amendment No. 1, dated as of March 13, 2002, to the 364-Day Credit Agreement among Registrant, the initial lenders named therein and Citibank, N.A., as administrative agent.
- (ii) Amendment No. 1, dated as of March 13, 2002, to the Amended and Restated Five-Year Credit Agreement, amended and restated as of December 31, 2002, among the Registrant, the initial lenders named therein and Citibank, N.A., as administrative agent, is filed herewith.
- (iii) Waiver and Amendment letter, dated August 6, 2002 to the 364-Day Credit Agreement among the Registrant, the initial lenders named therein, and Citibank, N.A., as Administrative Agent, is incorporated by reference to Exhibit 10(i)(C) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2002. See Commission file number 1-6686.
- (iv) Waiver and Amendment letter dated August 6, 2002 to the Five-Year Credit Agreement among the Registrant, the initial lenders named therein and Citibank, N.A., as Administrative Agent, is incorporated by reference to Exhibit 10(i)(D) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2002. See Commission file number 1-6686.
- (v) Waiver and Amendment No. 1, dated November 13, 2002 to the 364-Day Credit Agreement among the Registrant, the initial lenders named therein, and Citibank, N.A., as Administrative Agent, is incorporated by reference to Exhibit 10(i)(A)(i) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (vi) Waiver and Amendment No. 4, dated November 13, 2002 to the Five-Year Credit Agreement among the Registrant, the initial lenders named therein and Citibank, N.A., as Administrative Agent, is incorporated by reference to Exhibit 10(i)(A)(ii) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (vii) Note Purchase Agreement, dated May 26, 1994, between the Registrant and The Prudential Insurance Company of America ("Prudential"), is incorporated by reference to Exhibit 10(i)(B) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (viii) Note Purchase Agreement, dated April 28, 1995, between the Registrant and Prudential, is incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarter ended June 30, 1995. See Commission file number 1-6686.
- (ix) Note Purchase Agreement, dated October 31, 1996, between the Registrant and Prudential, is incorporated by reference to Exhibit 10(d)(iv) to the Registrant's Report on Form 10-K for the year ended December 31, 1996. See Commission file number 1-6686.
- (x) Note Purchase Agreement, dated August 19, 1997, between the Registrant and Prudential, is incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1997. See Commission file number 1-6686.

- (xi) Note Purchase Agreement, dated January 21, 1999, between the Registrant and Prudential, is incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarter ended March 31, 1999. See Commission file number 1-6686.
- (xii) Amendment No. 1, dated as of August 3, 1995, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to Exhibit 10D(viii) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1995. See Commission file number 1-6686.
- (xiii) Amendment No. 1, dated as of August 3, 1995, to the Note Purchase Agreement dated August 28, 1995, is incorporated by reference to Exhibit 10D(ix) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 1995. See Commission file number 1-6686.
- (xiv) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to Exhibit 10(i)(I) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xv) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated April 28, 1995, is incorporated by reference to Exhibit 10(i)(J) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xvi) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated October 31, 1996, is incorporated by reference to Exhibit 10(i)(K) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xvii) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated August 18, 1997, is incorporated by reference to Exhibit 10(i)(L) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xviii) Amendment, dated as of June 30, 2001, to the Note Purchase Agreement dated January 21, 1999, is incorporated by reference to Exhibit 10(i)(M) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xix) Amendment and Waiver Agreement, dated as of June 30, 2002, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to Exhibit 10(i)(N) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xx) Amendment and Waiver Agreement, dated as of June 30, 2002 to the Note Purchase Agreement dated April 28, 1995, is incorporated by reference to Exhibit 10(i)(O) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxi) Amendment and Waiver Agreement, dated as of June 30, 2002, to the Note Purchase Agreement dated October 31, 1996, is incorporated by reference to Exhibit 10(i)(P) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxii) Amendment and Waiver Agreement, dated as of June 30, 2002, to the Note Purchase Agreement dated August 19, 1997, is incorporated by reference to Exhibit 10(i)(Q) to the Registrant's Report

on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.

- (xxiii) Amendment and Waiver Agreement, dated as of June 30, 2002, to the Note Purchase Agreement dated January 21, 1999, is incorporated by reference to Exhibit 10(i)(R) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxiv) Amendment and Waiver Agreement, dated as of September 30, 2002, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to Exhibit 10(i)(S) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxv) Amendment and Waiver Agreement, dated as of September 30, 2002, to the Note Purchase Agreement dated April 28, 1995, is incorporated by reference to Exhibit 10(i)(T) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxvi) Amendment and Waiver Agreement, dated as of September 30, 2002, to the Note Purchase Agreement, dated October 31, 1996, is incorporated by reference to Exhibit 10(i)(U) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxvii) Amendment and Waiver Agreement, dated as of September 30, 2002 to the Note Purchase Agreement, dated August 18, 1997, is incorporated by reference to Exhibit 10(i)(V) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxviii) Amendment and Waiver Agreement, dated as of September 30, 2002, to the Note Purchase Agreement, dated January 21, 1999, is incorporated by reference to Exhibit 10(i)(W) to the Registrant's Report on Form 10-Q for the quarter ended September 30, 2002. See Commission file number 1-6686.
- (xxix) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated May 26, 1994, between the Registrant and Prudential, is filed herewith.
- (xxx) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated April 28, 1995, between the Registrant and Prudential, is filed herewith.
- (xxxi) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated October 31, 1996, between the Registrant and Prudential, is filed herewith.
- (xxxii) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated August 19, 1997, between the Registrant and Prudential, is filed herewith.
- (xxxiii) Amendment, dated March 28, 2003, to the Note Purchase Agreement, dated January 21, 1999, between the Registrant and Prudential, is filed herewith.

- (xxxiv) 364-Day Credit Agreement, amended and restated as of December 31, 2002, among the Registrant, the initial lenders named therein and Citibank, N.A., as administrative agent, is incorporated by reference to the Registrant's Current Report On Form 8-K/A, filed with the Securities and Exchange Commission on February 12, 2003.
  - (xxxv) Five-Year Credit Agreement, amended and restated as of December 31, 2002, among the Registrant, the initial lenders named therein and Citibank, N.A., as administrative agent, is incorporated by reference to the Registrant's Current Report On Form 8-K/A, filed with the Securities and Exchange Commission on February 12, 2003.
  - (xxxvi) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated May 26, 1994, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
  - (xxxvii) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated April 28, 1995, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
  - (xxxviii) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated October 31, 1996, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
  - (xxxix) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated August 18, 1997, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
  - (xl) Amendment, dated as of December 31, 2002, to the Note Purchase Agreement dated January 21, 1999, is incorporated by reference to the Registrant's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission On February 12, 2003.
  - (xli) Amended and Restated Commitment Letter, dated February 28, 2003, by and among the Registrant, UBS AG and UBS Warburg, LLC, is incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission On March 7, 2003.
- (e) Leases.
- Material leases of premises are incorporated by reference to the Registrant's Annual Report on Form 10-K for the years ended December 31, 1980 and December 31, 1988. See Commission file number 1-6686.
- (f) Acquisition Agreement for Purchase of Real Estate.

Acquisition Agreement (in German) between Treuhandgesellschaft Aktiengesellschaft & Co. Grundbesitz OHG and McCann-Erickson Deutschland GmbH & Co. Management Property KG

("McCann-Erickson Deutschland") and the English translation of the Acquisition Agreement are incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. See Commission file number 1-6686.

- (g) Mortgage Agreements and Encumbrances.
  - (i) Summaries in German and English of Mortgage Agreements between McCann-Erickson Deutschland and Frankfurter Hypothekenbank Aktiengesellschaft ("Frankfurter Hypothekenbank"), Mortgage Agreement, dated January 22, 1993, between McCann-Erickson Deutschland and Frankfurter Hypothekenbank, Mortgage Agreement, dated January 22, 1993, between McCann-Erickson Deutschland and Frankfurter Hypothekenbank are incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993. See Commission file number 1-6686. Summaries in German and English of Mortgage Agreement, between McCann-Erickson Deutschland and Frankfurter Sparkasse and Mortgage Agreement, dated January 7, 1993, between McCann-Erickson Deutschland and Frankfurter Sparkasse are incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. See Commission file number 1-6686.
  - (ii) Summaries in German and English of Documents creating Encumbrances in favor of Frankfurter Hypothekenbank and Frankfurter Sparkasse in connection with the aforementioned Mortgage Agreements, Encumbrance, dated January 15, 1993, in favor of Frankfurter Hypothekenbank, and Encumbrance, dated January 15, 1993, in favor of Frankfurter Sparkasse are incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. See Commission file number 1-6686.
  - (iii) Loan Agreement (in English and German), dated January 29, 1993 between Lintas Deutschland GmbH and McCann-Erickson Deutschland is incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. See Commission file number 1-6686.
- (21) Subsidiaries of the Registrant.
- (23) (a) Consent of Independent Accountants: PricewaterhouseCoopers LLP  
(b) Consent of Independent Public Accountants: J.H. Cohn LLP
- (24) Power of Attorney to sign Form 10-K and resolution of Board of Directors re Power of Attorney.
- (99) (a) The Company filed the following reports on Form 8-K during the quarter ended December 31, 2002:
  - (i) Report dated December 12, 2002. Item 9 Regulation FD Disclosure.
  - (ii) Report dated December 6, 2002. Item 5 Other Events and Regulation FD Disclosure.
  - (iii) Report dated November 19, 2002. Item 9 Regulation FD Disclosure.
  - (iv) Report dated November 19, 2002. Item 5 Other Events and Exhibit 99.1 Press Release.

- (v) Report dated November 13, 2002. Item 9 Regulation FD Disclosure.
  - (vi) Report dated November 13, 2002. Item 5 Other Events and Exhibit 99.1 Press Release.
  - (vii) Report dated, October 17, 2002. Item 5 Other Events and Exhibit 99.1 Press Release.
- (b) Certification under Section 906 of the Sarbanes-Oxley Act of 2002.

## REPORT OF MANAGEMENT

The financial statements, including the financial analysis and all other information in this Form 10-K, were prepared by management, who is responsible for their integrity and objectivity. Management believes the financial statements, which require the use of certain estimates and judgments, reflect the Company's financial position and operating results in conformity with generally accepted accounting principles. All financial information in this Form 10-K is consistent with the financial statements.

Management maintains a system of internal accounting controls which provides reasonable assurance that, in all material respects, assets are maintained and accounted for in accordance with management's authorization, and transactions are recorded accurately in the books and records. In response to various issues related to the restatements that arose in 2002, the Company has taken steps to strengthen control processes in order both to identify and rectify all past accounting misstatements and prevent the situations that resulted in the need to restate prior periods from recurring. To assure the effectiveness of the internal control system, the organizational structure provides for defined lines of responsibility and delegation of authority.

The Finance Committee of the Board of Directors, which is comprised of the Company's Chairman and Chief Financial Officer and four outside Directors, is responsible for defining these lines of responsibility and delegating the authority to management to conduct the day-to-day financial affairs of the Company. In carrying out its duties, the Finance Committee primarily focuses on monitoring financial and operational goals and guidelines; approving and monitoring specific proposals for acquisitions; approving capital expenditures; working capital, cash and balance sheet management; and overseeing the hedging of foreign exchange, interest-rate and other financial risks. The Committee meets regularly to review presentations and reports on these and other financial matters to the Board. It also works closely with, but is separate from, the Audit Committee of the Board of Directors.

The Company has formally stated and communicated policies requiring of employees high ethical standards in their conduct of its business. As a further enhancement of the above, the Company's comprehensive internal audit program is designed for continual evaluation of the adequacy and effectiveness of its internal controls and measures adherence to established policies and procedures.

The Audit Committee of the Board of Directors is comprised of four directors, none of whom who are employees of the Company. The Committee reviews audit plans, internal controls, financial reports and related matters, and meets regularly with management, internal auditors and independent accountants. The independent accountants and the internal auditors have free access to the Audit Committee, without management being present, to discuss the results of their audits or any other matters.

The independent accountants, PricewaterhouseCoopers LLP, were recommended by the Audit Committee of the Board of Directors and selected by the Board of Directors, and their appointment was ratified by the stockholders. The independent accountants have examined the financial statements of the Company and their opinion is included as part of the financial statements.

/s/ David A. Bell

David A. Bell

Chairman and Chief Executive Officer

/s/ Sean F. Orr

Sean F. Orr

Executive Vice President and Chief Financial Officer



**EMPLOYMENT AGREEMENT AMENDMENT**

**THIS AMENDMENT** to the Employment Agreement dated as of January 1, 2000, and previously amended as of March 1, 2001, between **TRUE NORTH COMMUNICATIONS INC.** a Delaware corporation (the "**Company**") and **DAVID A. BELL** (the "**Executive**") is entered into as of June 1, 2001.

**WHEREAS**, the Company and Executive have entered into the above-referenced Employment Agreement pursuant to which the Executive served the Company as its Chairman and Chief Executive Officer;

**WHEREAS**, the Company has entered into a merger (the "**Merger**") with The Interpublic Group of Companies, Inc. ("**Interpublic**") pursuant to that certain Agreement and Plan of Merger among Interpublic, Verities Acquisition Corp. and the Company dated as of March 18, 2001 (the "**Merger Agreement**") and;

**WHEREAS**, the Company, the Executive and Interpublic desire to amend the Employment Agreement to reflect Executive's new role following the Merger;

**NOW, THEREFORE**, it is agreed that the Employment Agreement is hereby amended as follows, effective as of June 1, 2001 (except as otherwise indicated below):

1. Interpublic shall become a party to the Agreement.
2. Section 2 of the Employment Agreement is amended in its entirety to read as follows:

"2. Position and Duties. Interpublic shall employ the Executive during the Employment Period with the title of Vice Chairman. The Executive shall report directly to the Chief Executive Officer of Interpublic and he shall split his time during the Employment Period between Chicago and New York City, as necessary to carry out his duties and responsibilities. Executive shall have the authority, duties and responsibilities commensurate with his position and title and such other duties and responsibilities (not inconsistent with his position) as are reasonably assigned to him from time to time by the Chief Executive Officer of Interpublic. During the Employment Period, the Executive shall perform faithfully and loyally and to the best of the Executive's abilities his duties hereunder, shall devote his full business time, attention and efforts to the affairs of Interpublic and the group of subsidiaries and affiliates of Interpublic and shall use his reasonable best efforts to promote the interests of Interpublic. Notwithstanding the foregoing, the Executive may engage in charitable, civic or community activities, provided that they do not interfere with the performance of the Executive's duties hereunder, and, with the prior approval of the Board, may serve as a director of any business corporation; provided that such service does not violate the terms of any of the covenants contained in Section 8 hereof."

3. Effective as of August 1, 2001, Section 3(a) of the Employment Agreement is amended to provide for an annual base salary of One Million Dollars (\$1,000,000) per annum.

4. Section 3(b) of the Employment Agreement is deleted in its entirety and replaced with the following:

"Executive will be eligible during the term of employment to participate in the Management Incentive Compensation Plan ("**MICP**"), in accordance with the terms and conditions of the Plan established from time to time. The actual award, if any, shall be determined by the Corporation and shall be based on profits of the Company, Executive's individual performance, and management discretion."

5. A new Section 3(e) of the Employment Agreement shall be added as follows:

"Executive shall be granted an award for the 2002-2004 performance period under Interpublic's Long-Term Performance Incentive Plan ("**LTIPI**") equal to five thousand (5,000) performance units tied to

the cumulative compound profit growth of FCB/BSMG, five thousand (5,000) performance units tied to the cumulative compound profit growth of Interpublic and options under Interpublic's Stock Incentive Plan to purchase forty thousand (40,000) shares of Interpublic common stock which may not be exercised in any part prior to the end of the performance period and thereafter shall be exercisable in whole or in part."

6. A new Section 3(f) of the Employment Agreement shall be added as follows:

"Effective August 23, 2001, Executive has been granted seventy-five (75,000) shares of Interpublic Common Stock which will be subject to a five year vesting restriction. Effective January 2, 2002, Executive has been granted ten thousand (10,000) shares of Interpublic Common Stock which will be subject to a five-year vesting restriction and options to acquire thirty thousand (30,000) shares of Interpublic Common Stock."

7. Effective as of August 23, 2001, a new Section 3(g) of the Employment Agreement shall be added as follows:

"Executive has been granted options to purchase one hundred twenty-five thousand (125,000) shares of Interpublic Common Stock, which will be subject to all the terms and conditions of the Interpublic Stock Incentive Plan. Forty percent (40%) of the options will be exercisable after the third anniversary of the date of grant, thirty percent (30%) will be exercisable after the fourth anniversary and thirty percent (30%) will be exercisable after the fifth anniversary of the date of grant through the tenth anniversary of the date of grant."

8. The following shall be added to Section 3(c) of the Employment Agreement:

"Executive shall be provided with a car allowance of Ten Thousand Dollars (\$10,000) per year and will be provided with garage space in New York City and Chicago. In addition, Executive will be provided with a car and a driver."

9. Effective as of the date of consummation of the Merger, Section 4 of the Employment Agreement is amended as follows:

(a) by deleting the phrase, "subject to the vesting requirements set forth in subsection (d) below" from subsection (a) thereof;

(b) by deleting the phrases, "the vested portion of" and "with the vested portion determined in accordance with subsection (d) below" from subsection (c) thereof; and adding the following: "In addition, Executive's Stock options and restricted Stock shall continue to vest during the consulting period".

(c) by deleting subsection (d) thereof; and

(d) by renumbering subsection (e) thereof as subsection (d).

10. Section 5 of the Employment Agreement is amended as of the date of the Merger by adding the following sentence at the end of the subsection (a) thereof.

"Notwithstanding the foregoing, the Executive hereby waives any right to claim that a Qualifying Termination will occur by virtue of the Merger or any alteration of his title, position, duties and responsibilities in connection therewith, so long as the Executive serves as Vice Chairman of Interpublic following the Merger (or in such similar agreed-upon capacity) with such duties, responsibilities and authority, consistent with that position, as are assigned to the Executive from time to time by the Chief Executive Officer of Interpublic."

11. Effective upon consummation of the Merger, Section 6 of the Employment Agreement is amended by deleting the phrase, "with all vesting requirements deemed to be satisfied" from subparagraph (b)(ii)(4) thereof, and by deleting the phrase, "the then vested portion of" from subparagraph (b)(iii) thereof.

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment as of the 1st day of June, 2001, to be effective as of June 1, 2001.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ C. Kent Kroeber

Name: C. Kent Kroeber  
Title: Senior Vice President  
Human Resources

TRUE NORTH COMMUNICATIONS, INC.

By: /s/ Nicholas J. Camera

Name: Nicholas J. Camera  
Title: Director, Vice President and  
Secretary

/s/ David A. Bell

David A. Bell

**SUPPLEMENTAL AGREEMENT**

SUPPLEMENTAL AGREEMENT made as of November 7, 2002 by and between The Interpublic Group of Companies, Inc., a corporation of the State of Delaware (hereinafter referred to as the "Corporation"), and **SEAN ORR** (hereinafter referred to as "Executive").

**WITNESSETH:**

**WHEREAS**, the Corporation and Executive are parties to an Employment Agreement made as of April 27, 1999 and as amended by Supplemental Agreement made as of April 1, 2000 (hereinafter referred to as the "**Agreements**"); and

**WHEREAS**, the Corporation and Executive desire to amend the Agreement;

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

1. Section 3.01 of the Employment Agreement is hereby amended, effective as of June 1, 2002 so as to delete "Six Hundred Thousand Dollars (\$600,000)" and substitute "Eight Hundred and Fifty Thousand Dollars (\$850,000) of which One Hundred Fifty Thousand Dollars (\$150,000) will be paid in the form of Executive Special Benefits Agreements ("**ESBA**")" entered into between Executive and the Corporation.

2. Section 5.02 of the Employment Agreement is hereby amended by adding the following "Executive has been granted an award for the 2003-2005 performance period under Interpublic's Long Term Performance Incentive Plan ("**LTPIP**") equal to Twelve Thousand (12,000) performance units tied to the cumulative compound growth of Interpublic and options under Interpublic's Stock Incentive Plan to purchase One Hundred and Twenty Thousand (120,000) shares of Interpublic common stock which may not be exercised in any part prior to the end of the performance period and thereafter shall be exercisable in whole or in part".

3. Section 5.04 of the Employment Agreement is hereby amended by adding the following "Executive has been granted an award of Fifty Thousand (50,000) restricted shares of Interpublic common stock which shares shall have a restriction period ending five years from the date of grant".

4. A new Section 6.03 of the Employment Agreement is hereby added to the to read in its entirety as follows: "The Corporation shall obtain a fifteen (15) year Term Life Insurance policy on the life of Executive in the face amount of Ten Million (\$10,000,000) Dollars, subject to Executive's insurability, i.e., the Corporation's ability to obtained such insurance. Annual premiums paid by the Corporation in the policy will be taxable income to Executive".

5. Except as herein above amended, The Employment Agreement shall continue in full force and effect.

6. This Supplemental Agreement shall be governed by the laws of the State of New York.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ C. Kent Kroeber  
C. Kent Kroeber

/s/ Sean Orr  
Sean Orr

Signed as of \_\_\_\_\_

**SUPPLEMENTAL AGREEMENT**

**SUPPLEMENTAL AGREEMENT** made as of November 7, 2002 by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware (hereinafter referred to as "**Interpublic**"), and **SEAN ORR** (hereinafter referred to as "**Executive**").

**WITNESSETH:**

**WHEREAS**, Interpublic and Executive are parties to certain Executive Special Benefit Agreement made as of May 1, 1999 and May 1, 2002 (hereinafter referred to collectively as the "**Agreements**"); and

**WHEREAS**, Interpublic and Executive desire to amend the Agreements;

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

1. In the event that Executive should become totally and permanently disabled the Executive will be entitled to immediately receive the full maximum benefit otherwise payable upon retirement under the Agreements. "Disability" means a condition that renders Executive completely and presumably permanently unable to perform any or every day duty of his regular occupation, in the reasonable determination of Interpublic.
2. This Supplemental Agreement shall be governed by the laws of the State of New York.
3. Except as hereinabove amended, the Agreement shall continue in full force and effect.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By:           /s/ C. Kent Kroeber            
C. Kent Kroeber

          /s/ Sean Orr            
Sean Orr

Signed as of \_\_\_\_\_

**EXECUTIVE SPECIAL BENEFIT AGREEMENT**

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

**W I T N E S S E T H:**

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

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

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

**ARTICLE I**

**Death and Special Retirement Benefits**

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

1.02 The Corporation shall provide Executive with the following benefits contingent upon Executive's compliance with all the terms and conditions of this Agreement and Executive's satisfactory completion of a physical examination in connection with an insurance policy on the life of Executive which Interpublic or its assignee (other than Executive) proposes to obtain and own, this latter contingency being deemed satisfied. Effective at the end of the Accrual Term, Executive's annual compensation will be increased by One Hundred Thousand Dollars (\$100,000) if Executive is in the employ of the Corporation at that time.

1.03 If, during the Accrual Term or thereafter during a period of employment by the Corporation which is continuous from the date of this Agreement, Executive shall die while in the employ of the Corporation, the Corporation shall pay to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.07 (or in the absence of such designation, shall pay to the Executor of the Will or the Administrator of the Estate of Executive) survivor income payments of Two Hundred and Sixty Thousand Dollars (\$260,000) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's death, and in equal monthly installments thereafter.

1.04 If, after a continuous period of employment from the date of this Agreement, Executive shall retire from the employ of the Corporation so that the first day on which Executive is no longer in the employ of the Corporation occurs on or after Executive's sixtieth birthday, the Corporation shall pay to Executive special retirement benefits at the rate of Two Hundred Sixty Thousand Dollars (\$260,000) per annum for fifteen (15) in monthly installments beginning with the 15th of the calendar month following Executive's last day of employment, and in equal monthly installments thereafter.

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

<u>Last Day of Employment</u>	<u>Annual Rate</u>
On or after 56th birthday but prior to 57th birthday	\$182,000
On or after 57th birthday but prior to 58th birthday	\$213,200
On or after 58th birthday but prior to 59th birthday	\$228,800
On or after 59th birthday but prior to 60th birthday	\$244,400

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

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

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

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

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

## **ARTICLE II** **Alternative Deferred Compensation**

2.01 If Executive shall, for any reason other than death, cease to be employed by the Corporation on a date prior to Executive's fifty-sixth birthday, the Corporation shall, in lieu of any payment pursuant to Article I of this Agreement, compensate Executive by payment, at the times and in the manner specified in Section 2.02, of a sum computed at the rate of One Hundred Thousand Dollars (\$100,000) per annum for each full year and proportionate amount for any part year from the date of this Agreement to the date of such termination during which Executive is in the employ of the Corporation. Such payment shall be conditional upon Executive's compliance with all the terms and conditions of this Agreement.

2.02 The aggregate compensation payable under Section 2.01 shall be paid in equal consecutive monthly installments commencing with the first month in which Executive is no longer in the employ of the Corporation and continuing for a number of months equal to the number of months which have elapsed from the date of this Agreement to the commencement date of such payments, up to a maximum of ninety-six (96) months.

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

2.04 It is understood that none of the payments made in accordance with this Agreement shall be considered for purposes of determining benefits under the Interpublic Pension Plan, nor shall such sums be entitled



to credits equivalent to interest under the Plan for Credits Equivalent to Interest on Balances of Deferred Compensation Owing under Employment Agreements adopted effective as of January 1, 1974 by Interpublic.

**ARTICLE III**  
**Non-solicitation of Clients or Employees**

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

**ARTICLE IV**  
**Assignment**

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

**ARTICLE V**  
**Contractual Nature of Obligation**

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

**ARTICLE VI**  
**Applicable Law**

6.01 This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By:           /s/ C. Kent Kroeber            
C. Kent Kroeber

          /s/ Sean F. Orr            
Sean F. Orr

Signed as of November 7, 2002

**EMPLOYMENT AGREEMENT**

**AGREEMENT** made as of November 14, 2002, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware, Inc. (hereinafter referred to as "**Interpublic**" or the "**Corporation**") and **NICHOLAS J. CAMERA** (hereinafter referred to as "**Executive**").

In consideration of the mutual promises set forth herein the parties hereto agree as follows:

**ARTICLE I**  
**Term of Employment**

1.01 Subject to the provisions of Article VI and Article VII, and upon the terms and subject to the conditions set forth herein, Interpublic will employ Executive beginning November 14, 2002. (The period during which Executive is employed hereunder is referred to herein as the "**term of employment**"). Executive will serve Interpublic during the term of employment.

**ARTICLE II**  
**Duties**

2.01 During the term of employment Executive will:

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

**ARTICLE III**  
**Regular Compensation**

3.01 Interpublic will compensate Executive for the duties performed by him hereunder, by payment of a base salary at the rate of Three Hundred Fifty Thousand Dollars (\$350,000) per annum, of which Three Hundred Thirty Five Thousand Dollars (\$335,000) shall be payable in equal installments, which Interpublic may pay at semi-monthly intervals, subject to customarily withholding for federal, state and local taxes and Fifteen Thousand Dollars (\$15,000) of which shall be in the form of an Executive Special Benefits Agreement ("**ESBA**").

3.02 Interpublic may at any time increase the compensation paid to Executive under this Article III if Interpublic in its discretion shall deem it advisable so to do in order to compensate him fairly for services rendered to Interpublic.

**ARTICLE IV**  
**Bonuses**

4.01 Executive will be eligible during the term of employment to participate in the Management Incentive Compensation Plan ("**MICP**"), in accordance with the terms and conditions of the Plan established from time to time. The actual award, if any, shall be determined by Interpublic and shall be based on profits of Interpublic, Executive's individual performance, and management discretion.

4.02 Executive will be eligible during the term of employment to participate in certain Long-Term Performance Incentive Plans, established by the Company in accordance with the terms and conditions of the Plan established from time to time.

**ARTICLE V**  
**Other Employment Benefits**

5.01 Executive shall be eligible to participate in such other employee benefits as are available from time to time to other key management executives of Interpublic in accordance with the then-current terms and conditions established by Interpublic for eligibility and employee contributions are required for participation in such benefits opportunities.

5.02 Employee will be entitled to annual paid time off, in accordance with Interpublic's policies and procedures, to be taken in such amounts and at such times as shall be mutually convenient for Executive and Interpublic.

5.03 Executive shall be reimbursed for all reasonable out-of-pocket expenses actually incurred by him in the conduct of the business Interpublic provided that Executive submits all substantiation of such expenses to Interpublic on a timely basis in accordance with standard policies of Interpublic.

**ARTICLE VI**  
**Termination**

6.01 Interpublic may terminate the employment of Executive hereunder:

(i) By giving Executive notice in writing at any time specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event his employment hereunder shall terminate on the date specified in such notice or;

(ii) By giving Executive notice in writing at any time specifying a termination date less than twelve (12) months after the date on which such notice is given. In this event Executive's employment hereunder shall terminate on the date specified in such notice and Interpublic shall thereafter pay him a sum equal to the amount by which twelve (12) months salary at his then current rate exceeds the salary paid to him for the period from the date on which such notice is given to the termination date specified in such notice. Such payment shall be made during the period immediately following the termination date specified in such notice, in successive equal monthly installments each of which shall be equal to one (1) month's salary at the rate in effect at the time of such termination, with any residue in respect of a period less than one (1) month to be paid together with the last installment.

(iii) During the termination period provided in subsection (i), or in the case of a termination under subsection (ii) providing for a termination period of less than twelve (12) months, for a period of twelve (12) months after the termination notice, Executive will be entitled to receive all employee benefits accorded to him prior to termination which are made available to employees generally; provided, that such benefits shall cease upon such date that Executive accepts employment with another employer offering similar benefits.

6.02 Notwithstanding the provisions of Section 6.01, during the period of notice of termination, Executive will use reasonable, good faith efforts to obtain other employment reasonably comparable to his employment under this Agreement. Upon obtaining other employment (including work as a consultant, independent contractor or establishing his own business), Executive will promptly notify Interpublic, and (a) in the event that Executive's salary and other non-contingent compensation ("**new compensation**") payable to Executive in connection with his new employment shall equal or exceed the salary portion of the amount payable by Interpublic under Section 6.01, Interpublic shall be relieved of any obligation to make payments under Section 6.01, or (b) in the event Executive's new compensation shall be less than the salary portion of payments to be made under Section 6.01, Interpublic will pay Executive the difference between such payments and the new compensation. In the event Executive accepts employment with any company owned or controlled by Interpublic during the period in which payments are being made pursuant to Section 6.01 of this Agreement, all such payments shall cease upon commencement of such employment. Furthermore, if Executive has received a lump sum payment pursuant to Section 6.01 of this Agreement and commences employment with another company owned or controlled by Interpublic, Executive agrees to reimburse Interpublic for any portion of the payment that compensates Executive for the subsequent employment period.

6.03 Executive may at any time give notice in writing to Interpublic specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event his employment hereunder shall terminate on the date specified in such notice. Provided, however, Interpublic may, at its option, upon receipt of such notice determine an earlier termination date. During the notice period, Executive will continue to be an employee, will assist Interpublic in the transition of his responsibilities and will be entitled to continue to receive base salary and to participate in all benefit plans for which an employee at Executive's level is eligible, but not to receive any MICP or other bonus award that might otherwise be paid during that period except as otherwise provided herein. Interpublic may require that Executive not come to work during the notice period. In no event, however, may Executive perform services for any other employer during the notice period.

6.04 Notwithstanding the provisions of Section 6.01, Interpublic may terminate the employment of Executive hereunder, at any time after the Commencement Date, for Cause. For purposes of this Agreement, "**Cause**" means any of the following:

- (i) Any material breach by Executive of any material provision of this Agreement (including without limitation Sections 7.01 and 7.02 hereof) upon written notice of same by Interpublic which breach, if capable of being cured, has not been cured within fifteen (15) days after such notice (it being understood and agreed that a breach of Section 7.01 or 7.02 hereof, among others, shall be deemed not capable of being cured);
- (ii) Executive's absence from duty for a period of time exceeding fifteen (15) consecutive business days or twenty (20) out of any (30) consecutive business days (other than account of permitted vacation or as permitted for illness, disability or authorized leave in accordance with Interpublic's policies and procedures) without the consent of the Board of Directors;
- (iii) The acceptance by Executive, prior to the effective date of Executive's voluntary resignation from employment with Interpublic, of a position with another employer, without the consent of the Interpublic Board of Directors;
- (iv) Misappropriation by Executive of funds or property of Interpublic or any attempt by Executive to secure any personal profit related to the business of Interpublic (other than as permitted by this Agreement) and not fairly disclosed to and approved by the Board of Directors;
- (v) Fraud, dishonesty, disloyalty, gross negligence or willful misconduct on the part of Executive in the performance of his duties as an employee of Interpublic;
- (vi) A felony conviction of Executive; or
- (vii) Executive's engaging, during the term of employment, in activities which are prohibited by federal, state or local laws or Interpublic's policy prohibiting discrimination based on age, sex, race, religion, disability, national origin, or any other protected category; or Executive's engaging in conduct which is constituting prohibited harassment under federal, state or local law, or in violation of Interpublic's policy (including without limitation, sexual harassment).

Upon a termination for Cause, Interpublic shall pay Executive his salary and benefits through the date of termination of employment and Executive shall not be entitled to any bonus with respect to the year of termination, or to any other payments hereunder.

## **ARTICLE VII** **Covenants**

7.01 While Executive is employed hereunder by Interpublic he shall not without the prior written consent of Interpublic, which will not be unreasonably withheld, engage, directly or indirectly, in any other trade, business or employment, or have any interest, direct or indirect, in any other business, firm or corporation; provided, however, that he may continue to own or may hereafter acquire any securities of any class of any publicly-owned company.

7.02 Executive shall treat as confidential and keep secret the affairs of Interpublic and shall not at any time during the term of employment or thereafter, without the prior written consent of Interpublic, divulge, furnish or make known or accessible to, or use for the benefit of, anyone other than Interpublic and its subsidiaries and affiliates any information of a confidential nature relating in any way to the business of Interpublic or its subsidiaries or affiliates or their clients and obtained by him in the course of his employment hereunder.

7.03 All records, papers and documents kept or made by Executive relating to the business of Interpublic or its subsidiaries or affiliates or their clients shall be and remain the property of Interpublic.

7.04 All articles invented by Executive, processes discovered by him, trademarks, designs, advertising copy and art work, display and promotion materials and, in general, everything of value conceived or created by him pertaining to the business of Interpublic or any of its subsidiaries or affiliates during the term of employment, and any and all rights of every nature whatever thereto, shall immediately become the property of Interpublic, and Executive will assign, transfer and deliver all patents, copyrights, royalties, designs and copy, and any and all interests and rights whatever thereto and thereunder to Interpublic.

7.05 Following the termination of Executive's employment hereunder for any reason, Executive shall not for a period of one (1) year from such termination either: (a) directly or indirectly solicit any employee of Interpublic to leave such employ to enter the employ of Executive or of any person, firm or corporation with which Executive is then associated, or induce or encourage any such employee to leave the employment of Interpublic or to join any other company, or hire any such employee, or otherwise interfere with the relationship between Interpublic and any of its employees or (b) directly or indirectly solicit or handle on Executive's own behalf or on behalf of any other person, firm or corporation, the event marketing, public relations, advertising, sales promotion or market research business of any person or entity which is a client of Interpublic, or to induce any such client to cease to engage the services of Interpublic or to use the services of any entity or person that competes directly with a material business of Interpublic, where the identity of such client, or the client's need, desire or receptiveness to services offered by Interpublic is known by Executive as part of his employment with Interpublic. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests, and that these provisions do not prevent Executive from earning a living.

7.06 If at the time of enforcement of any provisions of this Agreement, a court shall hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

7.07 Executive acknowledges that a remedy at law for any breach or attempted breach of Article VII of this Agreement will be inadequate, and agrees that Interpublic shall be entitled to specific performance and injunctive and other equitable relief in the case of any such breach or attempted breach.

7.08 Executive represents and warrants that neither the execution and delivery of this Employment Agreement nor the performance of Executive's services hereunder will conflict with, or result in a breach of, any agreement to which Executive is a party or by which he may be bound or affected, in particular the terms of any employment agreement to which Executive may be a party. Executive further represents and warrants that he has full right, power and authority to carry out the provisions of this Employment Agreement.

#### **ARTICLE VIII** **Arbitration**

8.01 Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, including claims involving alleged legally protected rights, such as claims for age discrimination in violation of the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act, as amended, and all other federal and state law claims for defamation, breach of contract, wrongful termination and any other claim arising because of Executive's employment, termination of employment or otherwise, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and Section 11.01 hereof, and judgement upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction



**EXECUTIVE SPECIAL BENEFIT AGREEMENT**

**AGREEMENT** made as of December 1, 1995, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware (hereinafter referred to as "**Interpublic**") and **NICHOLAS J. CAMERA** (hereinafter referred to as "**Executive**").

**W I T N E S S E T H:**

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

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

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

**ARTICLE I**  
**Death and Special Retirement Benefits**

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

1.02 The Corporation shall provide Executive with the following benefits contingent upon Executive's compliance with all the terms and conditions of this Agreement and Executive's satisfactory completion of a physical examination in connection with an insurance policy on the life of Executive which Interpublic or its assignee (other than Executive) proposes to obtain and own. Effective at the end of the Accrual Term, Executive's annual compensation will be increased by \$15,000.00 if Executive is in the employ of the Corporation at that time.

1.03 If, during the Accrual Term or thereafter during a period of employment by the Corporation which is continuous from the date of this Agreement, Executive shall die while in the employ of the Corporation, the Corporation shall pay to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.07 (or in the absence of such designation, shall pay to the Executor of the Will or the Administrator of the Estate of Executive) survivor income payments of Thirty-Six Thousand Dollars (\$36,000) per annum for fifteen years following Executive's death, such payments to be made on January 15 of each of the fifteen years beginning with the year following the year in which Executive dies.

1.04 If, after a continuous period of employment from the date of this Agreement, Executive shall retire from the employ of the Corporation so that the first day on which Executive is no longer in the employ of the Corporation occurs on or after Executive's sixtieth birthday, the Corporation shall pay to Executive special retirement benefits at the rate of Thirty-Six Thousand Dollars (\$36,000) per annum for fifteen years beginning with the calendar month following Executive's last day of employment, such payments to be made in equal monthly installments.

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

<u>Last Day of Employment</u>	<u>Annual Rate</u>
On or after 56th birthday but prior to 57th birthday	\$23,040
On or after 57th birthday but prior to 58th birthday	\$27,360
On or after 58th birthday but prior to 59th birthday	\$31,680
On or after 59th birthday but prior to 60th birthday	\$33,840
On or after 60th birthday but prior to 61st birthday	\$36,000

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

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

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

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

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

## **ARTICLE II** **Alternative Deferred Compensation**

2.01 If Executive shall, for any reason other than death, cease to be employed by the Corporation on a date prior to Executive's fifty-sixth birthday, the Corporation shall, in lieu of any payment pursuant to Article I of this Agreement, compensate Executive by payment, at the times and in the manner specified in Section 2.02, of a sum computed at the rate of Fifteen Thousand Dollars (\$15,000) per annum for each full year and proportionate amount for any part year from the date of this Agreement to the date of such termination during which Executive is in the employ of the Corporation. Such payment shall be conditional upon Executive's compliance with all the terms and conditions of this Agreement.

2.02 The aggregate compensation payable under Section 2.01 shall be paid in equal consecutive monthly installments commencing with the first month in which Executive is no longer in the employ of the Corporation and continuing for a number of months equal to the number of months which have elapsed from the date of this Agreement to the commencement date of such payments.

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





**SUPPLEMENTAL AGREEMENT**

**SUPPLEMENTAL AGREEMENT** made as of November 14, 2002 between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation ("**Interpublic**") and **THOMAS DOWLING** ("**Executive**").

**WITNESSETH**

**WHEREAS**, Interpublic and Executive are parties to an Employment Agreement made as of November, 1999 (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 7.01(i) and (ii) of the Agreement are hereby amended, effective as of the date hereof, by deleting "six (6) months" wherever it is referred to therein and substituting "twelve (12) months" in all cases therefor.

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/ Sean Orr  
Name: Sean Orr

/s/ Thomas Dowling  
Thomas Dowling

Signed as of \_\_\_\_\_

**SUPPLEMENTAL AGREEMENT**

**SUPPLEMENTAL AGREEMENT** made as of October 1, 2002 between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation ("**Interpublic**") and **THOMAS DOWLING** ("**Executive**").

**WITNESSETH**

**WHEREAS**, Interpublic and Executive are parties to an Employment Agreement made as of November 1999 (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 2.01(iii) of the Agreement is hereby amended, by adding "and Chief Risk Officer" following "Vice President, General Auditor".

2. Paragraph 3.01 of the Agreement is hereby amended by deleting "Two Hundred Twenty-Five Thousand Dollars (\$225,000) per annum" and substituting "Three Hundred Fifty Thousand Dollars (\$350,000) per annum" and adding "an additional Twenty-Five Thousand Dollars (\$25,000) in the form of an Executive Special Benefits Agreement ("**ESBA**")".

3. A new Section 5.04 is hereby added to the Agreement to read in its entirety as follows:

"As soon as administratively feasible after full execution of this Supplemental Agreement, Interpublic will use its best efforts to have the Compensation Committee of its Board of Directors ("**Committee**") grant to Executive twenty thousand (20,000) shares of Interpublic Common Stock which will be subject to a five-year vesting restriction.

4. Section 7.01 of the Agreement is hereby amended by deleting all references to six (6) months therefrom and substituting twenty-four (24) months in all cases therefor.

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/ C. Kent Kroeber

Name: C. Kent Kroeber  
Title: Senior Vice President  
Human Resources

/s/ Thomas Dowling

Thomas Dowling

**EMPLOYMENT AGREEMENT**

**AGREEMENT** made as of November 18, 2002, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware, Inc. (hereinafter referred to as "**Interpublic**") and **BRIAN BROOKS** (hereinafter referred to as "**Executive**").

In consideration of the mutual promises set forth herein the parties hereto agree as follows:

**ARTICLE I**

**Term of Employment**

1.01 Subject to the provisions of Article VII and Article VIII, and upon the terms and subject to the conditions set forth herein, Interpublic will employ Executive beginning November 18, 2002 ("**Commencement Date**") and continuing thereafter subject to termination as set forth herein. (The period during which Executive is employed hereunder is referred to herein as the "**term of employment**"). Executive will serve Interpublic during the term of employment.

**ARTICLE II**

**Duties**

2.01 During the term of employment Executive will:

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

**ARTICLE III**

**Regular Compensation**

3.01 Interpublic will compensate Executive for the duties performed by him hereunder, by payment of a base salary at the rate of Four Hundred and Twenty Thousand Dollars (\$420,000) per annum, which Interpublic may pay at semi-monthly intervals, subject to customarily withholding for federal, state and local taxes and One Hundred and Fifty Thousand Dollars (\$150,000) in the form of an Executive Special Benefit Agreement ("**ESBA**") to be entered into between Interpublic and Executive.

3.02 Interpublic may at any time increase the compensation paid to Executive under this Article III if Interpublic in its discretion shall deem it advisable so to do in order to compensate him fairly for services rendered to Interpublic.

**ARTICLE IV**

**Bonuses**

4.01 Executive will be eligible during the term of employment to participate in the Management Incentive Compensation Plan ("**MICP**"), in accordance with the terms and conditions of the Plan established from time to time. Executive shall be eligible to receive MICP awards up to one hundred percent (100%) of his base salary, but the actual award, if any, shall be determined by Interpublic and shall be based on profits of Interpublic, Executive's individual performance, and management discretion.

4.02 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the Compensation Committee of its Board of Directors ("**Committee**") grant

Executive an award for the 2002-2004 performance period under Interpublic's Long-Term Performance Incentive Plan ("**LTPIP**") equal to Four Thousand (4,000) performance units tied to the cumulative compound profit growth of Interpublic and options under Interpublic's Stock Incentive Plan to purchase Sixteen Thousand (16,000) shares of Interpublic common stock which may not be exercised in any part prior to the end of the performance period and thereafter shall be exercisable in whole or in part.

4.03 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the Committee, grant Executive an award for the 2003-2005 performance period under LTPIP equal to Four Thousand (4,000) performance units tied to the cumulative compound profit growth of Interpublic and options under Interpublic's Stock Incentive Plan to purchase Sixteen Thousand (16,000) shares of Interpublic common stock which may not be exercised in any part prior to the end of the performance period and thereafter shall be exercisable in whole or in part.

4.04 Upon full execution of this Agreement, Executive shall be entitled to receive a sign on bonus of Two Hundred Fifty Thousand Dollars (\$250,000).

#### **ARTICLE V** **Interpublic Stock**

5.01 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the Committee grant to Executive, an award of Thirty Thousand (30,000) shares of Interpublic Common Stock which will be subject to the following restriction period, assuming Executive's continued employment under this Agreement, 4,800 shares shall be released at the end of Executive's first year of employment (i.e. November, 2003); 3,900 shares shall be released at the end of Executive's second year of employment (i.e. November 2004) and 21,300 shares shall be released at the end of Executive's third year of employment (i.e. November 2005).

5.02 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the Committee grant Executive options to purchase Forty Thousand (40,000) shares of Interpublic Common Stock, which will be subject to all the terms and conditions of the Interpublic Stock Incentive Plan. Forty percent (40%) of the options will be exercisable after the third anniversary of the date of the grant, thirty percent (30%) will be exercisable after the fourth anniversary of the date of the grant and thirty percent (30%) will be exercisable after the fifth anniversary of the date of grant through the tenth anniversary of the date of the grant.

5.03 Assuming Executive's continued employment under this Agreement, Interpublic will use its best efforts to have the Committee grant additional restricted shares and options as follows: 2,400 restricted shares and 4,800 options at the end of Executive's first year of employment (i.e. November, 2003); 1,950 restricted shares and 3,900 options at the end of Executive's second year of employment (i.e. November 2004) and 10,650 restricted shares and 21,300 at the end of Executive's third year of employment (i.e. November 2005).

#### **ARTICLE VI** **Other Employment Benefits**

6.01 Executive shall be eligible to participate in such other employee benefits as are available from time to time to other key management executives of Interpublic in accordance with the then-current terms and conditions established by Interpublic for eligibility and employee contributions are required for participation in such benefits opportunities.

6.02 Executive will be entitled to annual paid time off, in accordance with Interpublic's policies and procedures, to be taken in such amounts and at such times as shall be mutually convenient for Executive and Interpublic.

6.03 Executive shall be reimbursed for all reasonable out-of-pocket expenses actually incurred by him in the conduct of the business Interpublic provided that Executive submits all substantiation of such expenses to Interpublic on a timely basis in accordance with standard policies of Interpublic.

6.04 Executive shall be entitled to an automobile allowance of Ten Thousand Dollars (\$10,000) per annum, payable in accordance with Interpublic's standard policies and procedures.

**ARTICLE VII**  
**Termination**

7.01 Interpublic may terminate the employment of Executive hereunder:

(i) By giving Executive notice in writing at any time specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event Executive's employment hereunder shall terminate on the date specified in such notice or;

(ii) By giving Executive notice in writing at any time specifying a termination date less than twelve (12) months after the date on which such notice is given. In this event Executive's employment hereunder shall terminate on the date specified in such notice and Interpublic shall thereafter pay him a sum equal to the amount by which twelve (12) months salary at his then current rate exceeds the salary paid to him for the period from the date on which such notice is given to the termination date specified in such notice. Such payment shall be made during the period immediately following the termination date specified in such notice, in successive equal monthly installments each of which shall be equal to one (1) month's salary at the rate in effect at the time of such termination, with any residue in respect of a period less than one (1) month to be paid together with the last installment.

(ii) During the termination period provided in subsection (i), or in the case of a termination under subsection (ii) providing for a termination period of less than twelve (12) months, for a period of twelve (12) months after the termination notice, Executive will be entitled to receive all employee benefits accorded to him prior to termination which are made available to employees generally; provided, that such benefits shall cease upon such date that Executive accepts employment with another employer offering similar benefits.

7.02 Notwithstanding the provisions of Section 7.01, during the period of notice of termination, Executive will use reasonable, good faith efforts to obtain other employment reasonably comparable to his employment under this Agreement. Upon obtaining other employment (including work as a consultant, independent contractor or establishing his own business), Executive will promptly notify Interpublic, and (a) in the event that Executive's salary and other non-contingent compensation ("**new compensation**") payable to Executive in connection with his new employment shall equal or exceed the salary portion of the amount payable by Interpublic under Section 7.01, Interpublic shall be relieved of any obligation to make payments under Section 7.01, or (b) in the event Executive's new compensation shall be less than the salary portion of payments to be made under Section 7.01, Interpublic will pay Executive the difference between such payments and the new compensation. In the event Executive accepts employment with any company owned or controlled by Interpublic during the period in which payments are being made pursuant to Section 7.01 of this Agreement, all such payments shall cease upon commencement of such employment. Furthermore, if Executive has received a lump sum payment pursuant to Section 7.01 of this Agreement and commences employment with another company owned or controlled by Interpublic, Executive agrees to reimburse Interpublic for any portion of the payment that compensates Executive for the subsequent employment period.

7.03 Executive may at any time give notice in writing to Interpublic specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event his employment hereunder shall terminate on the date specified in such notice. Provided, however, Interpublic may, at its option, upon receipt of such notice determine an earlier termination date. During the notice period, Executive will continue to be an employee, will assist Interpublic in the transition of his responsibilities and will be entitled to continue to receive base salary and to participate in all benefit plans for which an employee at Executive's level is eligible, but not to receive any MICP or other bonus award that might otherwise be paid during that period except as otherwise provided herein. Interpublic may require that Executive not come to work during the notice period. In no event, however, may Executive perform services for any other employer during the notice period.

7.04 Notwithstanding the provisions of Section 7.01, Interpublic may terminate the employment of Executive hereunder, at any time after the Commencement Date, for Cause. For purposes of this Agreement, "**Cause**" means any of the following:

(i) Any material breach by Executive of any material provision of this Agreement (including without limitation Sections 8.01 and 8.02 hereof) upon written notice of same by Interpublic which breach, if capable of being cured, has not been cured within fifteen (15) days after such notice (it being understood and agreed that a breach of Section 8.01 or 8.02 hereof, among others, shall be deemed not capable of being cured);

(ii) Executive's absence from duty for a period of time exceeding fifteen (15) consecutive business days or twenty (20) out of any (30) consecutive business days (other than account of permitted vacation or as permitted for illness, disability or authorized leave in accordance with Interpublic's policies and procedures) without the consent of the Board of Directors;

(iii) The acceptance by Executive, prior to the effective date of Executive's voluntary resignation from employment with Interpublic, of a position with another employer, without the consent of the Interpublic Board of Directors;

(iv) Misappropriation by Executive of funds or property of Interpublic or any attempt by Executive to secure any personal profit related to the business of Interpublic (other than as permitted by this Agreement) and not fairly disclosed to and approved by the Board of Directors;

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

(vi) A felony conviction of Executive; or

(vii) Executive's engaging, during the term of employment, in activities which are prohibited by federal, state or local laws or Interpublic's policy prohibiting discrimination based on age, sex, race, religion, disability, national origin, or any other protected category; or Executive's engaging in conduct which is constituting prohibited harassment under federal, state or local law, or in violation of Interpublic's policy (including without limitation, sexual harassment).

Upon a termination for Cause, Interpublic shall pay Executive his salary through the date of termination of employment and Executive shall not be entitled to any bonus with respect to the year of termination, or to any other payments hereunder.

#### **ARTICLE VIII** **Covenants**

8.01 While Executive is employed hereunder by Interpublic he shall not without the prior written consent of Interpublic, which will not be unreasonably withheld, engage, directly or indirectly, in any other trade, business or employment, or have any interest, direct or indirect, in any other business, firm or corporation; provided, however, that he may continue to own or may hereafter acquire any securities of any class of any publicly-owned company.

8.02 Executive shall treat as confidential and keep secret the affairs of Interpublic and shall not at any time during the term of employment or thereafter, without the prior written consent of Interpublic, divulge, furnish or make known or accessible to, or use for the benefit of, anyone other than Interpublic and its subsidiaries and affiliates any information of a confidential nature relating in any way to the business of Interpublic or its subsidiaries or affiliates or their clients and obtained by him in the course of his employment hereunder.

8.03 All records, papers and documents kept or made by Executive relating to the business of Interpublic or its subsidiaries or affiliates or their clients shall be and remain the property of Interpublic.

8.04 All articles invented by Executive, processes discovered by him, trademarks, designs, advertising copy and art work, display and promotion materials and, in general, everything of value conceived or created by him pertaining to the business of Interpublic or any of its subsidiaries or affiliates during the term of employment, and any and all rights of every nature whatever thereto, shall immediately become the property of Interpublic, and Executive will assign, transfer and deliver all patents, copyrights, royalties, designs and copy, and any and all interests and rights whatever thereto and thereunder to Interpublic.

8.05 Following the termination of Executive's employment hereunder for any reason, Executive shall not for a period of one (1) year from such termination either: (a) directly or indirectly solicit any employee of Interpublic to leave such employ to enter the employ of Executive or of any person, firm or corporation with which Executive is then associated, or induce or encourage any such employee to leave the employment of Interpublic or to join any other company, or hire any such employee, or otherwise interfere with the relationship between Interpublic and any of its employees or (b) directly or indirectly solicit or handle on Executive's own behalf or on behalf of any other person, firm or corporation, the event marketing, public relations, advertising, sales promotion or market research business of any person or entity which is a client of Interpublic, or to induce any such client to cease to engage the services of Interpublic or to use the services of any entity or person that competes directly with a material business of Interpublic, where the identity of such client, or the client's need, desire or receptiveness to services offered by Interpublic is known by Executive as part of his employment with Interpublic. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests, and that these provisions do not prevent Executive from earning a living.

8.06 If at the time of enforcement of any provisions of this Agreement, a court shall hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

8.07 Executive acknowledges that a remedy at law for any breach or attempted breach of Article VIII of this Agreement will be inadequate, and agrees that Interpublic shall be entitled to specific performance and injunctive and other equitable relief in the case of any such breach or attempted breach.

8.08 Executive represents and warrants that neither the execution and delivery of this Employment Agreement nor the performance of Executive's services hereunder will conflict with, or result in a breach of, any agreement to which Executive is a party or by which he may be bound or affected, in particular the terms of any employment agreement to which Executive may be a party. Executive further represents and warrants that he has full right, power and authority to carry out the provisions of this Employment Agreement.

#### **ARTICLE IX** **Assignment**

9.01 This Agreement shall be binding upon and enure to the benefit of the successors and assigns Interpublic. Neither this Agreement nor any rights hereunder shall be assignable by Executive and any such purported assignment by him shall be void.

#### **ARTICLE X** **Agreement Entire**

10.01 This Agreement constitutes the entire understanding between Interpublic and Executive concerning his employment by Interpublic or any of its parents, affiliates or subsidiaries and supersedes any and all previous agreements between Executive and Interpublic or any of its parents, affiliates or subsidiaries concerning such employment, and/or any compensation or bonuses. Each party hereto shall pay its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation and execution of this Agreement. This Agreement may not be changed orally.





**EXECUTIVE SPECIAL BENEFIT AGREEMENT**

**AGREEMENT** made as of November 18, 2002, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware (hereinafter referred to as "**Interpublic**") and **BRIAN BROOKS** (hereinafter referred to as "**Executive**").

**W I T N E S S E T H:**

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

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

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

**ARTICLE I**

**Death and Special Retirement Benefits**

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

1.02 The Corporation shall provide Executive with the following benefits contingent upon Executive's compliance with all the terms and conditions of this Agreement and Executive's satisfactory completion of a physical examination in connection with an insurance policy on the life of Executive which Interpublic or its assignee (other than Executive) proposes to obtain and own. Effective at the end of the Accrual Term, Executive's annual compensation will be increased by One Hundred Fifty Thousand Dollars (\$150,000) if Executive is in the employ of the Corporation at that time.

1.03 If, during the Accrual Term or thereafter during a period of employment by the Corporation which is continuous from the date of this Agreement, Executive shall die while in the employ of the Corporation, the Corporation shall pay to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.07 (or in the absence of such designation, shall pay to the Executor of the Will or the Administrator of the Estate of Executive) survivor income payments of Five Hundred Thousand Dollars (\$500,000) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's death, and in equal monthly installment thereafter.

1.04 If, after a continuous period of employment from the date of this Agreement, Executive shall retire from the employ of the Corporation so that the first day on which Executive is no longer in the employ of the Corporation occurs on or after Executive's sixtieth birthday, the Corporation shall pay to Executive special retirement benefits at the rate of Five Hundred Thousand Dollars (\$500,000) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's last day of employment, and in equal monthly installments thereafter.

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

<u>Last Day of Employment</u>	<u>Annual Rate</u>
On or after 55th birthday but prior to 56th birthday	\$375,000
On or after 56th birthday but prior to 57th birthday	\$400,000
On or after 57th birthday but prior to 58th birthday	\$425,000
On or after 58th birthday but prior to 59th birthday	\$450,000
On or after 59th birthday but prior to 60th birthday	\$475,000

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

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

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

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

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

## **ARTICLE II** **Alternative Deferred Compensation**

2.01 If Executive shall, for any reason other than death, cease to be employed by the Corporation on a date after November 18, 2003 but prior to Executive's fifty-fifth birthday, the Corporation shall, in lieu of any payment pursuant to Article I of this Agreement, compensate Executive by payment, at the times and in the manner specified in Section 2.02, Five Hundred Thousand Dollars (\$500,000) and in addition, a sum computed at the rate of One Hundred Fifty Thousand Dollars (\$150,000) per annum for each full year and proportionate amount for any part year from the date of this Agreement to the date of such termination during which Executive is in the employ of the Corporation. Such payment shall be conditional upon Executive's compliance with all the terms and conditions of this Agreement. However, in the event of a termination prior to November 18, 2003, Executive shall receive the sum of Five Hundred Thousand Dollars (\$500,000) and in addition, shall receive a portion of the annual deferral set forth in Section 1.02, pro-rated from the preceding November 18 through the date of termination.

2.02 The aggregate compensation payable under Section 2.01 shall be paid in equal consecutive monthly installments commencing with the first month in which Executive is no longer in the employ of the Corporation and continuing for a number of months equal to the number of months which have elapsed from the date of this Agreement to the commencement date of such payments, up to a maximum of ninety-six (96) months.

2.03 If Executive dies while receiving payments in accordance with the provisions of Section 2.02, any installments payable in accordance with the provisions of Section 2.02 less any amounts



**EXECUTIVE SPECIAL BENEFIT AGREEMENT**

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

**W I T N E S S E T H:**

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

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

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

**ARTICLE I**

**Death and Special Retirement Benefits**

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

1.02 The Corporation shall provide Executive with the following benefits contingent upon Executive's compliance with all the terms and conditions of this Agreement and Executive's satisfactory completion of a physical examination in connection with an insurance policy on the life of Executive which Interpublic or its assignee (other than Executive) proposes to obtain and own. Effective at the end of the Accrual Term, Executive's annual compensation will be increased by Thirty Thousand Dollars (\$30,000) if Executive is in the employ of the Corporation at that time.

1.03 If, during the Accrual Term or thereafter during a period of employment by the Corporation which is continuous from the date of this Agreement, Executive shall die while in the employ of the Corporation, the Corporation shall pay to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.07 (or in the absence of such designation, shall pay to the Executor of the Will or the Administrator of the Estate of Executive) survivor income payments of Sixty Six Thousand Dollars (\$66,000) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's death, and in equal monthly installments thereafter.

1.04 If, after a continuous period of employment from the date of this Agreement, Executive shall retire from the employ of the Corporation so that the first day on which Executive is no longer in the employ of the Corporation occurs on or after Executive's sixtieth birthday, the Corporation shall pay to Executive special retirement benefits at the rate of Sixty Six Thousand Dollars (\$66,000) per annum for fifteen (15) in monthly installments beginning with the 15th of the calendar month following Executive's last day of employment, and in equal monthly installments thereafter.

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

<u>Last Day of Employment</u>	<u>Annual Rate</u>
On or after 58th birthday but prior to 59th birthday	\$54,120
On or after 59th birthday but prior to 60th birthday	\$62,040

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

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

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

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

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

## **ARTICLE II** **Alternative Deferred Compensation**

2.01 If Executive shall, for any reason other than death, cease to be employed by the Corporation on a date prior to Executive's fifty-eighth birthday, the Corporation shall, in lieu of any payment pursuant to Article I of this Agreement, compensate Executive by payment, at the times and in the manner specified in Section 2.02, of a sum computed at the rate of Thirty Thousand Dollars (\$30,000) per annum for each full year and proportionate amount for any part year from the date of this Agreement to the date of such termination during which Executive is in the employ of the Corporation. Such payment shall be conditional upon Executive's compliance with all the terms and conditions of this Agreement.

2.02 The aggregate compensation payable under Section 2.01 shall be paid in equal consecutive monthly installments commencing with the first month in which Executive is no longer in the employ of the Corporation and continuing for a number of months equal to the number of months which have elapsed from the date of this Agreement to the commencement date of such payments, up to a maximum of ninety-six (96) months.

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

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



**EMPLOYMENT AGREEMENT**

**AGREEMENT** made as of November 14, 2002, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware, Inc. (hereinafter referred to as "**Interpublic**" or the "**Corporation**") and **SUSAN WATSON** (hereinafter referred to as "**Executive**").

In consideration of the mutual promises set forth herein the parties hereto agree as follows:

**ARTICLE I**

**Term of Employment**

1.01 Subject to the provisions of Article VI and Article VII, and upon the terms and subject to the conditions set forth herein, Interpublic will employ Executive beginning November 14, 2002. (The period during which Executive is employed hereunder is referred to herein as the "**term of employment**"). Executive will serve Interpublic during the term of employment.

**ARTICLE II**

**Duties**

2.01 During the term of employment Executive will:

- (i) Serve as Senior Vice President, Investor Relations of Interpublic,
- (ii) Use her best efforts to promote the interests of Interpublic and devote her full time and efforts to their business and affairs;
- (iii) Perform such duties as Interpublic may from time to time assign to her; and
- (iv) Serve in such other offices of Interpublic as she may be elected or appointed to.

**ARTICLE III**

**Regular Compensation**

3.01 Interpublic will compensate Executive for the duties performed by her hereunder, by payment of a base salary at the rate of Two Hundred Seventy Five Thousand Dollars (\$275,000) per annum, payable in equal installments, which Interpublic may pay at semi-monthly intervals, subject to customarily withholding for federal, state and local taxes.

3.02 Interpublic may at any time increase the compensation paid to Executive under this Article III if Interpublic in its discretion shall deem it advisable so to do in order to compensate her fairly for services rendered to Interpublic.

**ARTICLE IV**

**Bonuses**

4.01 Executive will be eligible during the term of employment to participate in the Management Incentive Compensation Plan ("**MICP**"), in accordance with the terms and conditions of the Plan established from time to time. The actual award, if any, shall be determined by Interpublic and shall be based on profits of Interpublic, Executive's individual performance, and management discretion.

4.02 Executive will be eligible during the term of employment to participate in certain Long-Term Performance Incentive Plans, established by the Company in accordance with the terms and conditions of the Plan established from time to time.



**ARTICLE V**  
**Other Employment Benefits**

5.01 Executive shall be eligible to participate in such other employee benefits as are available from time to time to other key management executives of Interpublic in accordance with the then-current terms and conditions established by Interpublic for eligibility and employee contributions are required for participation in such benefits opportunities.

5.02 Employee will be entitled to annual paid time off, in accordance with Interpublic's policies and procedures, to be taken in such amounts and at such times as shall be mutually convenient for Executive and Interpublic.

5.03 Executive shall be reimbursed for all reasonable out-of-pocket expenses actually incurred by her in the conduct of the business Interpublic provided that Executive submits all substantiation of such expenses to Interpublic on a timely basis in accordance with standard policies of Interpublic.

**ARTICLE VI**  
**Termination**

6.01 Interpublic may terminate the employment of Executive hereunder:

(i) By giving Executive notice in writing at any time specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event her employment hereunder shall terminate on the date specified in such notice or;

(ii) By giving Executive notice in writing at any time specifying a termination date less than twelve (12) months after the date on which such notice is given. In this event Executive's employment hereunder shall terminate on the date specified in such notice and Interpublic shall thereafter pay her a sum equal to the amount by which twelve (12) months salary at her then current rate exceeds the salary paid to her for the period from the date on which such notice is given to the termination date specified in such notice. Such payment shall be made during the period immediately following the termination date specified in such notice, in successive equal monthly installments each of which shall be equal to one (1) month's salary at the rate in effect at the time of such termination, with any residue in respect of a period less than one (1) month to be paid together with the last installment.

(iii) During the termination period provided in subsection (i), or in the case of a termination under subsection (ii) providing for a termination period of less than twelve (12) months, for a period of twelve (12) months after the termination notice, Executive will be entitled to receive all employee benefits accorded to her prior to termination which are made available to employees generally; provided, that such benefits shall cease upon such date that Executive accepts employment with another employer offering similar benefits.

6.02 Notwithstanding the provisions of Section 6.01, during the period of notice of termination, Executive will use reasonable, good faith efforts to obtain other employment reasonably comparable to her employment under this Agreement. Upon obtaining other employment (including work as a consultant, independent contractor or establishing her own business), Executive will promptly notify Interpublic, and (a) in the event that Executive's salary and other non-contingent compensation ("**new compensation**") payable to Executive in connection with her new employment shall equal or exceed the salary portion of the amount payable by Interpublic under Section 6.01, Interpublic shall be relieved of any obligation to make payments under Section 6.01, or (b) in the event Executive's new compensation shall be less than the salary portion of payments to be made under Section 6.01, Interpublic will pay Executive the difference between such payments and the new compensation. In the event Executive accepts employment with any company owned or controlled by Interpublic during the period in which payments are being made pursuant to Section 6.01 of this Agreement, all such payments shall cease upon commencement of such employment. Furthermore, if Executive has received a lump sum payment pursuant to Section 6.01 of this Agreement and commences employment with another company owned or controlled by Interpublic, Executive agrees to reimburse Interpublic for any portion of the payment that compensates Executive for the subsequent employment period.

6.03 Executive may at any time give notice in writing to Interpublic specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event her employment hereunder shall terminate on the date specified in such notice. Provided, however, Interpublic may, at its option, upon receipt of such notice determine an earlier termination date. During the notice period, Executive will continue to be an employee, will assist Interpublic in the transition of her responsibilities and will be entitled to continue to receive base salary and to participate in all benefit plans for which an employee at Executive's level is eligible, but not to receive any MICP or other bonus award that might otherwise be paid during that period except as otherwise provided herein. Interpublic may require that Executive not come to work during the notice period. In no event, however, may Executive perform services for any other employer during the notice period.

6.04 Notwithstanding the provisions of Section 6.01, Interpublic may terminate the employment of Executive hereunder, at any time after the Commencement Date, for Cause. For purposes of this Agreement, "**Cause**" means any of the following:

(i) Any material breach by Executive of any material provision of this Agreement (including without limitation Sections 7.01 and 7.02 hereof) upon written notice of same by Interpublic which breach, if capable of being cured, has not been cured within fifteen (15) days after such notice (it being understood and agreed that a breach of Section 7.01 or 7.02 hereof, among others, shall be deemed not capable of being cured);

(ii) Executive's absence from duty for a period of time exceeding fifteen (15) consecutive business days or twenty (20) out of any (30) consecutive business days (other than account of permitted vacation or as permitted for illness, disability or authorized leave in accordance with Interpublic's policies and procedures) without the consent of the Board of Directors;

(iii) The acceptance by Executive, prior to the effective date of Executive's voluntary resignation from employment with Interpublic, of a position with another employer, without the consent of the Interpublic Board of Directors;

(iv) Misappropriation by Executive of funds or property of Interpublic or any attempt by Executive to secure any personal profit related to the business of Interpublic (other than as permitted by this Agreement) and not fairly disclosed to and approved by the Board of Directors;

(v) Fraud, dishonesty, disloyalty, gross negligence or willful mis conduct on the part of Executive in the performance of her duties as an employee of Interpublic;

(vi) A felony conviction of Executive; or

(vii) Executive's engaging, during the term of employment, in activities which are prohibited by federal, state or local laws or Interpublic's policy prohibiting discrimination based on age, sex, race, religion, disability, national origin, or any other protected category; or Executive's engaging in conduct which is constituting prohibited harassment under federal, state or local law, or in violation of Interpublic's policy (including without limitation, sexual harassment).

Upon a termination for Cause, Interpublic shall pay Executive her salary and benefits through the date of termination of employment and Executive shall not be entitled to any bonus with respect to the year of termination, or to any other payments hereunder.

## **ARTICLE VII** **Covenants**

7.01 While Executive is employed hereunder by Interpublic she shall not without the prior written consent of Interpublic, which will not be unreasonably withheld, engage, directly or indirectly, in any other trade, business or employment, or have any interest, direct or indirect, in any other business, firm or corporation; provided, however, that she may continue to own or may hereafter acquire any securities of any class of any publicly-owned company.

7.02 Executive shall treat as confidential and keep secret the affairs of Interpublic and shall not at any time during the term of employment or thereafter, without the prior written consent of Interpublic, divulge, furnish or make known or accessible to, or use for the benefit of, anyone other than Interpublic and its subsidiaries and affiliates any information of a confidential nature relating in any way to the business of Interpublic or its subsidiaries or affiliates or their clients and obtained by her in the course of her employment hereunder.

7.03 All records, papers and documents kept or made by Executive relating to the business of Interpublic or its subsidiaries or affiliates or their clients shall be and remain the property of Interpublic.

7.04 All articles invented by Executive, processes discovered by her, trademarks, designs, advertising copy and art work, display and promotion materials and, in general, everything of value conceived or created by her pertaining to the business of Interpublic or any of its subsidiaries or affiliates during the term of employment, and any and all rights of every nature whatever thereto, shall immediately become the property of Interpublic, and Executive will assign, transfer and deliver all patents, copyrights, royalties, designs and copy, and any and all interests and rights whatever thereto and thereunder to Interpublic.

7.05 Following the termination of Executive's employment hereunder for any reason, Executive shall not for a period of one (1) year from such termination either: (a) directly or indirectly solicit any employee of Interpublic to leave such employ to enter the employ of Executive or of any person, firm or corporation with which Executive is then associated, or induce or encourage any such employee to leave the employment of Interpublic or to join any other company, or hire any such employee, or otherwise interfere with the relationship between Interpublic and any of its employees or (b) directly or indirectly solicit or handle on Executive's own behalf or on behalf of any other person, firm or corporation, the event marketing, public relations, advertising, sales promotion or market research business of any person or entity which is a client of Interpublic, or to induce any such client to cease to engage the services of Interpublic or to use the services of any entity or person that competes directly with a material business of Interpublic, where the identity of such client, or the client's need, desire or receptiveness to services offered by Interpublic is known by Executive as part of her employment with Interpublic. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests, and that these provisions do not prevent Executive from earning a living.

7.06 If at the time of enforcement of any provisions of this Agreement, a court shall hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

7.07 Executive acknowledges that a remedy at law for any breach or attempted breach of Article VII of this Agreement will be inadequate, and agrees that Interpublic shall be entitled to specific performance and injunctive and other equitable relief in the case of any such breach or attempted breach.

7.08 Executive represents and warrants that neither the execution and delivery of this Employment Agreement nor the performance of Executive's services hereunder will conflict with, or result in a breach of, any agreement to which Executive is a party or by which he may be bound or affected, in particular the terms of any employment agreement to which Executive may be a party. Executive further represents and warrants that she has full right, power and authority to carry out the provisions of this Employment Agreement.

### **ARTICLE VIII** **Arbitration**

8.01 Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, including claims involving alleged legally protected rights, such as claims for age discrimination in violation of the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act, as amended, and all other federal and state law claims for defamation, breach of contract, wrongful termination and any other claim arising because of Executive's employment, termination of employment or otherwise, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and Section 11.01 hereof, and judgement upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall take place in the city where Executive customarily renders services



**EXECUTIVE SPECIAL BENEFIT AGREEMENT**

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

**W I T N E S S E T H:**

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

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

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

**ARTICLE I**

**Death and Special Retirement Benefits**

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

1.02 The Corporation shall provide Executive with the following benefits contingent upon Executive's compliance with all the terms and conditions of this Agreement and Executive's satisfactory completion of a physical examination in connection with an insurance policy on the life of Executive which Interpublic or its assignee (other than Executive) proposes to obtain and own. Effective at the end of the Accrual Term, Executive's annual compensation will be increased by Forty Thousand Dollars (\$40,000) if Executive is in the employ of the Corporation at that time.

1.03 If, during the Accrual Term or thereafter during a period of employment by the Corporation which is continuous from the date of this Agreement, Executive shall die while in the employ of the Corporation, the Corporation shall pay to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.07 (or in the absence of such designation, shall pay to the Executor of the Will or the Administrator of the Estate of Executive) survivor income payments of Two Hundred and Twenty Eight Thousand Dollars (\$228,000) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's death, and in equal monthly installments thereafter.

1.04 If, after a continuous period of employment from the date of this Agreement, Executive shall retire from the employ of the Corporation so that the first day on which Executive is no longer in the employ of the Corporation occurs on or after Executive's sixtieth birthday, the Corporation shall pay to Executive special retirement benefits at the rate of Two Hundred and Twenty Eight Thousand Dollars (\$228,000) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's last day of employment, and in equal monthly installments thereafter.

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

<u>Last Day of Employment</u>	<u>Annual Rate</u>
On or after 55th birthday but prior to 56th birthday	\$159,600
On or after 56th birthday but prior to 57th birthday	\$173,280
On or after 57th birthday but prior to 58th birthday	\$186,960
On or after 58th birthday but prior to 59th birthday	\$200,640
On or after 59th birthday but prior to 60th birthday	\$214,320

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

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

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

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

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

## **ARTICLE II** **Alternative Deferred Compensation**

2.01 If Executive shall, for any reason other than death, cease to be employed by the Corporation on a date prior to Executive's fifty-fifth birthday, the Corporation shall, in lieu of any payment pursuant to Article I of this Agreement, compensate Executive by payment, at the times and in the manner specified in Section 2.02, of a sum computed at the rate of Forty Thousand Dollars (\$40,000) per annum for each full year and proportionate amount for any part year from the date of this Agreement to the date of such termination during which Executive is in the employ of the Corporation. Such payment shall be conditional upon Executive's compliance with all the terms and conditions of this Agreement.

2.02 The aggregate compensation payable under Section 2.01 shall be paid in equal consecutive monthly installments commencing with the first month in which Executive is no longer in the employ of the Corporation and continuing for a number of months equal to the number of months which have elapsed from the date of this Agreement to the commencement date of such payments, up to a maximum of ninety-six (96) months.

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



**EMPLOYMENT AGREEMENT**

**AGREEMENT** made as of November 14, 2002, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware, Inc. (hereinafter referred to as "**Interpublic**" or the "**Corporation**") and **RICHARD SNEEDER** (hereinafter referred to as "**Executive**").

In consideration of the mutual promises set forth herein the parties hereto agree as follows:

**ARTICLE I**  
**Term of Employment**

1.01 Subject to the provisions of Article VI and Article VII, and upon the terms and subject to the conditions set forth herein, Interpublic will employ Executive beginning November 14, 2002. (The period during which Executive is employed hereunder is referred to herein as the "**term of employment**"). Executive will serve Interpublic during the term of employment.

**ARTICLE II**  
**Duties**

2.01 During the term of employment Executive will:

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

**ARTICLE III**  
**Regular Compensation**

3.01 Interpublic will compensate Executive for the duties performed by him hereunder, by payment of a base salary at the rate of Two Hundred Fifty Thousand Dollars (\$250,000) per annum, payable in equal installments, which Interpublic may pay at semi-monthly intervals, subject to customarily withholding for federal, state and local taxes.

3.02 Interpublic may at any time increase the compensation paid to Executive under this Article III if Interpublic in its discretion shall deem it advisable so to do in order to compensate him fairly for services rendered to Interpublic.

**ARTICLE IV**  
**Bonuses**

4.01 Executive will be eligible during the term of employment to participate in the Management Incentive Compensation Plan ("**MICP**"), in accordance with the terms and conditions of the Plan established from time to time. The actual award, if any, shall be determined by Interpublic and shall be based on profits of Interpublic, Executive's individual performance, and management discretion.

4.02 Executive will be eligible during the term of employment to participate in certain Long-Term Performance Incentive Plans, established by the Company in accordance with the terms and conditions of the Plan established from time to time.



**ARTICLE V**  
**Other Employment Benefits**

5.01 Executive shall be eligible to participate in such other employee benefits as are available from time to time to other key management executives of Interpublic in accordance with the then-current terms and conditions established by Interpublic for eligibility and employee contributions are required for participation in such benefits opportunities.

5.02 Employee will be entitled to annual paid time off, in accordance with Interpublic's policies and procedures, to be taken in such amounts and at such times as shall be mutually convenient for Executive and Interpublic.

5.03 Executive shall be reimbursed for all reasonable out-of-pocket expenses actually incurred by him in the conduct of the business Interpublic provided that Executive submits all substantiation of such expenses to Interpublic on a timely basis in accordance with standard policies of Interpublic.

**ARTICLE VI**  
**Termination**

6.01 Interpublic may terminate the employment of Executive hereunder:

(i) By giving Executive notice in writing at any time specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event his employment hereunder shall terminate on the date specified in such notice or;

(ii) By giving Executive notice in writing at any time specifying a termination date less than twelve (12) months after the date on which such notice is given. In this event Executive's employment hereunder shall terminate on the date specified in such notice and Interpublic shall thereafter pay him a sum equal to the amount by which twelve (12) months salary at his then current rate exceeds the salary paid to him for the period from the date on which such notice is given to the termination date specified in such notice. Such payment shall be made during the period immediately following the termination date specified in such notice, in successive equal monthly installments each of which shall be equal to one (1) month's salary at the rate in effect at the time of such termination, with any residue in respect of a period less than one (1) month to be paid together with the last installment.

(iii) During the termination period provided in subsection (i), or in the case of a termination under subsection (ii) providing for a termination period of less than twelve (12) months, for a period of twelve (12) months after the termination notice, Executive will be entitled to receive all employee benefits accorded to him prior to termination which are made available to employees generally; provided, that such benefits shall cease upon such date that Executive accepts employment with another employer offering similar benefits.

6.02 Notwithstanding the provisions of Section 6.01, during the period of notice of termination, Executive will use reasonable, good faith efforts to obtain other employment reasonably comparable to his employment under this Agreement. Upon obtaining other employment (including work as a consultant, independent contractor or establishing his own business), Executive will promptly notify Interpublic, and (a) in the event that Executive's salary and other non-contingent compensation ("**new compensation**") payable to Executive in connection with his new employment shall equal or exceed the salary portion of the amount payable by Interpublic under Section 6.01, Interpublic shall be relieved of any obligation to make payments under Section 6.01, or (b) in the event Executive's new compensation shall be less than the salary portion of payments to be made under Section 6.01, Interpublic will pay Executive the difference between such payments and the new compensation. In the event Executive accepts employment with any company owned or controlled by Interpublic during the period in which payments are being made pursuant to Section 6.01 of this Agreement, all such payments shall cease upon commencement of such employment. Furthermore, if Executive has received a lump sum payment pursuant to Section 6.01 of this Agreement and commences employment with another company owned or controlled by Interpublic, Executive agrees to reimburse Interpublic for any portion of the payment that compensates Executive for the subsequent employment period.

6.03 Executive may at any time give notice in writing to Interpublic specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event his employment hereunder shall terminate on the date specified in such notice. Provided, however, Interpublic may, at its option, upon receipt of such notice determine an earlier termination date. During the notice period, Executive will continue to be an employee, will assist Interpublic in the transition of his responsibilities and will be entitled to continue to receive base salary and to participate in all benefit plans for which an employee at Executive's level is eligible, but not to receive any MICP or other bonus award that might otherwise be paid during that period except as otherwise provided herein. Interpublic may require that Executive not come to work during the notice period. In no event, however, may Executive perform services for any other employer during the notice period.

6.04 Notwithstanding the provisions of Section 6.01, Interpublic may terminate the employment of Executive hereunder, at any time after the Commencement Date, for Cause. For purposes of this Agreement, "**Cause**" means any of the following:

(i) Any material breach by Executive of any material provision of this Agreement (including without limitation Sections 7.01 and 7.02 hereof) upon written notice of same by Interpublic which breach, if capable of being cured, has not been cured within fifteen (15) days after such notice (it being understood and agreed that a breach of Section 7.01 or 7.02 hereof, among others, shall be deemed not capable of being cured);

(ii) Executive's absence from duty for a period of time exceeding fifteen (15) consecutive business days or twenty (20) out of any (30) consecutive business days (other than account of permitted vacation or as permitted for illness, disability or authorized leave in accordance with Interpublic's policies and procedures) without the consent of the Board of Directors;

(iii) The acceptance by Executive, prior to the effective date of Executive's voluntary resignation from employment with Interpublic, of a position with another employer, without the consent of the Interpublic Board of Directors;

(iv) Misappropriation by Executive of funds or property of Interpublic or any attempt by Executive to secure any personal profit related to the business of Interpublic (other than as permitted by this Agreement) and not fairly disclosed to and approved by the Board of Directors;

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

(vi) A felony conviction of Executive; or

(vii) Executive's engaging, during the term of employment, in activities which are prohibited by federal, state or local laws or Interpublic's policy prohibiting discrimination based on age, sex, race, religion, disability, national origin, or any other protected category; or Executive's engaging in conduct which is constituting prohibited harassment under federal, state or local law, or in violation of Interpublic's policy (including without limitation, sexual harassment).

Upon a termination for Cause, Interpublic shall pay Executive his salary and benefits through the date of termination of employment and Executive shall not be entitled to any bonus with respect to the year of termination, or to any other payments hereunder.

## **ARTICLE VII** **Covenants**

7.01 While Executive is employed hereunder by Interpublic he shall not without the prior written consent of Interpublic, which will not be unreasonably withheld, engage, directly or indirectly, in any other trade, business or employment, or have any interest, direct or indirect, in any other business, firm or corporation; provided, however, that he may continue to own or may hereafter acquire any securities of any class of any publicly-owned company.

7.02 Executive shall treat as confidential and keep secret the affairs of Interpublic and shall not at any time during the term of employment or thereafter, without the prior written consent of Interpublic, divulge, furnish or make known or accessible to, or use for the benefit of, anyone other than Interpublic and its subsidiaries and affiliates any information of a confidential nature relating in any way to the business of Interpublic or its subsidiaries or affiliates or their clients and obtained by him in the course of his employment hereunder.

7.03 All records, papers and documents kept or made by Executive relating to the business of Interpublic or its subsidiaries or affiliates or their clients shall be and remain the property of Interpublic.

7.04 All articles invented by Executive, processes discovered by him, trademarks, designs, advertising copy and art work, display and promotion materials and, in general, everything of value conceived or created by him pertaining to the business of Interpublic or any of its subsidiaries or affiliates during the term of employment, and any and all rights of every nature whatever thereto, shall immediately become the property of Interpublic, and Executive will assign, transfer and deliver all patents, copyrights, royalties, designs and copy, and any and all interests and rights whatever thereto and thereunder to Interpublic.

7.05 Following the termination of Executive's employment hereunder for any reason, Executive shall not for a period of one (1) year from such termination either: (a) directly or indirectly solicit any employee of Interpublic to leave such employ to enter the employ of Executive or of any person, firm or corporation with which Executive is then associated, or induce or encourage any such employee to leave the employment of Interpublic or to join any other company, or hire any such employee, or otherwise interfere with the relationship between Interpublic and any of its employees or (b) directly or indirectly solicit or handle on Executive's own behalf or on behalf of any other person, firm or corporation, the event marketing, public relations, advertising, sales promotion or market research business of any person or entity which is a client of Interpublic, or to induce any such client to cease to engage the services of Interpublic or to use the services of any entity or person that competes directly with a material business of Interpublic, where the identity of such client, or the client's need, desire or receptiveness to services offered by Interpublic is known by Executive as part of his employment with Interpublic. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests, and that these provisions do not prevent Executive from earning a living.

7.06 If at the time of enforcement of any provisions of this Agreement, a court shall hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

7.07 Executive acknowledges that a remedy at law for any breach or attempted breach of Article VII of this Agreement will be inadequate, and agrees that Interpublic shall be entitled to specific performance and injunctive and other equitable relief in the case of any such breach or attempted breach.

7.08 Executive represents and warrants that neither the execution and delivery of this Employment Agreement nor the performance of Executive's services hereunder will conflict with, or result in a breach of, any agreement to which Executive is a party or by which he may be bound or affected, in particular the terms of any employment agreement to which Executive may be a party. Executive further represents and warrants that he has full right, power and authority to carry out the provisions of this Employment Agreement.

#### **ARTICLE VIII** **Arbitration**

8.01 Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, including claims involving alleged legally protected rights, such as claims for age discrimination in violation of the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act, as amended, and all other federal and state law claims for defamation, breach of contract, wrongful termination and any other claim arising because of Executive's employment, termination of employment or otherwise, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and Section 11.01 hereof, and judgement upon the award rendered by the arbitrator(s) may be entered in any court



**EXECUTIVE SEVERANCE AGREEMENT**

This AGREEMENT ("Agreement") dated November 14, 2002 by and between The Interpublic Group of Companies, Inc. ("Interpublic"), a Delaware corporation (Interpublic and its subsidiaries being referred to herein collectively as the "Company"), and Richard P. Sneider, Jr. (the "Executive").

**W I T N E S S E T H**

WHEREAS, the Company recognizes the valuable services that the Executive has rendered thereto and desires to be assured that the Executive will continue to attend to the business and affairs of the Company without regard to any potential or actual change of control of Interpublic;

WHEREAS, the Executive is willing to continue to serve the Company but desires assurance that he will not be materially disadvantaged by a change of control of Interpublic; and

WHEREAS, the Company is willing to accord such assurance provided that, should the Executive's employment be terminated consequent to a change of control, he will not for a period thereafter engage in certain activities that could be detrimental to the Company;

NOW, THEREFORE, in consideration of the Executive's continued service to the Company and the mutual agreements herein contained, Interpublic and the Executive hereby agree as follows:

**ARTICLE I**  
**RIGHT TO PAYMENTS**

Section 1.1. Triggering Events. If Interpublic undergoes a Change of Control, the Company shall make payments to the Executive as provided in article II of this Agreement. If, within two years following a Change of Control, either (a) the Company terminates the Executive other than by means of a termination for Cause or for death or (b) the Executive resigns for a Good Reason (either of which events shall constitute a "Qualifying Termination"), the Company shall make payments to the Executive as provided in article III hereof.

Section 1.2. Change of Control. A Change of Control of Interpublic shall be deemed to have occurred if (a) any person (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "1934 Act")), other than Interpublic or any of its majority-controlled subsidiaries, becomes the beneficial owner (within the meaning of Rule 13d-3 under the 1934 Act) of 30 percent or more of the combined voting power of Interpublic's then outstanding voting securities; (b) a tender offer or exchange offer (other than an offer by Interpublic or a majority-controlled subsidiary), pursuant to which 30 percent or more of the combined voting power of Interpublic's then outstanding voting securities was purchased, expires; (c) the stockholders of Interpublic approve an agreement to merge or consolidate with another corporation (other than a majority-controlled subsidiary of Interpublic) unless Interpublic's shareholders immediately before the merger or consolidation are to own more than 70 percent of the combined voting power of the resulting entity's voting securities; (d) Interpublic's stockholders approve an agreement (including, without limitation, a plan of liquidation) to sell or otherwise dispose of all or substantially all of the business or assets of Interpublic; or (e) during any period of two consecutive years, individuals who, at the beginning of such period, constituted the Board of Directors of Interpublic cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by Interpublic's stockholders of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period. However, no Change of Control shall be deemed to have occurred by reason of any transaction in which the Executive, or a group of persons or entities with which the Executive acts in concert, acquires, directly or indirectly, more than 30 percent of the common stock or the business or assets of Interpublic.

Section 1.3. Termination for Cause. Interpublic shall have Cause to terminate the Executive for purposes of Section 1.1 of this Agreement only if, following the Change of Control, the Executive (a) engages in

conduct that constitutes a felony under the laws of the United States or a state or country in which he works or resides and that results or was intended to result, directly or indirectly, in the personal enrichment of the Executive at the Company's expense; (b) refuses (except by reason of incapacity due to illness or injury) to make a good faith effort to substantially perform his duties with the Company on a full-time basis and continues such refusal for 15 days following receipt of notice from the Company that his effort is deficient; or (c) deliberately and materially breaches any agreement between himself and the Company and fails to remedy that breach within 30 days following notification thereof by the Company. If the Company has Cause to terminate the Executive, it may in fact terminate him for Cause for purposes of section 1.1 hereof if (a) it notifies the Executive of such Cause, (b) it gives him reasonable opportunity to appear before a majority of Interpublic's Board of Directors to respond to the notice of Cause and (c) a majority of the Board of Directors subsequently votes to terminate him.

Section 1.4. Resignation for Good Reason. The Executive shall have a Good Reason for resigning only if (a) the Company fails to elect the Executive to, or removes him from, any office of the Company, including without limitation membership on any Board of Directors, that the Executive held immediately prior to the Change of Control; (b) the Company reduces the Executive's rate of regular cash and fully vested deferred base compensation ("Regular Compensation") from that which he earned immediately prior to the Change of Control or fails to increase it within 12 months following the Change of Control by (in addition to any increase pursuant to section 2.2 hereof) at least the average of the rates of increase in his Regular Compensation during the four consecutive 12-month periods immediately prior to the Change of Control (or, if fewer, the number of 12-month periods immediately prior to the Change of Control during which the Executive was continuously employed by the Company); (c) the Company fails to provide the Executive with fringe benefits and/or bonus plans, such as stock option, stock purchase, restricted stock, life insurance, health, accident, disability, incentive, bonus, pension and profit sharing plans ("Benefit or Bonus Plans"), that, in the aggregate, (except insofar as the Executive has waived his rights thereunder pursuant to article II hereof) are as valuable to him as those that he enjoyed immediately prior to the Change of Control; (d) the Company fails to provide the Executive with an annual number of paid vacation days at least equal to that to which he was entitled immediately prior to the Change of Control; (e) the Company breaches any agreement between it and the Executive (including this Agreement); (f) without limitation of the foregoing clause (e), the Company fails to obtain the express assumption of this Agreement by any successor of the Company as provided in section 6.3 hereof; (g) the Company attempts to terminate the Executive for Cause without complying with the provisions of section 1.3 hereof; (h) the Company requires the Executive, without his express written consent, to be based in an office outside of the office in which Executive is based on the date hereof or to travel substantially more extensively than he did prior to the Change of Control; or (i) the Executive determines in good faith that the Company has, without his consent, effected a significant change in his status within, or the nature or scope of his duties or responsibilities with, the Company that obtained immediately prior to the Change of Control (including but not limited to, subjecting the Executive's activities and exercise of authority to greater immediate supervision than existed prior to the Change of Control); provided, however, that no event designated in clauses (a) through (i) of this sentence shall constitute a Good Reason unless the Executive notifies Interpublic that the Company has committed an action or inaction specified in clauses (a) through (i) (a "Covered Action") and the Company does not cure such Covered Action within 30 days after such notice, at which time such Good Reason shall be deemed to have arisen. Notwithstanding the immediately preceding sentence, no action by the Company shall give rise to a Good Reason if it results from the Executive's termination for Cause or death or from the Executive's resignation for other than a Good Reason, and no action by the Company specified in clauses (a) through (i) of the preceding sentence shall give rise to a Good Reason if it results from the Executive's Disability. If the Executive has a Good Reason to resign, he may in fact resign for a Good Reason for purposes of section 1.1 of this Agreement by, within 30 days after the Good Reason arises, giving Interpublic a minimum of 30 and a maximum of 90 days advance notice of the date of his resignation.

Section 1.5. Disability. For all purposes of this Agreement, the term "Disability" shall have the same meaning as that term has in the Interpublic Long-Term Disability Plan.

## **ARTICLE II**

### **PAYMENTS UPON A CHANGE OF CONTROL**

Section 2.1. Elections by the Executive. If the Executive so elects prior to a Change of Control, the Company shall pay him, within 30 days following the Change of Control, cash amounts in respect of certain Benefit or Bonus Plans or deferred compensation arrangements designated in sections 2.2 through 2.4 hereof ("Plan

Amounts"). The Executive may make an election with respect to the Benefit or Bonus Plans or deferred compensation arrangements covered under any one or more of sections 2.2 through 2.4, but an election with respect to any such section shall apply to all Plan Amounts that are specified therein. Each election shall be made by notice to Interpublic on a form satisfactory to Interpublic and, once made, may be revoked by such notice on such form at any time prior to a Change of Control. If the Executive elects to receive payments under a section of this article II, he shall, upon receipt of such payments, execute a waiver, on a form satisfactory to Interpublic, of such rights as are indicated in that section. If the Executive does not make an election under this article with respect to a Benefit or Bonus Plan or deferred compensation arrangement, his rights to receive payments in respect thereof shall be governed by the Plan or arrangement itself.

Section 2.2. ESBA. The Plan Amount in respect of all Executive Special Benefit Agreements ("ESBA's") between the Executive and Interpublic shall consist of an amount equal to the present discounted values, using the Discount Rate designated in section 5.8 hereof as of the date of the Change of Control, of all payments that the Executive would have been entitled to receive under the ESBA's if he had terminated employment with the Company on the day immediately prior to the Change of Control. Upon receipt of the Plan Amount in respect of the ESBA's, the Executive shall waive any rights that he may have to payments under the ESBA's. If the Executive makes an election pursuant to, and executes the waiver required under, this section 2.2, his Regular Compensation shall be increased as of the date of the Change of Control at an annual rate equal to the sum of the annual rates of deferred compensation in lieu of which benefits are provided the Executive under any ESBA the Accrual Term for which (as defined in the ESBA) includes the date of the Change of Control.

Section 2.3. MICP. The Plan Amount in respect of the Company's Management Incentive Compensation Plans ("MICP") and/or the 2002 Performance Incentive Plan ("2002 PIP") shall consist of an amount equal to the sum of all amounts awarded to the Executive under, but deferred pursuant to, the MICP and/or the 2002 PIP as of the date of the Change of Control and all amounts equivalent to interest creditable thereon up to the date that the Plan Amount is paid. Upon receipt of that Plan Amount, the Executive shall waive his rights to receive any amounts under the MICP and/or the 2002 PIP that were deferred prior to the Change of Control and any interest equivalents thereon.

Section 2.4. Deferred Compensation. The Plan Amount in respect of deferred compensation (other than amounts referred to in other sections of this article II) shall be an amount equal to all compensation from the Company that the Executive has earned and agreed to defer (other than through the Interpublic Savings Plan pursuant to Section 401(k) of the Internal Revenue Code (the "Code")) but has not received as of the date of the Change of Control, together with all amounts equivalent to interest creditable thereon through the date that the Plan Amount is paid. Upon receipt of this Plan Amount, the Executive shall waive his rights to receive any deferred compensation that he earned prior to the date of the Change of Control and any interest equivalents thereon.

Section 2.5. Stock Incentive Plans. The effect of a Change of Control on the rights of the Executive with respect to options and restricted shares awarded to him under the Interpublic 1986 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1997 Performance Incentive Plan and the 2002 Performance Incentive Plan, shall be governed by those Plans and not by this Agreement.

### **ARTICLE III**

#### **PAYMENTS UPON QUALIFYING TERMINATION**

Section 3.1. Basic Severance Payment. In the event that the Executive is subjected to a Qualifying Termination within two years after a Change of Control, the Company shall pay the Executive within 30 days after the effective date of his Qualifying Termination (his "Termination Date") a cash amount equal to his Base Amount times the number designated in Section 5.9 of this Agreement (the "Designated Number"). The Executive's Base Amount shall equal the average of the Executive's Includable Compensation for the two whole calendar years immediately preceding the date of the Change of Control (or, if the Executive was employed by the Company for only one of those years, his Includable Compensation for that year). The Executive's Includable Compensation for a calendar year shall consist of (a) the compensation reported by the Company on the Form W-2 that it filed with the Internal Revenue Service for that year in respect of the Executive or which would have been reported on such form but for the fact that Executive's services were performed outside of the United States, plus (b) any compensation payable to the Executive during that year the receipt of which was deferred at the Executive's election or by

employment agreement to a subsequent year, minus (c) any amounts included on the Form W-2 (or which would have been included if Executive had been employed in the United States) that represented either (i) amounts in respect of a stock option or restricted stock plan of the Company or (ii) payments during the year of amounts payable in prior years but deferred at the Executive's election or by employment agreement to a subsequent year. The compensation referred to in clause (b) of the immediately preceding sentence shall include, without limitation, amounts initially payable to the Executive under the MICP or a Long-Term Performance Incentive Plan or the 2002 PIP in that year but deferred to a subsequent year, the amount of deferred compensation for the year in lieu of which benefits are provided the Executive under an ESBA and amounts of Regular Compensation earned by the Executive during the year but deferred to a subsequent year (including amounts deferred under Interpublic Savings Plan pursuant to Section 401(k) of the Code); clause (c) of such sentence shall include, without limitation, all amounts equivalent to interest paid in respect of deferred amounts and all amounts of Regular Compensation paid during the year but earned in a prior year and deferred.

Section 3.2. MICP Supplement. The Company shall also pay the Executive within 30 days after his Termination Date a cash amount equal to (a) in the event that the Executive received an award under the MICP (or the Incentive Award program applicable outside the United States) or the 2002 PIP ("Incentive Award") in respect of the year immediately prior to the year that includes the Termination Date (the latter year constituting the "Termination Year"), the amount of that award multiplied by the fraction of the Termination Year preceding the Termination Date or (b) in the event that the Executive did not receive an MICP award (or an Incentive Award) in respect of the year immediately prior to the Termination Year, the amount of the MICP award (or Incentive Award) that Executive received in respect of the second year immediately prior to the Termination Year multiplied by one plus the fraction of the Termination Year preceding the Termination Date.

#### **ARTICLE IV** **TAX MATTERS**

Section 4.1. Withholding. The Company may withhold from any amounts payable to the Executive hereunder all federal, state, city or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law or regulation, but, if the Executive has made the election provided in section 4.2 hereof, the Company shall not withhold amounts in respect of the excise tax imposed by Section 4999 of the Code or its successor.

Section 4.2. Disclaimer. If the Executive so agrees prior to a Change of Control by notice to the Company in form satisfactory to the Company, the amounts payable to the Executive under this Agreement but not yet paid thereto shall be reduced to the largest amounts in the aggregate that the Executive could receive, in conjunction with any other payments received or to be received by him from any source, without any part of such amounts being subject to the excise tax imposed by Section 4999 of the Code or its successor. The amount of such reductions and their allocation among amounts otherwise payable to the Executive shall be determined either by the Company or by the Executive in consultation with counsel chosen (and compensated) by him, whichever is designated by the Executive in the aforesaid notice to the Company (the "Determining Party"). If, subsequent to the payment to the Executive of amounts reduced pursuant to this section 4.2, the Determining Party should reasonably determine, or the Internal Revenue Service should assert against the party other than the Determining Party, that the amount of such reductions was insufficient to avoid the excise tax under Section 4999 (or the denial of a deduction under Section 280G of the Code or its successor), the amount by which such reductions were insufficient shall, upon notice to the other party, be deemed a loan from the Company to the Executive that the Executive shall repay to the Company within one year of such reasonable determination or assertion, together with interest thereon at the applicable federal rate provided in section 7872 of the Code or its successor. However, such amount shall not be deemed a loan if and to the extent that repayment thereof would not eliminate the Executive's liability for any Section 4999 excise tax.

#### **ARTICLE V** **COLLATERAL MATTERS**

Section 5.1. Nature of Payments. All payments to the Executive under this Agreement shall be considered either payments in consideration of his continued service to the Company, severance payments in consideration of his past services thereto or payments in consideration of the covenant contained in section 5.10



hereof. No payment hereunder shall be regarded as a penalty to the Company.

Section 5.2. Legal Expenses. The Company shall pay all legal fees and expenses that the Executive may incur as a result of the Company's contesting the validity, the enforceability or the Executive's interpretation of, or determinations under, this Agreement. Without limitation of the foregoing, Interpublic shall, prior to the earlier of (a) 30 days after notice from the Executive to Interpublic so requesting or (b) the occurrence of a Change of Control, provide the Executive with an irrevocable letter of credit in the amount of \$100,000 from a bank satisfactory to the Executive against which the Executive may draw to pay legal fees and expenses in connection with any attempt to enforce any of his rights under this Agreement. Said letter of credit shall not expire before 10 years following the date of this Agreement.

Section 5.3. Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement either by seeking other employment or otherwise. The amount of any payment provided for herein shall not be reduced by any remuneration that the Executive may earn from employment with another employer or otherwise following his Termination Date.

Section 5.4. Setoff for Debts. The Company may reduce the amount of any payment due the Executive under article III of this Agreement by the amount of any debt owed by the Executive to the Company that is embodied in a written instrument, that is due to be repaid as of the due date of the payment under this Agreement and that the Company has not already recovered by setoff or otherwise.

Section 5.5. Coordination with Employment Contract. Payments to the Executive under article III of this Agreement shall be in lieu of any payments for breach of any employment contract between the Executive and the Company to which the Executive may be entitled by reason of a Qualifying Termination, and, before making the payments to the Executive provided under article III hereof, the Company may require the Executive to execute a waiver of any rights that he may have to recover payments in respect of a breach of such contract as a result of a Qualifying Termination. If the Executive has a Good Reason to resign and does so by providing the notice specified in the last sentence of section 1.4 of this Agreement, he shall be deemed to have satisfied any notice requirement for resignation, and any service requirement following such notice, under any employment contract between the Executive and the Company.

Section 5.6. Benefit of Bonus Plans. Except as otherwise provided in this Agreement or required by law, the Company shall not be compelled to include the Executive in any of its Benefit or Bonus Plans following the Executive's Termination Date, and the Company may require the Executive, as a condition to receiving the payments provided under article III hereof, to execute a waiver of any such rights. However, said waiver shall not affect any rights that the Executive may have in respect of his participation in any Benefit or Bonus Plan prior to his Termination Date.

Section 5.7. Funding. Except as provided in section 5.2 of this Agreement, the Company shall not be required to set aside any amounts that may be necessary to satisfy its obligations hereunder. The Company's potential obligations to make payments to the Executive under this Agreement are solely contractual ones, and the Executive shall have no rights in respect of such payments except as a general and unsecured creditor of the Company.

Section 5.8. Discount Rate. For purposes of this Agreement, the term "Discount Rate" shall mean the applicable Federal short-term rate determined under Section 1274(d) of the Code or its successor. If such rate is no longer determined, the Discount Rate shall be the yield on 2-year Treasury notes for the most recent period reported in the most recent issue of the Federal Reserve Bulletin or its successor, or, if such rate is no longer reported therein, such measure of the yield on 2-year Treasury notes as the Company may reasonably determine.

Section 5.9. Designated Number. For purposes of this Agreement, the Designated Number shall be two (2.0).

Section 5.10. Covenant of Executive. In the event that the Executive undergoes a Qualifying Termination that entitles him to any payment under article III of this Agreement, he shall not, for 18 months following his Termination Date, either (a) solicit any employee of Interpublic or a majority-controlled subsidiary

thereof to leave such employ and enter into the employ of the Executive or any person or entity with which the Executive is associated or (b) solicit or handle on his own behalf or on behalf of any person or entity with which he is associated the advertising, public relations, sales promotion or market research business of any advertiser that is a client of Interpublic or a majority-controlled subsidiary thereof as of the Termination Date. Without limitation of any other remedies that the Company may pursue, the Company may enforce its rights under this section 5.10 by means of injunction. This section shall not limit any other right or remedy that the Company may have under applicable law or any other agreement between the Company and the Executive.

## **ARTICLE VI** **GENERAL PROVISIONS**

Section 6.1. Term of Agreement. This Agreement shall terminate upon the earliest of (a) the expiration of five years from the date of this Agreement if no Change of Control has occurred during that period; (b) the termination of the Executive's employment with the Company for any reason prior to a Change of Control; (c) the Company's termination of the Executive's employment for Cause or death, the Executive's compulsory retirement within the provisions of 29 U.S.C. Section 631(c) (or, if Executive is not a citizen or resident of the United States, compulsory retirement under any applicable procedure of the Company in effect immediately prior to the change of control) or the Executive's resignation for other than Good Reason, following a Change of Control and the Company's and the Executive's fulfillment of all of their obligations under this Agreement; and (d) the expiration following a Change of Control of the Designated Number plus three years and the fulfillment by the Company and the Executive of all of their obligations hereunder.

Section 6.2. Governing Law. Except as otherwise expressly provided herein, this Agreement and the rights and obligations hereunder shall be construed and enforced in accordance with the laws of the State of New York.

Section 6.3. Successors to the Company. This Agreement shall inure to the benefit of Interpublic and its subsidiaries and shall be binding upon and enforceable by Interpublic and any successor thereto, including, without limitation, any corporation or corporations acquiring directly or indirectly all or substantially all of the business or assets of Interpublic whether by merger, consolidation, sale or otherwise, but shall not otherwise be assignable by Interpublic. Without limitation of the foregoing sentence, Interpublic shall require any successor (whether direct or indirect, by merger, consolidation, sale or otherwise) to all or substantially all of the business or assets of Interpublic, by agreement in form satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent as Interpublic would have been required to perform it if no such succession had taken place. As used in this agreement, "Interpublic" shall mean Interpublic as heretofore defined and any successor to all or substantially all of its business or assets that executes and delivers the agreement provided for in this section 6.3 or that becomes bound by this Agreement either pursuant to this Agreement or by operation of law.

Section 6.4. Successor to the Executive. This Agreement shall inure to the benefit of and shall be binding upon and enforceable by the Executive and his personal and legal representatives, executors, administrators, heirs, distributees, legatees and, subject to section 6.5 hereof, his designees ("Successors"). If the Executive should die while amounts are or may be payable to him under this Agreement, references hereunder to the "Executive" shall, where appropriate, be deemed to refer to his Successors.

Section 6.5. Nonalienability. No right of or amount payable to the Executive under this Agreement shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, hypothecation, encumbrance, charge, execution, attachment, levy or similar process or (except as provided in section 5.4 hereof) to setoff against any obligation or to assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall be void. However, this section 6.5 shall not prohibit the Executive from designating one or more persons, on a form satisfactory to the Company, to receive amounts payable to him under this Agreement in the event that he should die before receiving them.

Section 6.6. Notices. All notices provided for in this Agreement shall be in writing. Notices to Interpublic shall be deemed given when personally delivered or sent by certified or registered mail or overnight

delivery service to The Interpublic Group of Companies, Inc., 1271 Avenue of the Americas, New York, New York 10020, attention: Corporate Secretary. Notices to the Executive shall be deemed given when personally delivered or sent by certified or registered mail or overnight delivery service to the last address for the Executive shown on the records of the Company. Either Interpublic or the Executive may, by notice to the other, designate an address other than the foregoing for the receipt of subsequent notices.

Section 6.7. Amendment. No amendment of this Agreement shall be effective unless in writing and signed by both the Company and the Executive.

Section 6.8. Waivers. No waiver of any provision of this Agreement shall be valid unless approved in writing by the party giving such waiver. No waiver of a breach under any provision of this Agreement shall be deemed to be a waiver of such provision or any other provision of this Agreement or any subsequent breach. No failure on the part of either the Company or the Executive to exercise, and no delay in exercising, any right or remedy conferred by law or this Agreement shall operate as a waiver of such right or remedy, and no exercise or waiver, in whole or in part, of any right or remedy conferred by law or herein shall operate as a waiver of any other right or remedy.

Section 6.9. Severability. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

Section 6.10. Captions. The captions to the respective articles and sections of this Agreement are intended for convenience of reference only and have no substantive significance.

Section 6.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Sean F. Orr  
Sean F. Orr

/s/ Richard P. Sneider, Jr  
Richard P. Sneider, Jr

**SUPPLEMENTAL AGREEMENT**

SUPPLEMENTAL AGREEMENT made as of November 7, 2002 by and between The Interpublic Group of Companies, Inc., a corporation of the State of Delaware (hereinafter referred to as the "Corporation"), and **JOHN J. DOONER, JR.** (hereinafter referred to as "Executive").

**WITNESSETH:**

WHEREAS, the Corporation and Executive are parties to an Employment Agreement made as of January 1, 1994 as amended by Supplemental Agreements made as of July 1, 1995, September 1, 1997 and April 1, 2000 (hereinafter referred collectively as the "Employment Agreement"); and

WHEREAS, the Corporation and Executive desire to amend the Agreement;

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

1. A new Section 3.03 of the Employment Agreement is hereby added to read in its entirety as follows: "Executive has been granted an award for the 2003-2005 performance period under Interpublic's Long Term Performance Incentive Plan ("**LTPIP**") equal to Twenty Thousand (20,000) performance units tied to the cumulative compound growth of Interpublic and options under Interpublic's Stock Incentive Plan to purchase Three Hundred Thousand (300,000) shares of Interpublic common stock which may not be exercised in any part prior to the end of the performance period and thereafter shall be exercisable in whole or in part. Subject to the terms of the Corporation's Performance Incentive Plan, the Committee approved certain non-forfeiture provisions in connection with Executive's grant, in the event Executive's employment is terminated by the Corporation without cause.

3. A new Section 3.04 of the Employment Agreement is hereby added to read in its entirety as follows: "The Corporation shall obtain a ten (10) year Term Life Insurance policy on the life of Executive in the face amount of Ten Million (\$10,000,000) Dollars. Annual premiums paid by the Corporation in the policy will be taxable income to Executive".

4. Except as herein above amended, the Employment Agreement shall continue in full force and effect.

5. This Supplemental Agreement shall be governed by the laws of the State of New York.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ C. Kent Kroeber  
C. Kent Kroeber

/s/ John J. Dooner  
John J. Dooner

Signed as of \_\_\_\_\_

**SUPPLEMENTAL AGREEMENT**

**SUPPLEMENTAL AGREEMENT** made as of November 7, 2002 by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware (hereinafter referred to as "**Interpublic**"), and **JOHN J. DOONER , JR.** (hereinafter referred to as "**Executive**").

**W I T N E S S E T H:**

**WHEREAS**, Interpublic and Executive are parties to certain Executive Special Benefit Agreements made as of July 1, 1986 and as amended by Supplemental Agreement made as of May 23, 1990 and Executive Benefit Agreements made as of July 1, 1992 and June 1, 1994 (hereinafter collectively referred to as the "**Agreements**"); and

**WHEREAS**, Interpublic and Executive desire to amend the Agreements;

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

1. In the event that Executive should become totally and permanently disabled Executive will be entitled to immediately receive the full maximum benefit otherwise payable upon retirement under the Agreements. "Disability" means a condition that renders Executive completely and presumably permanently unable to perform any or every day duty of his regular occupation, in the reasonable determination of Interpublic.
2. This Supplemental Agreement shall be governed by the laws of the State of New York.
3. Except as hereinabove amended, the Agreement shall continue in full force and effect.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ C. Kent Kroeber  
C. Kent Kroeber

/s/ John J. Dooner  
John J. Dooner

Signed as of \_\_\_\_\_

**EXECUTIVE SPECIAL BENEFIT AGREEMENT**

**AGREEMENT** made as of May 20, 2002, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware (hereinafter referred to as "**Interpublic**") and **JOHN J. DOONER, JR.** (hereinafter referred to as "**Executive**").

**W I T N E S S E T H:**

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

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

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

**ARTICLE I**

**Death and Special Retirement Benefits**

1.01 The Corporation shall provide Executive with the following benefits contingent upon Executive's compliance with all the terms and conditions of this Agreement.

1.02 If, during the period of employment by the Corporation which is continuous from the date of this Agreement, Executive shall die while in the employ of the Corporation, the Corporation shall pay to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.06 (or in the absence of such designation, shall pay to the Executor of the Will or the Administrator of the Estate of Executive) survivor income payments of Two Million Dollars (\$2,000,000) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's death, and in equal monthly installment thereafter.

1.03 If, after a continuous period of employment from the date of this Agreement, Executive shall retire from the employ of the Corporation so that the first day on which Executive is no longer in the employ of the Corporation occurs on or after Executive's sixtieth birthday, the Corporation shall pay to Executive special retirement benefits at the rate of Two Million Dollars (\$2,000,000) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's last day of employment, and in equal monthly installments thereafter.

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

<u>Last Day of Employment</u>	<u>Annual Rate</u>
On or after 55th birthday but prior to 56th birthday	\$800,000
On or after 56th birthday but prior to 57th birthday	\$1,000,000
On or after 57th birthday but prior to 58th birthday	\$1,200,000
On or after 58th birthday but prior to 59th birthday	\$1,500,000
On or after 59th birthday but prior to 60th birthday	\$1,700,000

1.05 If, following such termination of employment, Executive shall die before payment of all of the installments provided for in Section 1.03 or Section 1.04, any remaining installments shall be paid to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.06 or, in the absence of such designation, to the Executor of the Will or the Administrator of the Estate of Executive.

1.06 For purposes of Sections 1.02, 1.03 and 1.04, or any of them, Executive may at any time designate a beneficiary or beneficiaries by filing with the chief personnel officer of Interpublic a Beneficiary Designation Form provided by such officer. Executive may at any time, by filing a new Beneficiary Designation Form, revoke or change any prior designation of beneficiary.

1.07 Interpublic has relied on written representations made by Executive concerning Executive's age and the state of Executive's health. If said representations are untrue in any material respect, whether directly or by omission, and if the Corporation is damaged by any such untrue representations, no sum shall be payable pursuant to Sections 1.02, 1.03, 1.04, 1.05.

1.08 If during the term of his employment, Executive shall become totally and permanently disabled, the maximum benefit, Two Million Dollars (\$2,000,000) shall be payable to Executive for the term of his disability.

1.09 If during the term of his employment, Executive shall be involuntarily terminated without cause, Executive would receive a pro-rata right to the annual ESBA benefit which corresponds to his age at the end of the notice of termination period.

**ARTICLE II**  
**Non-solicitation of Clients or Employees**

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

**ARTICLE III**  
**Assignment**

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

**ARTICLE IV**  
**Contractual Nature of Obligation**

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

**ARTICLE V**  
**Applicable Law**

5.01 This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ C. Kent Kroeber  
C. Kent Kroeber

/s/ John J. Dooner, Jr.  
John J. Dooner, Jr.

Signed as of November 11, 2002



**AMENDMENT NO. 1 TO THE  
AMENDED AND RESTATED 364-DAY CREDIT AGREEMENT**

Dated as of March 13, 2003

**AMENDMENT NO. 1 TO THE AMENDED AND RESTATED 364-DAY CREDIT AGREEMENT** (this "Amendment") among The Interpublic Group of Companies, Inc., a Delaware corporation (the "Company"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement referred to below (collectively, the "Lenders") and Citibank, N.A., as agent (the "Agent") for the Lenders.

**PRELIMINARY STATEMENTS:**

(1) The Company, the Lenders and the Agent have entered into a 364-Day Credit Agreement dated as of May 16, 2002 and amended and restated as of December 31, 2002 (the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Company, the Required Lenders and the Agent have agreed to further amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendment to Credit Agreement. Section 5.03(b) of the Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended by inserting at the end thereof (immediately following the table setting forth the ratios required to be maintained by the Company) the phrase "; provided that, for purposes of determining Debt for Borrowed Money for the fiscal quarter ended March 31, 2003, Debt evidenced by the Company's Zero-Coupon Convertible Senior Notes due 2021 shall be excluded."

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, the Agent shall have received counterparts of this Amendment 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.

SECTION 3. Representations and Warranties of the Company. The Company represents and warrants as follows:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, 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 Amendment and the Credit Agreement and each of the Notes, as amended 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 Amendment or the Credit Agreement and the Notes, as amended hereby.

(d) This Amendment has been duly executed and delivered by the Company. This Amendment and each of the Notes, as amended hereby, to which the Company is a party are legal, valid

and binding obligations 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) 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 Amendment, the Credit Agreement or any Note or the consummation of the transactions contemplated hereby.

SECTION 4. Reference to and Effect on the Credit Agreement and the Notes. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement and the Notes, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement.

SECTION 5. Costs and Expenses. The Company agrees to pay on demand all costs and expenses of the Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 6. Execution in Counterparts. This Amendment 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 but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Steven D. Berns  
Name: Steven D. Berns  
Title: Vice President and Treasurer

CITIBANK, N.A.,  
as Agent and as Lender

By: /s/ Julio Ojea Quintana  
Name: Julio Ojea Quintana  
Title: Director

BANK ONE, NA

By: \_\_\_\_\_  
Name:  
Title:

BANK OF AMERICA, N.A.

By: /s/ Bryan Smith  
Name: Bryan Smith  
Title: Associate

THE BANK OF NEW YORK

By: \_\_\_\_\_  
Name:  
Title:

BARCLAYS BANK PLC

By: /s/ Nicholas Bell  
Name: Nicholas Bell  
Title: Director

JPMORGAN CHASE BANK

By: /s/ Rebecca Vogel  
Name: Rebecca Vogel  
Title: Vice President

CREDIT AGRICOLE INDOSUEZ

By: \_\_\_\_\_  
Name:  
Title:

FLEET NATIONAL BANK

By: \_\_\_\_\_  
Name:  
Title:

HSBC BANK USA

By: /s/ Johan Sorensson  
Name: Johan Sorensson  
Title: First Vice President

ING CAPITAL (US) LLC

By: \_\_\_\_\_  
Name:  
Title:

KEYBANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

LLOYDS TSB BANK PLC

By: /s/ Richard Heath \_\_\_\_\_  
Name: Richard Heath  
Title: Vice President

By: /s/ Catherine Rankin \_\_\_\_\_  
Name: Catherine Rankin  
Title: Assistant Vice President

THE NORTHERN TRUST COMPANY

By: /s/ Tracy Toulouse \_\_\_\_\_  
Name: Tracy Toulouse  
Title: Vice President

SUNTRUST BANK

By: \_\_\_\_\_  
Name:  
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

BNP PARIBAS

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

BANCA POPOLARE DI BERGAMO-CV Srl

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MIZUHO CORPORATE BANK, LIMITED

By: \_\_\_\_\_

Name:

Title:

ROYAL BANK OF CANADA

By: \_\_\_\_\_

Name:

Title:

WESTPAC BANKING CORPORATION

By: \_\_\_\_\_

Name:

Title:

**AMENDMENT NO. 1 TO THE  
AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT**

Dated as of March 13, 2003

**AMENDMENT NO. 1 TO THE AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT** (this "Amendment") among The Interpublic Group of Companies, Inc., a Delaware corporation (the "Company"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement referred to below (collectively, the "Lenders") and Citibank, N.A., as agent (the "Agent") for the Lenders.

**PRELIMINARY STATEMENTS:**

(1) The Company, the Lenders and the Agent have entered into a Five-Year Credit Agreement dated as of June 27, 2000 and amended and restated as of December 31, 2002 (the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Company, the Required Lenders and the Agent have agreed to further amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendment to Credit Agreement. Section 5.03(b) of the Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended by inserting at the end thereof (immediately following the table setting forth the ratios required to be maintained by the Company) the phrase "; provided that, for purposes of determining Debt for Borrowed Money for the fiscal quarter ended March 31, 2003, Debt evidenced by the Company's Zero-Coupon Convertible Senior Notes due 2021 shall be excluded."

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, the Agent shall have received counterparts of this Amendment 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.

SECTION 3. Representations and Warranties of the Company. The Company represents and warrants as follows:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, 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 Amendment and the Credit Agreement and each of the Notes, as amended 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 Amendment or the Credit Agreement and the Notes, as amended hereby.

(d) This Amendment has been duly executed and delivered by the Company. This Amendment and each of the Notes, as amended hereby, to which the Company is a party are legal, valid

and binding obligations 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) 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 Amendment, the Credit Agreement or any Note or the consummation of the transactions contemplated hereby.

SECTION 4. Reference to and Effect on the Credit Agreement and the Notes. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement and the Notes, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement.

SECTION 5. Costs and Expenses. The Company agrees to pay on demand all costs and expenses of the Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 6. Execution in Counterparts. This Amendment 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 but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Steven D. Berns  
Name: Steven D. Berns  
Title: Vice President and Treasurer

CITIBANK, N.A.,  
as Agent and as Lender

By: /s/ Julio Ojea Quintana  
Name: Julio Ojea Quintana  
Title: Director

BANK ONE, NA

By: \_\_\_\_\_  
Name:  
Title:

BANK OF AMERICA, N.A.

By: /s/ Bryan Smith  
Name: Bryan Smith  
Title: Associate

THE BANK OF NEW YORK

By: \_\_\_\_\_  
Name:  
Title:

BARCLAYS BANK PLC

By: /s/ Nicholas Bell  
Name: Nicholas Bell  
Title: Director

JPMORGAN CHASE BANK

By: /s/ Rebecca Vogel  
Name: Rebecca Vogel  
Title: Vice President

CREDIT AGRICOLE INDOSUEZ

By: \_\_\_\_\_  
Name:  
Title:

FLEET NATIONAL BANK

By: \_\_\_\_\_  
Name:  
Title:

HSBC BANK USA

By: /s/ Johan Sorensson  
Name: Johan Sorensson  
Title: First Vice President

KEYBANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:



LLOYDS TSB BANK PLC

By: /s/ Richard Heath

Name: Richard Heath

Title: Vice President

By: /s/ Catherine Rankin

Name: Catherine Rankin

Title: Assistant Vice President

SUNTRUST BANK

By: \_\_\_\_\_

Name:

Title:

WACHOVIA BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name:

Title:

AMENDMENT

AMENDMENT dated as of March 28, 2003 to the Note Purchase Agreement dated as of May 26, 1994 between The Interpublic Group of Companies, Inc. (the "Company") and The Prudential Insurance Company of America, as amended (the "Agreement"). Capitalized terms used but not defined herein are used with the meanings given to those terms in the Agreement and the Notes (as defined below). The persons listed below as Holders hold at least 66-2/3% of the aggregate outstanding principal amount of 10.01% Senior Notes due 2004 issued pursuant to the Agreement (the "Notes").

1. The Company and the undersigned Holders hereby agree to the following amendments to the Agreement:

(a) Subsection 6A of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "on a trailing four quarter basis": "; provided that, solely for purposes of determining the ratio of Cash Flow to Total Borrowed Funds for the consecutive four quarters ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

(b) Subsection 6B of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "at the end of any quarter ending on or after March 31, 2004": "; provided that, solely for purposes of determining Total Borrowed Funds as a percentage of Consolidated Net Worth at the end of the quarter ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

2. Except as expressly provided herein, the Agreement shall remain in full force and effect and this Amendment shall not operate as a waiver of any right, power or remedy of any Holder, nor constitute a waiver of any provision of the Agreement.

3. The Company hereby represents and warrants that:

(a) After giving effect to this Amendment, no Default or Event of Default will have occurred or be continuing.

(b) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business.

(c) The execution, delivery and performance by the Company of this Amendment, 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.

(d) 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 Amendment.

(e) This Amendment has been duly executed and delivered by the Company. This Amendment is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.

(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 on (x) the business, financial condition or results of operations of the Company and its Consolidated Subsidiaries taken as a whole, (y) the rights and remedies of the Holders under the Agreement or any Note or (z) the ability of the Company to perform its obligations under the Agreement or any Note or (ii) purports to affect the legality, validity or enforceability of this Amendment or the consummation of the transactions contemplated hereby.

4. The Company agrees to pay all out-of-pocket expenses incurred by the Holders in connection with this Amendment in accordance with the terms of Section 11B of the Agreement.

5. This Amendment shall be construed and enforced in accordance with the laws of the State of New York, without regard to conflicts of law provisions.

6. Each of the Holders agrees to keep confidential, in accordance with Section 11H of the Agreement, all information disclosed by the Company to the Holders in connection with this Amendment relating to the subject matter hereof (other than any such information (i) which was publicly known or otherwise known to such Holder at the time of disclosure, or (ii) which subsequently becomes publicly known through no act or omission by such Holder).

7. This Amendment shall be effective as of the date first above written and the Agreement shall be deemed amended upon delivery to the Holders of a fully executed copy of this Amendment.

IN WITNESS WHEREOF, each of the Company and the undersigned Holders has caused this Amendment to be executed by its duly authorized representative as of the date and year first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Steven Berns  
Name: Steven Berns  
Title: Vice President and Treasurer

HOLDERS:

THE PRUDENTIAL INSURANCE COMPANY OF  
AMERICA

By: /s/ Christopher Carey  
Name: Christopher Carey  
Title: Vice President

AMENDMENT

AMENDMENT dated as of March 28, 2003 to the Note Purchase Agreement dated as of April 28, 1995 between The Interpublic Group of Companies, Inc. (the "Company") and The Prudential Insurance Company of America, as amended (the "Agreement"). Capitalized terms used but not defined herein are used with the meanings given to those terms in the Agreement and the Notes (as defined below). The persons listed below as Holders hold at least 66-2/3% of the aggregate outstanding principal amount of 9.95% Senior Notes due 2005 issued pursuant to the Agreement (the "Notes").

1. The Company and the undersigned Holders hereby agree to the following amendments to the Agreement:

(a) Subsection 6A of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "on a trailing four quarter basis": "; provided that, solely for purposes of determining the ratio of Cash Flow to Total Borrowed Funds for the consecutive four quarters ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

(b) Subsection 6B of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "at the end of any quarter ending on or after March 31, 2004": "; provided that, solely for purposes of determining Total Borrowed Funds as a percentage of Consolidated Net Worth at the end of the quarter ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

2. Except as expressly provided herein, the Agreement shall remain in full force and effect and this Amendment shall not operate as a waiver of any right, power or remedy of any Holder, nor constitute a waiver of any provision of the Agreement.

3. The Company hereby represents and warrants that:

(a) After giving effect to this Amendment, no Default or Event of Default will have occurred or be continuing.

(b) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business.

(c) The execution, delivery and performance by the Company of this Amendment, 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.

(d) 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 Amendment.

(e) This Amendment has been duly executed and delivered by the Company. This Amendment is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.

(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 on (x) the business, financial condition or results of operations of the Company and its Consolidated Subsidiaries taken as a whole, (y) the rights and remedies of the Holders under the Agreement or any Note or (z) the ability of the Company to perform its obligations under the Agreement or any Note or (ii) purports to affect the legality, validity or enforceability of this Amendment or the consummation of the transactions contemplated hereby.

4. The Company agrees to pay all out-of-pocket expenses incurred by the Holders in connection with this Amendment in accordance with the terms of Section 11B of the Agreement.

5. This Amendment shall be construed and enforced in accordance with the laws of the State of New York, without regard to conflicts of law provisions.

6. Each of the Holders agrees to keep confidential, in accordance with Section 11H of the Agreement, all information disclosed by the Company to the Holders in connection with this Amendment relating to the subject matter hereof (other than any such information (i) which was publicly known or otherwise known to such Holder at the time of disclosure, or (ii) which subsequently becomes publicly known through no act or omission by such Holder).

7. This Amendment shall be effective as of the date first above written and the Agreement shall be deemed amended upon delivery to the Holders of a fully executed copy of this Amendment.

IN WITNESS WHEREOF, each of the Company and the undersigned Holders has caused this Amendment to be executed by its duly authorized representative as of the date and year first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Steven Berns  
Name: Steven Berns  
Title: Vice President and Treasurer

HOLDERS:

THE PRUDENTIAL INSURANCE COMPANY OF  
AMERICA

By: /s/ Christopher Carey  
Name: Christopher Carey  
Title: Vice President

AMENDMENT

AMENDMENT dated as of March 28, 2003 to the Note Purchase Agreement dated as of October 31, 1996 between The Interpublic Group of Companies, Inc. (the "Company") and The Prudential Insurance Company of America, as amended (the "Agreement"). Capitalized terms used but not defined herein are used with the meanings given to those terms in the Agreement and the Notes (as defined below). The persons listed below as Holders hold at least 66-2/3% of the aggregate outstanding principal amount of 9.41% Senior Notes due 2006 issued pursuant to the Agreement (the "Notes").

1. The Company and the undersigned Holders hereby agree to the following amendments to the Agreement:

(a) Subsection 6A of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "on a trailing four quarter basis": "; provided that, solely for purposes of determining the ratio of Cash Flow to Total Borrowed Funds for the consecutive four quarters ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

(b) Subsection 6B of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "at the end of any quarter ending on or after March 31, 2004": "; provided that, solely for purposes of determining Total Borrowed Funds as a percentage of Consolidated Net Worth at the end of the quarter ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

2. Except as expressly provided herein, the Agreement shall remain in full force and effect and this Amendment shall not operate as a waiver of any right, power or remedy of any Holder, nor constitute a waiver of any provision of the Agreement.

3. The Company hereby represents and warrants that:

(a) After giving effect to this Amendment, no Default or Event of Default will have occurred or be continuing.

(b) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business.

(c) The execution, delivery and performance by the Company of this Amendment, 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.

(d) 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 Amendment.

(e) This Amendment has been duly executed and delivered by the Company. This Amendment is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.

(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 on (x) the business, financial condition or results of operations of the Company and its Consolidated Subsidiaries taken as a whole, (y) the rights and remedies of the Holders under the Agreement or any Note or (z) the ability of the Company to perform its obligations under the Agreement or any Note or (ii) purports to affect the legality, validity or enforceability of this Amendment or the consummation of the transactions contemplated hereby.

4. The Company agrees to pay all out-of-pocket expenses incurred by the Holders in connection with this Amendment in accordance with the terms of Section 11B of the Agreement.

5. This Amendment shall be construed and enforced in accordance with the laws of the State of New York, without regard to conflicts of law provisions.

6. Each of the Holders agrees to keep confidential, in accordance with Section 11H of the Agreement, all information disclosed by the Company to the Holders in connection with this Amendment relating to the subject matter hereof (other than any such information (i) which was publicly known or otherwise known to such Holder at the time of disclosure, or (ii) which subsequently becomes publicly known through no act or omission by such Holder).

7. This Amendment shall be effective as of the date first above written and the Agreement shall be deemed amended upon delivery to the Holders of a fully executed copy of this Amendment.

IN WITNESS WHEREOF, each of the Company and the undersigned Holders has caused this Amendment to be executed by its duly authorized representative as of the date and year first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Steven Berns  
Name: Steven Berns  
Title: Vice President and Treasurer

HOLDERS:

THE PRUDENTIAL INSURANCE COMPANY OF  
AMERICA

By: /s/ Christopher Carey  
Name: Christopher Carey  
Title: Vice President

AMENDMENT

AMENDMENT dated as of March 28, 2003 to the Note Purchase Agreement dated as of August 18, 1997 between The Interpublic Group of Companies, Inc. (the "Company") and The Prudential Insurance Company of America, as amended (the "Agreement"). Capitalized terms used but not defined herein are used with the meanings given to those terms in the Agreement and the Notes (as defined below). The persons listed below as Holders hold at least 66-2/3% of the aggregate outstanding principal amount of 9.09% Senior Notes due 2007 issued pursuant to the Agreement (the "Notes").

1. The Company and the undersigned Holders hereby agree to the following amendments to the Agreement:

(a) Subsection 6A of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "on a trailing four quarter basis": "; provided that, solely for purposes of determining the ratio of Cash Flow to Total Borrowed Funds for the consecutive four quarters ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

(b) Subsection 6B of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "at the end of any quarter ending on or after March 31, 2004": "; provided that, solely for purposes of determining Total Borrowed Funds as a percentage of Consolidated Net Worth at the end of the quarter ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

2. Except as expressly provided herein, the Agreement shall remain in full force and effect and this Amendment shall not operate as a waiver of any right, power or remedy of any Holder, nor constitute a waiver of any provision of the Agreement.

3. The Company hereby represents and warrants that:

(a) After giving effect to this Amendment, no Default or Event of Default will have occurred or be continuing.

(b) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business.

(c) The execution, delivery and performance by the Company of this Amendment, 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.

(d) 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 Amendment.

(e) This Amendment has been duly executed and delivered by the Company. This Amendment is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.



(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 on (x) the business, financial condition or results of operations of the Company and its Consolidated Subsidiaries taken as a whole, (y) the rights and remedies of the Holders under the Agreement or any Note or (z) the ability of the Company to perform its obligations under the Agreement or any Note or (ii) purports to affect the legality, validity or enforceability of this Amendment or the consummation of the transactions contemplated hereby.

4. The Company agrees to pay all out-of-pocket expenses incurred by the Holders in connection with this Amendment in accordance with the terms of Section 11B of the Agreement.

5. This Amendment shall be construed and enforced in accordance with the laws of the State of New York, without regard to conflicts of law provisions.

6. Each of the Holders agrees to keep confidential, in accordance with Section 11H of the Agreement, all information disclosed by the Company to the Holders in connection with this Amendment relating to the subject matter hereof (other than any such information (i) which was publicly known or otherwise known to such Holder at the time of disclosure, or (ii) which subsequently becomes publicly known through no act or omission by such Holder).

7. This Amendment shall be effective as of the date first above written and the Agreement shall be deemed amended upon delivery to the Holders of a fully executed copy of this Amendment.

IN WITNESS WHEREOF, each of the Company and the undersigned Holders has caused this Amendment to be executed by its duly authorized representative as of the date and year first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Steven Berns  
Name: Steven Berns  
Title: Vice President and Treasurer

HOLDERS:

THE PRUDENTIAL INSURANCE COMPANY OF  
AMERICA

By: /s/ Christopher Carey  
Name: Christopher Carey  
Title: Vice President

AMENDMENT

AMENDMENT dated as of March 28, 2003 to the Note Purchase Agreement dated as of January 21, 1999 between The Interpublic Group of Companies, Inc. (the "Company") and The Prudential Insurance Company of America, as amended (the "Agreement"). Capitalized terms used but not defined herein are used with the meanings given to those terms in the Agreement and the Notes (as defined below). The persons listed below as Holders hold at least 66-2/3% of the aggregate outstanding principal amount of 8.05% Senior Notes due 2009 issued pursuant to the Agreement (the "Notes").

1. The Company and the undersigned Holders hereby agree to the following amendments to the Agreement:

(a) Subsection 6A of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "on a trailing four quarter basis": "; provided that, solely for purposes of determining the ratio of Cash Flow to Total Borrowed Funds for the consecutive four quarters ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

(b) Subsection 6B of Paragraph 6 of the Agreement is amended by inserting the following text in its entirety immediately following the phrase "at the end of any quarter ending on or after March 31, 2004": "; provided that, solely for purposes of determining Total Borrowed Funds as a percentage of Consolidated Net Worth at the end of the quarter ending March 31, 2003, outstanding obligations evidenced by the Zero-Coupon Notes shall be excluded from the calculation of Total Borrowed Funds used in making such determination".

2. Except as expressly provided herein, the Agreement shall remain in full force and effect and this Amendment shall not operate as a waiver of any right, power or remedy of any Holder, nor constitute a waiver of any provision of the Agreement.

3. The Company hereby represents and warrants that:

(a) After giving effect to this Amendment, no Default or Event of Default will have occurred or be continuing.

(b) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business.

(c) The execution, delivery and performance by the Company of this Amendment, 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.

(d) 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 Amendment.

(e) This Amendment has been duly executed and delivered by the Company. This Amendment is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.

(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 on (x) the business, financial condition or results of operations of the Company and its Consolidated Subsidiaries taken as a whole, (y) the rights and remedies of the Holders under the Agreement or any Note or (z) the ability of the Company to perform its obligations under the Agreement or any Note or (ii) purports to affect the legality, validity or enforceability of this Amendment or the consummation of the transactions contemplated hereby.

4. The Company agrees to pay all out-of-pocket expenses incurred by the Holders in connection with this Amendment in accordance with the terms of Section 11B of the Agreement.

5. This Amendment shall be construed and enforced in accordance with the laws of the State of New York, without regard to conflicts of law provisions.

6. Each of the Holders agrees to keep confidential, in accordance with Section 11H of the Agreement, all information disclosed by the Company to the Holders in connection with this Amendment relating to the subject matter hereof (other than any such information (i) which was publicly known or otherwise known to such Holder at the time of disclosure, or (ii) which subsequently becomes publicly known through no act or omission by such Holder).

7. This Amendment shall be effective as of the date first above written and the Agreement shall be deemed amended upon delivery to the Holders of a fully executed copy of this Amendment.

IN WITNESS WHEREOF, each of the Company and the undersigned Holders has caused this Amendment to be executed by its duly authorized representative as of the date and year first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Steven Berns  
Name: Steven Berns  
Title: Vice President and Treasurer

HOLDERS:

THE PRUDENTIAL INSURANCE COMPANY OF  
AMERICA

By: /s/ Christopher Carey  
Name: Christopher Carey  
Title: Vice President

Exhibit 21

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Domestic:</b>			
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
Casablanca Enterprises, Inc.	California	100	Registrant
Casanova Pendrill Publicidad, Inc.	California	100	Registrant
Creative Color, Inc.	California	100	Graphic Orb, Inc.
D&H Imagewerks, Inc.	California	100	Registrant
Dailey & Associates, Inc.	California	100	Registrant
Deutsch LA, Inc.	California	100	DA Acquisition Corp.
Eidolon Corporation	California	100	Registrant
Goldberg, Moser, O'Neill LLC	California	100	Lowe & Partners/SMS Inc.
Graphic Orb, Inc.	California	100	Registrant
International Business Services, Inc.	California	100	Infoplan Int'l, Inc.
Initiative Media Worldwide, Inc.	California	100	Registrant
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.
Motivational Incentives Group	California	100	Initiative Media Worldwide, Inc.
North Light, Ltd.	California	100	Dailey & Assoc., Inc.
Octagon CLS Sports Corp.	California	100	Registrant
Octagon Sullivan & Sperbeck Corp.	California	100	Registrant
Outdoor Advertising Group	California	100	Registrant
PIC - TV, Inc.	California	100	Initiative Media Worldwide, Inc.
PMK/HBH, Inc.	California	100	Registrant
Publicidad Siboney (CA), Inc.	California	100	True North Communications Inc.
SMS Productions, Inc.	California	100	Registrant
Suissa Miller Advertising LLC	California	80	Lowe Group Holdings Inc.
The Benjamin Group	California	100	BSMG Worldwide, Inc.
The FutureBrand Company, Inc.	California	100	Registrant
Western Int'l Advocacy Group	California	100	Registrant
WIM Traffic, Inc.	California	100	Registrant
Momentum-NA, Inc.	Colorado	100	McCann-Erickson USA, Inc.
ClinARC Co.	Connecticut	100	Registrant
FYI Worldwide, LLC	Connecticut	100	NFO WorldGroup, Inc.
Adair Greene, Inc.	Delaware	100	McCann-Erickson USA, Inc.
Advantage Int'l Holdings, Inc.	Delaware	100	Registrant
Ammirati Puris Lintas Inc.	Delaware	100	Registrant
Ammirati Puris Lintas USA, Inc.	Delaware	100	Registrant
Ammirati Puris Ltd.	Delaware	100	Ammirati Puris Lintas, Inc.
AMS Advanced Marketing Services, Inc.	Delaware	100	Shandwick Investments Ltd.
Amster Yard, Inc.	Delaware	100	Registrant
Anderson & Lembke, Inc.	Delaware	100	Registrant

Exhibit 21

<u>Name</u>	<u>Jurisdiction Under Which Organized</u>	<u>Percentage Of Voting Securities Owned By Immediate Parent (%)</u>	<u>Immediate Parent</u>
<b>Domestic:</b>			
Angotti, Thomas, Hedge, Inc.	Delaware	100	Registrant
ARS Acquisition Corp.	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.
Chesapeake Surveys, Inc.	Delaware	80	Migliara/Kaplan Associates, Inc.
Colombian Advertising, Inc.	Delaware	100	Registrant
Conotour Marketing Services, Inc.	Delaware	100	Registrant
CrossMediaCEM, Inc.	Delaware	100	Registrant
DraftWorldwide, Inc.	Delaware	100	Registrant
EVI Holdings, Inc.	Delaware	100	Capita Technologies, Inc.
FCB Japan Inc.	Delaware	100	FCB Worldwide, L.L.C.
FCB Worldwide Inc.	Delaware	100	FCB Worldwide, L.L.C.
FCB Worldwide, LLC	Delaware	100	True North Communications, Inc.
FMI Acquisition Corp.	Delaware	100	McCann-Erickson USA, Inc.
GDI Holdings LLC	Delaware	100	Protech Holdings, Inc.
Global Event Marketing & Management (GEMM) Inc.	Delaware	100	Registrant
Golin/Harris International Inc.	Delaware	100	AMS Advanced Marketing Services, Inc.
Gravity Games LLC	Delaware	50	Octagon Marketing and Athlete Representation, Inc.
Gravity Sports & Entertainment LLC	Delaware	100	Registrant
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	50	The Coleman Group, L.L.C.
IBS Holding Corp.	Delaware	100	Registrant
ICN Acquisition Corp.	Delaware	100	Registrant
ID Media, Inc.	Delaware	100	Draft Worldwide, Inc. (50%); Initiative Media Worldwide, Inc. (50%)
Infoplan International, Inc.	Delaware	100	Registrant
International Cycling Productions, Inc.	Delaware	100	H&C Holdings LTD.
Interpublic Game Shows, Inc.	Delaware	100	Registrant

Exhibit 21

<u>Name</u>	<u>Jurisdiction Under Which Organized</u>	<u>Percentage Of Voting Securities Owned By Immediate Parent (%)</u>	<u>Immediate Parent</u>
<b>Domestic:</b>			
Interpublic KFI Ventures, Inc.	Delaware	100	Registrant
Interpublic SV Ventures, Inc.	Delaware	100	Registrant
IPG Caribiner Acquisition Corp.	Delaware	100	Jack Morton Worldwide, Inc.
IPG DS Ventures, Inc.	Delaware	100	Registrant
IPG GIS US, Inc.	Delaware	100	Registrant
IPG Interactive Investment Corp.	Delaware	100	Registrant
IPG SAI Holding Corp.	Delaware	100	Registrant
IPG S&E, Inc.	Delaware	100	Registrant
IPG S&E Ventures, Inc.	Delaware	100	Registrant
IPG Sports & Entertainment Group, Inc.	Delaware	100	Registrant
IX, Inc.	Delaware	100	NFO WorldGroup, Inc.
J. Street Data.com, Inc.	Delaware	100	NFO WorldGroup, Inc.
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
KAL Acquisition Corp.	Delaware	100	Registrant
Kaleidoscope Sports and Entertainment LLC	Delaware	100	Registrant
LFS, Inc.	Delaware	100	Registrant
Lowe Live New York, Inc.	Delaware	100	Lowe & Partners/SMS Inc.
LMMS-USA, Inc.	Delaware	100	McCann-Erickson USA, Inc.
M - Factor, Inc.	Delaware	100	Marketing Drive Worldwide, Inc.
Magna Global USA, Inc.	Delaware	100	Registrant
MarketCorp Promotions, Inc.	Delaware	100	DraftWorldwide, Inc.
Marketing Communications Technologies, Inc.	Delaware	100	Registrant
Marketing Corporation of America	Delaware	100	Registrant
Marketing Drive EMP W/Wide, Inc.	Delaware	100	Momentum, NA, Inc.
Marketing Drive USA, Inc.	Delaware	100	Marketing Drive Worldwide, Inc.
Marketing Drive Worldwide, Inc.	Delaware	100	True North Diversified Companies, L.L.C.
Marketmind, Inc.	Delaware	100	NFO USA, Inc.
McAvey & Grogan, Inc.	Delaware	100	Registrant
McCann-Erickson USA, Inc.	Delaware	100	Registrant
McCann-Erickson Corporation (S.A.)	Delaware	100	Registrant
McCann-Erickson Corporation (Int'l)	Delaware	100	Registrant
McCann-Erickson (Paraguay) Co.	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 Inc.	Delaware	100	Registrant
Media Direct Partners, Inc.	Delaware	100	Media, Inc.
Media Partnership Corporation	Delaware	100	Registrant
Migliara/Kaplan Associates, Inc.	Delaware	100	NFO WorldGroup, Inc.

Exhibit 21

<u>Name</u>	<u>Jurisdiction Under Which Organized</u>	<u>Percentage Of Voting Securities Owned By Immediate Parent (%)</u>	<u>Immediate Parent</u>
<b>Domestic:</b>			
Miller/Huber Relationship Marketing LLC	Delaware	100	Lowe Group Holdings Inc.
MRM Gould, Inc.	Delaware	100	Registrant
Murphy Pintak Gautier Hudome Agency, Inc.	Delaware	100	Registrant
NAS Recruitment Comm.unications, Inc.	Delaware	100	McCann-Erickson USA. Inc.
Network PT, Inc.	Delaware	100	Capita Technologies, Inc.
New America Strategies Croup LLC	Delaware	100	True North Diversified Companies, L.L.C.
Newspaper Services of America, Inc.	Delaware	100	Registrant
NFO APIM, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO Asia-Pacific, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO Europe, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO France, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO Germany, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO International, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO Italy, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO JV, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO Prism, Inc.	Delaware	100	Payment Systems, Inc.
NFO Research, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO UK, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO USA, Inc.	Delaware	100	NFO WorldGroup, Inc.
NFO WorldGroup, Inc.	Delaware	100	Registrant
O5 Group, Inc.	Delaware	100	Hill, Holiday, Connors, Cosmopulos, Inc.
Octagon Baseball, Inc.	Delaware	100	Octagon Worldwide, Inc.
Octagon CSI Inc.	Delaware	100	Octagon CSI Limited
Octagon Worldwide Inc.	Delaware	100	Registrant
Octagon Worldwide Brazil Inc.	Delaware	100	Octagon Worldwide Inc.
Park Advertising, Inc.	Delaware	100	True North Communications Inc.
Payment Systems, Inc.	Delaware	100	NFO WorldGroup, Inc.
Pedersen & Gesk, Inc.	Delaware	100	McCann-Eriuckson USA, Inc.
Pickholz Tweedy Cowan, Inc.	Delaware	100	The Cassidy Companies, Inc.
Player LLC	Delaware	100	Registrant
Plog Research, Inc.	Delaware	100	NFO WorldGroup, Inc.
Premium Surge, Inc.	Delaware	100	DraftworldGroup, Inc.
Prognostics, Inc.	Delaware	100	NFO WorldGroup, Inc.
Protech Holdings, Inc.	Delaware	100	Capita Technologies, Inc.
PSI Holding Company, Inc.	Delaware	100	NFO Worldwide, Inc.
RABA Holdings LLC	Delaware	100	Protech Holdings, Inc.
Regan, Campbell & Ward LLC	Delaware	60	Protech Holdings, Inc.
R/GA Media Group, Inc.	Delaware	100	True North Diversified Companies, L.L.C.
R/GA Mixed Media, Inc.	Delaware	100	R/GA Meida Group, Inc.
R.O.I. Research, LLC	Delaware	100	Kaleidoscope Sports & Entertainment
Ross-Cooper-Lund, Inc.	Delaware	100	NFO USA, Inc.

Exhibit 21

<u>Name</u>	<u>Jurisdiction Under Which Organized</u>	<u>Percentage Of Voting Securities Owned By Immediate Parent (%)</u>	<u>Immediate Parent</u>
<b>Domestic:</b>			
R Works, Inc.	Delaware	100	Registrant
RX Media, Inc.	Delaware	100	Registrant
Sixty Foot Spider, Inc.	Delaware	100	Bozell Kamstra Inc.
Skott, Inc.	Delaware	100	Newspaper Services of America, Inc.
Special Events Suppliers, Inc.	Delaware	100	H&C Holdings LTD
Springpoint, Inc.	Delaware	100	Registrant New America Strategies
Stedman Graham & Partners LLC	Delaware	77	Group, L.L.C.
Stochastic International, Inc.	Delaware	100	NFO Research, Inc.
Temerlin McClain LP (Launch P/Ship)	Delaware	99	TM Holdings, Inc.
The Botway Group, Ltd.	Delaware	100	Registrant
The Cassidy Companies, Inc.	Delaware	100	Registrant
The Coleman Group, LLC	Delaware	100	Registrant
The Coleman Group Worldwide LLC	Delaware	100	Registrant
The Gillespie Holding Co. Inc.	Delaware	100	The Gillespie Organization, Inc.
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 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
Thunder House Online Mktg. Communications, Inc.	Delaware	100	Registrant
TM Holdings, Inc.	Delaware	100	Temerlin McClain of Texas, Inc.
TN Technologies, Inc.	Delaware	100	True North Communications, Inc.
TN Media, Inc.	Delaware	100	True North Diversified Companies, Inc.
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.
True North Communications Inc.	Delaware	100	Registrant
True North Diversified Companies LLC	Delaware	100	True North Communications Inc.
Wahlstrom Group LLC f/k/a TN Directory Services LLC	Delaware	100	True North Diversified Companies, L.L.C.
Weller & Klein Research, Inc.	Delaware	100	Registrant
Wellness Worldwide, Inc.	Delaware	100	True North Diversified Companies, L.L.C.
World Cycling Limited	Delaware	100	H&C Holdings LTD
WPR Acquisition Corp.	Delaware	100	McCann-Erickson USA, Inc.
WSPR, Inc.	Delaware	100	Registrant
XSR Corp.	Delaware	100	True North Communications Inc.
Zentropy, Inc.	Delaware	100	Registrant



Exhibit 21

<u>Name</u>	<u>Jurisdiction Under Which Organized</u>	<u>Percentage Of Voting Securities Owned By Immediate Parent (%)</u>	<u>Immediate Parent</u>
<b>Domestic:</b>			
H&C Holdings Limited	District of Columbia	100	Advantage Int'l Holdings, Inc.
Octagon Financial Services, Inc.	District of Columbia	100	Advantage Int'l Holdings, Inc.
Octagon Marketing & Athlete Representation, Inc.	District of Columbia	100	Advantage Int'l Holdings, Inc.
Rowan & Blewitt, Inc.	District of Columbia	100	Registrant
Ben Disposition, Inc.	Florida	100	LFS, Inc.
The Nixon Group, Inc.	Florida	100	Registrant
Weber RBB, Inc.	Florida	100	Registrant
Austin Kelley Advertising, Inc.	Georgia	100	Registrant
Axis Creative Resources, Inc.	Georgia	100	Momentum-NA, Inc.
Fitzgerald & Company	Georgia	100	Registrant
Studio "A", Inc.	Georgia	100	Registrant
Group III Promotions, Inc.	Illinois	100	Registrant
Kevin Berg & Associates, Inc.	Illinois	100	Registrant
The Financial Relations Board/BSMG Worldwide, Inc.	Illinois	100	BSMG Worldwide, Inc.
Quest Futures Group, Inc.	Kansas	100	Registrant
Carlisle Sports Management	Maine	100	Octagon Worldwide, Inc.
Hill Holiday Exhibition Services, Inc.	Massachusetts	100	Hill, Holliday, Connors, Cosmopolos, Inc.
Lowe Grob Health & Sciences, Inc.	Massachusetts	80	Lowe Group Holdings Inc.
MSP Group, Inc.	Massachusetts	100	Hill, Holiday, Connors, Cosmopolos, Inc.
Mullen Advertising Inc.	Massachusetts	100	Lowe Group Holdings Inc.
Weber Group, Inc.	Massachusetts	100	WPR Acquisition Corp.
C-E Communications, Inc.	Michigan	100	Registrant
Event Central, LLC	Michigan	100	Kaleidoscope Sports & Entertainment LLC
Carmichael-Lynch, Inc.	Minnesota	100	Registrant
The Zipatoni Company, Inc.	Missouri	100	Lowe Group Holdings, Inc.
Biogenesis Communications, Inc.	New Jersey	100	Registrant
Complete Medical Communications, Inc.	New Jersey	90	Complete Med. Comm. Int'l
Curry, Martin and Schiavelli, Inc.	New Jersey	90	Registrant
Genquest, Biomedical Educ. Serv., Inc.	New Jersey	100	Biogenesis Communications, Inc..
Gillespie, Advertising, Magazine Mktg. & Public Relations, Inc	New Jersey	100	Registrant
Global Healthcare Associates, Inc.	New Jersey	100	Registrant
HealthVizion Communications, Inc.	New Jersey	100	Torre Lazur Healthcare Group, Inc.

Exhibit 21

<u>Name</u>	<u>Jurisdiction Under Which Organized</u>	<u>Percentage Of Voting Securities Owned By Immediate Parent (%)</u>	<u>Immediate Parent</u>
<b>Domestic:</b>			
Horizon Communications, Inc. Integrated Communications Corp.	New Jersey	100	McCann-Erickson USA, Inc.
Interpublic, Inc.	New Jersey	100	Registrant
MPE Communications, Inc.	New Jersey	100	Registrant
Pace, Inc.	New Jersey	100	Registrant
Sound Vission, Inc.	New Jersey	100	Torre Lazur Healthcare Group, Inc.
Target Research Associates, Inc. The Gillespie Organization, Inc.	New Jersey	100	McCann-Erickson Worldwide, Inc.
Torre Lazur Healthcare Group, Inc.	New Jersey	100	Registrant
TransWorld Marketing Corp.	New Jersey	100	Registrant
TransWorld Marketing Canada, Corp.	New Jersey	100	McCann-Erickson USA, Inc.
Zoot Suit Kids, Inc.	New Jersey	100	McCann-Erickson USA, Inc.
Botway Print Advert., Inc.	New Jersey	100	Gillespie Advertising Magazine Mktg. & Public Relations, Inc.
DA Acquisition Corp.	New York	100	Registrant
DA Parent Acquisition Corp.	New York	100	DA Parent Acquisition Corp.
Deutsch Direct, Inc.	New York	100	Registrant
Deutsch Inc.	New York	100	DA Acquisition Corp.
DeVries Public Relations, Ltd.	New York	100	DA Acquisition Corp.
Diamond Art Studio Ltd.	New York	100	Registrant
Diamond Marketing Group, Inc.	New York	100	Diamond Marketing Group, Inc.
Diamond Promotion Group, Inc.	New York	100	The Lowe Group, Inc.
Direct Approach Mktg. Services, Inc.	New York	100	Diamond Marketing Group, Inc.
D.L. Blair, Inc.	New York	100	McCannErickson USA, Inc.
Drush LLC	New York	50	Registrant
Dshare Inc.	New York	100	DShare Inc.
DTSC Acquisition Corp.	New York	100	Deutsch Inc.
GDL. Inc.	New York	100	Registrant
GlobalComm Group, 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	Registrant
Initiative Trading LLC	New York	92.8	The Lowe Group, Inc
Jones Films, Inc.	New York	100	Initiative Media Worldwide, Inc.
LCF&L, Inc.	New York	100	DA Acquisition Corp.
Lowe Group Holdings, Inc.	New York	100	The Lowe Group, Inc. (99.9%) and GDL, Inc. (.1%)
Lowe Healthcare PR, LLC	New York	100	Registrant
Lowe McAdams Healthcare Inc.	New York	100	Lowe McAdams Healthcare, Inc.
Lowe & Partners/SMS Inc.	New York	100	Lowe Group Holding Inc.
	New York	100	Lowe Int'l (16%), Lowe Worldwide Holdings B.V. (4%) and Registrant (80%)

Exhibit 21

<u>Name</u>	<u>Jurisdiction Under Which Organized</u>	<u>Percentage Of Voting Securities Owned By Immediate Parent (%)</u>	<u>Immediate Parent</u>
<b>Domestic:</b>			
Ludgate Communications, Inc. McCann-Erickson Marketing, Inc.	New York	100	Ludgate Group Limited
McCann Realionship Marketing, Inc.	New York	100	Registrant
Media First International Inc.	New York	100	Registrant
Mr. Editorial, Inc. Promotion & Merchandising, Inc.	New York	100	DA Acquisition Corp.
Publicidad Siboney (NY), Inc. Shandwick USA Inc.	New York	100	D.L. Blair, Inc. True North Communications Inc.
	New York	100	AMS Advanced Marketing Services, Inc.
The Gotham Group, Inc.	New York	100	Registrant
The Interpublic Partnership, Inc.	New York	100	Registrant
The Sloan Group Weber Shandwick Inc.	New York	100	Kevin Berg & Associates True North Diversified Companies, L.L.C.
Western Trading/Cushman & Wakefield LLC	New York	100	Western Trading, LLC
AW Sale Corp. of North Carolina	North Carolina	83	Registrant
Long Haymes Carr, Inc.	North Carolina	100	Registrant
F&S Disposition, Inc. Nationwide Advertising Services, LLC	Ohio	100	Ammirati Puris Lintas Inc.
Diagnosis Healthcare Communications, Inc.	Ohio	100	McCann-Erickson USA, Inc.
ICP-Pittsburgh	Pennsylvania	100	Registrant
Scientific Frontiers, Inc.	Pennsylvania	66.67	Int'l Cycling Productions, Inc.
Tierney & Partners, Inc.	Pennsylvania	100	Registrant True North Diversified Companies, L.L.C.
Custom Production Service, Inc.	Pennsylvania	100	True North Communications, Inc.
Publicidad Siboney (Dallas), Inc.	Texas	100	True North Communications, Inc.
Temerlin McClain of Texas, Inc.	Texas	100	True North Communications, Inc.
Cabell Eanes, Inc.	Texas	100	True North Communications, Inc.
Marketing Arts Corporation Pros, Inc.	Virginia	100	The Martin Agency, Inc.
The Martin Agency, Inc.	Virginia	100	The Martin Agency, Inc.
Weber McGinn, Inc.	Virginia	100	Advantage Int'l Holdings, Inc.
Sedgwick Rd., Inc.	Virginia	100	Lowe & Partners/SMS Inc.
	Washington	100	Registrant
			Registrant

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Abex SA	Argentina	99	Agulia & Baccetti S.A.
Bozell Vasquez	Argentina	65	TN Holdings (Latin America),Inc.
Cesar Mansilla Asociados SA	Argentina	90	Group Nueva Comunicacion S.A.
FutureBrand S.A.	Argentina	70	Registrant (70%); Luis Rey (15%); Gustavo Kniszczcer (15%)
Grupo Nueva Comunicacion SA	Argentina	80	Registrant (80%); Cesar Leonardo Mansilla (20%)
Initiative Media S.A.	Argentina	100	Registrant
Interpublic S.A. de Publicidad	Argentina	100	Registrant
IM Naya	Argentina	50	Registrant
Nueva Comunicacion SA	Argentina	100	Grupo Nuever Communications SA; Interpublic SA de Publicidad
Pragma/FCB	Argentina	90	True North Holdings (Latin America), Inc.
Primera Impresion SA	Argentina	99	Espacios S.A.
Promocionar	Argentina	60	Interpublic S.A. de Publicidad
Servicio Integral de Comm. SA	Argentina	100	Grupo Nueva Communications SA, Interpublic SA de Publicidad
Teleservicios Y Marketing S.A.	Argentina	60	Interpublic S.A. de Publicidad
XYZ Producciones	Argentina	100	Pragma FCB Publicidad S.A
Adlogic Proprietary Limited	Australia	50	Merchant Partners Australia Ltd.
Advantage Holdings	Australia	100	Advantage Int'l Holdings Inc.
Australia Pty. Ltd.	Australia	100	Charcoal Nominees Limited
Australian Safari Pty. Limited	Australia	100	Octagon Worldwide Pty. Limited
Bozell Worldwide Pty. Ltd.	Australia	100	True North Holdings (Asia/Pacific), Inc.
Charcoal Nominees Pty Ltd	Australia	100	Octagon Worldwide Pty. Limited
CWFS	Australia	100	McCann Australia (50%) and McCann-Erickson Ltd.(50%)
Directory Investments Pty Ltd.	Australia	100	Shandwick Holdings Pty. Ltd. (91%) Weber Shandwick W/Wide Pty. Ltd. (9%)
FCB Australia Pty. Ltd.	Australia	100	True North Holdings (Asia/Pacific), Inc.
FCB Melbourne Pty. Ltd.	Australia	100	FCB Australia Pty. Ltd.
FCB Sydney Pty. Ltd.	Australia	100	FCB Australia Pty. Ltd.
Future Motorsports Concepts Pty. Ltd.	Australia	50	Octagon Worldwide Pty. Limited
Futurebrand FHA Pty. Ltd.	Australia	70	McCann-Erickson Advertising Pt Ltd.
Hammond & Thackeray Pty. Ltd.	Australia	70	True North Holdings (Asia/Pacific), Inc.
Harrison Advertising Pty Limited	Australia	100	McCann-Erickson Advertising Ltd.
Initiative Media Australia Pty. Ltd.	Australia	100	Merchant and Partners Australia Pty. Limited
International Public Relations Pty. Ltd.	Australia	100	Shandwick Holdings Pty. Ltd.
Interpublic Australia Proprietary Ltd.	Australia	100	Registrant
Jack Morton Worldwide Pty. Ltd.	Australia	100	Registrant

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Kiteven Pty. Ltd.	Australia	100	McCann-Erickson Advertising Pty. Ltd.
Lintas: Hakuhodo Pty. Ltd.	Australia	50	Ammirati Puris Lintas Prop.
Lowé Hunt Lintas (partnership)	Australia	69	Lowé Lintas Pty.(50%); Lowé Hunt & Partners Pty Ltd. (19%)
Lowé Lintas Melbourne Pty Ltd	Australia	100	Ammirati Puris Lintas Prop. Ltd.
Lowé Lintas Proprietary Ltd.	Australia	100	Registrant
Loyalty Research Pty Limited	Australia	100	NFO CM Research Australia Holdings Limited
McCann-Erickson Advertising Pty. Ltd. Merchant and Partners Australia Pty. Ltd.	Australia	100	Registrant
NFO CM Research Australia Holdings Limited	Australia	100	Registrant
NFO CM Research Sydney Pty Ltd.	Australia	100	NFO CM Research International Ltd. NFO CM Research Australia Holdings Limited (87.50%); NFO New Zealand Limited(12.50%)
NFO Donovan Research PTY Ltd.	Australia	100	NFO Asia-Pacific Inc.
Octagon CSI (Australia) Pty Ltd.	Australia	100	Octagon CSI Limited
Octagon Worldwide Pty. Limited	Australia	80	Advantage Holdings Pty Ltd.
Pearson Davis	Australia	59	Ammirati Puris Lintas
Product Management Pty. Ltd.	Australia	100	IPR Shandwick Pty. Ltd.
Shandwick Holdings Pty. Ltd.	Australia	100	Shandwick Investments Ltd.
Shorter/FCB Pty. Ltd.	Australia	50	FCB Australia Pty. Ltd.
Targa Australia Pty. Ltd.	Australia	100	Charcoal Nominees Pty. Ltd.
The Lowé Lintas Group Oceana Universal Advertising Placement Pty. Ltd.	Australia	100	Lowé Lintas Pty. Ltd.
Weber Shandwick Worldwide Pty. Ltd.	Australia	100	McCann-Erickson Advertising Ltd. Shandwick Holdings Pty. Ltd.
Weber Shandwick Worldwide Superannuation Fund Pty. Ltd.	Australia	100	Weber Shandwick Worldwide Pty. Ltd.
Ammirati Puris Lintas Holdings Gesellschaft m. b.H.	Austria	100	Registrant
Ammirati Puris Lintas Werbeagentur GmbH	Austria	100	Ammirati Puris Lintas Holdings GmbH
Borsch, Stengel & Partner Wien GmbH	Austria	100	True North Holdings (Germany) GmbH
FCB Events & PR GmbH	Austria	52	FCB Kobza Werbeagentur GmbH
FCB Retail Consulting & Werbeges	Austria	51	FCB Kobza Werbeagentur GmbH
FCB Kobza Werbeagentur GmbH	Austria	70	True North Holdings (Netherlands) BV
FCB Interactive Consulting & Marketing GmbH	Austria	95	FCB Kobza Werbeagentur GmbH
Initiative Media	Austria	100	Ammirati Puris Lintas Werbeagentur Gesellschaft m.b.H.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Werbemittlung Ges.m.b.H. Lowe GGK			
Beteiligungsverwaltungs AG	Austria	100	Lowe Worldwide Holdings BV
Lowe GGK Wien Werbeagentur GmbH	Austria	75	Lowe GGK Lintas Holding AG.
Lowe Lintas GGK Holding	Austria	100	Lowe Beteiligungsverwaltungs AG.
McCann-Erickson Gesellschaft m.b.H.	Austria	100	Registrant
Panmedia Holding AG	Austria	51	Lowe Worldwide Holdings BV
Panmedia Werbeplanung AG	Austria	100	Panmedia Holding AG
Springer & Jacoby Osterreich GmbH	Austria	100	Springer & Jacoby Beteiligungsgesellschaft mbH
McCann Azerbaijan	Azerbaijan	100	Registrant
Global Public Relations Ltd.	Bahamas	100	Shandwick Asia Pacific Ltd.
NFO Worldgroup (Middle East & Africa) W.L.L.	Bahrain	100	NFO Asia Pacific Inc. (58%); MBL Group plc (42%)
Adamson Associates	Belgium	100	Charles Barker SCRL
Advertising Tractor S.A.	Belgium	100	Draft Group Holdings Ltd.
Charles Barker BSMG SA	Belgium	100	BSMG Worldwide B.V.
Direct Creations S.A.	Belgium	100	Lowe Lintas & Partners S.A.
Eleven Pool (KSE)	Belgium	100	Interpublic Belgium Holdings SA
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	DraftWorldwide, Inc.
Initiative Media Brussels S.A.	Belgium	100	Ammirati Puris Lintas Brussels S.A. (96%) and Initiative Media (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 Co. S.A.	Belgium	100	Registrant
Momentum Brussels SA	Belgium	85	McCann-Erickson Company S.A.
Octagon Holdings BVBA Holdings BV	Belgium	100	Octagon Worldwide Holdings BV
Outdoor Services SA.NV	Belgium	100	Interpublic Belgium Holdings SA
Programming Media Int'l PMI S.A.	Belgium	100	Registrant
Promo Sapiens S.A.	Belgium	100	Draft Belgium Holding S.P.R.L. (85%) and Karamba S.A. (15%)
Shandwick Belgium S.A.	Belgium	100	Shandwick Investments Ltd.
The Advanced Marketing Centre S.A.	Belgium	100	Draft Group Holdings Ltd.
Universal Media, S.A.	Belgium	100	Registrant
Triad Assurance Limited	Bermuda	100	Registrant
BciH	Brazil	60	Hennison

<u>Name</u>	<u>Jurisdiction Under Which Organized</u>	<u>Percentage Of Voting Securities Owned By Immediate Parent (%)</u>	<u>Immediate Parent</u>
<b>Foreign:</b>			
Bullet Promocoos Ltda.	Brazil	60	Interpublic Publicidade e Pesquisas Sociedade Ltda
Contemporanea	Brazil	60	Interpublic Brazil (54%); Intelan SA (Uruguay) (6%)
DM Marketing Direto Ltda.	Brazil	66	DraftWorldwide, Inc.
DM Marketing Direto Ltda (Sao Paulo Ltda.)	Brazil	66	DraftWorldwide, Inc.
FCB do Brazil	Brazil	100	TN Holdings (Latin America),Inc.
Futurebrand BC&H Ltda	Brazil	60	Interpublic Publicidade e Pesquisas Sociedade Ltda.
Giovanni/FCB	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 Ltda.	Brazil	98.75	Registrant
Marketing Drive	Brazil	80	TN Holdings (Latin America),Inc.
McCann-Erickson Publicidade Ltda.	Brazil	100	Registrant
MPMPPA Profissionais de Promocao Associados Ltda.	Brazil	100	MPM Lintas Comunicacoes Ltda.
Octagon do Brazil Participacoes S/C Ltda.	Brazil	100	Octagon Worldwide, Inc.
Sight Momentum Ltda	Brazil	69.99	Intelan S.A.
Sun Marketing Direct	Brazil	65	Interpublic Publicidade e Pesquisas Sociedade Ltda.
Thunder House Communications Ltd	Brazil	99.8	Interpublic Publicidade e Pesquisas Sociedade Ltda
TMKT-MRM Servicos de Marketing Ltda.	Brazil	55	Interpublic Publicidad e Pesquisas Sociedade Ltda (55%); TMKT Telemarketing S/C Ltda (9%); SMK Servicos de Marketing S/C Ltda (36%); 4 individuals (1% each)
TorreLazur-McCann Healthcare Ltda	Brazil	99.99	Interpublic Publicidade e Pesquisas Sociedade Ltda.
Universal Publicidade Ltda.	Brazil	100	Interpublic Publicidade E Pesquisas Sociedade Ltda.
Asiatic Corporation	Brit. Virgin Islands	100	PR Consultants Scotland Ltd.
Hanks International	Brit. Virgin Islands	100	True North Communications, Inc.
Karting Marketing and Management Corp.	Brit. Virgin Islands	51	Octagon Motorsports Ltd.
Lowe Holdings BVI Limited	Brit. Virgin Islands	100	Lowe Group Holdings Inc.
Octagon Asia Inc.	Brit. Virgin Islands	100	Octagon Prism Limited
Octagon CSI S.A.	Brit. Virgin Islands	100	Communication Services Int'l (Holdings) S.A.
Octagon CSI International Holdings S.A.	Brit. Virgin Islands	100	Octagon CSI S.A.
Octagon Motorsports Limited	Brit. Virgin Islands	78	Octagon Worldwide Inc.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
SBK Superbike International Limited	Brit. Virgin Islands	100	Octagon Motorsports Ltd.
McCann-Erickson Sofia	Bulgaria	51	Registrant
Universal McCann	Bulgaria	100	McCann-Erickson Sofia
McCann-Erickson Cameroon	Cameroon	65	McCann-Erickson Ivory Coast
Ammirati Puris Ltd.	Canada	100	Ammirati Puris Lintas, Inc.
BDDS Groupe	Canada	70	Shandwick Canada
Calimero Partenariat, Inc.	Canada	100	DraftWorldwide Canada, Inc.
Cameron McCleery Productions Limited	Canada	100	MacLaren McCann Canada Inc.
CF Group Inc.	Canada	100	NFO WorldGroup 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	70 3707822	Canada Inc.
Diefenbach-Elkins Limited	Canada	100	FBI(US)
Dollery Rudman Freibauer Design	Canada	75	McClaren McCann
DraftWorldwide Canada, Inc.	Canada	100	DraftWorldwide Inc.
DraftWorldwide Quebec Inc.	Canada	100	DraftWorldwide Canada
Durnan Communications	Canada	100	Ammirati Puris Lintas Canada Ltd.
Everest Commodities (GECM) Inc.	Canada	100	DraftWorldwide Quebec, Inc.
Everest Estrie Publicite (GECM) Inc.	Canada	100	DraftWorldwide Quebec, Inc.
Everest Relations Publiques (GECM) Inc.	Canada	100	DraftWorldwide Quebec, Inc.
FCB Worldwide (Canada) Ltd.	Canada	100	True North Holdings (Asia/Pacific), Inc.
Fuel	Canada	100	Messary Industries Ltd. (33%); DraftWorldwide Canada Inc. (67%)
FSA Targeting Inc.	Canada	100	Registrant
Generations Research, Inc.	Canada	100	FCB Worldwide Canada Limited
Gingko Direct Ltd.	Canada	100	Draft Worldwide Canada, Inc.
Hawgtown Creative Ltd.	Canada	100	DraftWorldwide, Inc.
HyperMedia Solutions (1998) Inc.	Canada	100	Hypermedia Solutions
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 Inc.	Canada	100	DraftWorldwide Quebec Inc.
Le Groupe BDDS Inc.	Canada	70 3707822	Canada, Inc.(70%); Yves St. Amand (7.5%); M. Dumas (7.5%); Yves Dupre (7.5%); Jean-Francois Lebron (7.5%)
Lowe Investments Limited	Canada	100	Lowe Group Holdings Inc. (54%) Lowe Worldwide Holdings BV (46%)
MacLaren McCann Canada Inc.	Canada	100	Registrant
Messary Productions Inc.	Canada	100	Draft Worldwide Canada, Inc.
Mondialis Communications Mrktg. Inc.	Canada	100	FCB Worldwide Canada Limited
Octagon Canada Inc.	Canada	100	Octagon Worldwide Inc.



<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Pederson & Gesk (Canada) Ltd.	Canada	100	Registrant
Pipeline Productions, Inc.	Canada	100	Fuel Advertising (40%); DraftWorldwide Canada (60%)
P&T Communications	Canada	100	Messary Industries Ltd. (49%); DraftWorldwide Canada (51%)
Programmes Inc.	Canada	100	FCB Worldwide Canada Limited
Segal Communications	Canada	100	DraftWorldwide, Inc.
Sensas (GECM) Inc.	Canada	100	DraftWorldwide Quebec Inc.
Shandwick Investment of Canada Ltd.	Canada	100	Shandwick Investments Ltd.
Temerlin McClain Ltd.	Canada	100	Temerlin McClain of Texas, Inc.
The FutureBrand Company	Canada	75	Registrant
The Gingko Group Ltd.	Canada	100	DraftWorldwide 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
Tribu Lintas Inc.	Canada	100	MacLaren McCann Canada, Inc.
True North Comm. (Canada) Ltd.	Canada	100	FCB Worldwide (Canada) Ltd.
Wahlstrom Branch	Canada	100	True North Communications Inc.
Weber Shandwick Worldwide (Canada) Inc.	Canada	100	Golin/Harris International Inc. (50%) Continental Communications Corp. (50%)
Ammirati Puris Lintas Chile S.A.	Chile	100	Lowe Worldwide Holdings B.V.
Bozell Chile SA	Chile	100	True North Holdings (Latin America), Inc.
Creactiva	Chile	60	DraftWorldwide Chile Limitada
Dittborn, Urzueta y Asociados Marketing Directo S.A.	Chile	60	McCann-Erickson S.A. de Publicidad
DraftWorldwide Chile Ltda.	Chile	100	DraftWorldwide Latinoamerica Ltda.
DraftWorldwide Latinoamerica Ltda.	Chile	100	DraftWorldwide, Inc.
IDB/FCB SA	Chile	70	TN Holdings (Latin America), Inc.
Initiative Media Servicios de Medios Ltda.	Chile	99	Ammirati Puris Lintas Chile S.A.
Lowe (Chile) Holdings SA	Chile	100	Lowe & Partners South America Holdings SA
Lowe & Partners Porta SA	Chile	55	Lowe (Chile) Holdings SA (19.3%); Lowe Worldwide Holdings BV (35.71%)
McCann-Erickson S.A. de Publicidad	Chile	100	Registrant
Servicios De Marketing Directo Limitada	Chile	99	Dittborn & Unzueta/MRM
Ammirati Puris Lintas China	China	50	Registrant,; Shanghai Bang Da Advtg.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
FCB Worldwide (Bo Da Da Qiao)	China	50	True North Holdings (Asia/Pacific), Inc.
Guangzhou Shandwick PR Consultant	China	100	Shandwick International (Asia) Pacific Limited
Lowe & Partners Live Consultants Ltd.	China	74	Lowe & Partners Live Limited
Market Behavior (Shanghai) Limited	China	100	NFO Asia-Pacific Limited
McCann-Erickson Guangming Advertising Limited	China	51	McCann-Erickson Worldwide Registrant
Shanghai Lintas Advertising Co. Ltd.	China	50	Registrant
Ammirati Puris Lintas Colombia	Colombia	100	Registrant
Artefilme Ltda.	Colombia	100	True North Holdings (Latin America), Inc.
Epoca S.A.	Colombia	60	Epoca McCann S.A. (Panama)
FCB Worldwide Colombia SA	Colombia	100	TN Holdings (Latin America),Inc.
Initiative Media Colombia SA	Colombia	100	Ammirati Puris Lintas Colombia
Arte Cinema	Costa Rica	100	TN Holdings (Latin America),Inc.
Atitlan	Costa Rica	100	TN Holdings (Latin America),Inc.
FCB De Costa Rica SA	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 McCann-Erickson Prague
Aisa Data Spol. S.r.o.	Czech Rep.	100	Aisa Spol S.r.o.
Aisa Spol. S.r.o.	Czech Rep.	60	Interpublic Group Denmark Holdings A/S
Ammirati Lintas Praha Spol. S.R.O.	Czech Rep.	100	Lowe GGK Holdings AG
Foote, Cone & Belding, S.R.O.	Czech Rep.	85	Registrant
Initiative Media Prague sro	Czech Rep.	100	Registrant
Lowe Lintas GGK spol. Sro McCann-Erickson	Czech Rep.	100	Lowe Lintas GGK Holdings AG
Prague, Spol. S.R.O.	Czech Rep.	100	McCann-Erickson International GmbH
NFO Aisa Czechoslovakia	Czech Rep.	60	
Pan Media Western Praha spol	Czech Rep.	100	Lowe Lintas GGK Holdings AG
Pool Media International srl	Czech Rep.	100	McCann-Erickson Prague, Spol. s.r.o. (51%) Ammirati Puris Lintas Praha, s.r.o. (49%)
Ammirati Puris Lintas Denmark A/S	Denmark	100	Lowe Lintas & Partners AS
Campbell-Ewald Aps	Denmark	100	Registrant
Infratest Burke APS	Denmark	100	Infratest Burke AB
Initiative Universal Aps	Denmark	100	Registrant
Interpublic Group Denmark ApS	Denmark	100	Registrant
Interpublic Group Denmark Holdings ApS	Denmark	100	Overseas Group Denmark Aps
Lowe Holdings ApS	Denmark	100	IPG Group Denmark Holdings ApS

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Lowe Lintas & Partners A/S	Denmark	75	Lowe Worldwide Holdings BV
McCann-Erickson A/S	Denmark	100	M-E Holdings ApS
McCann-Erickson Holdings APS	Denmark	100	Interpublic Group Denmark Holdings ApS
Media Bureauet A/S	Denmark	75	Initiative Universal Denmark aps
Medialog A/S	Denmark	100	McCann-Erickson Holdings APS
Octagon Holdings ApS	Denmark	100	Interpublic Group Denmark Holdings ApS
Parafilm A/S	Denmark	100	Registrant
Progaganda, Reuther, Lund & Priesler Reklamebureau Aps	Denmark	75	Registrant
Scandinavian Design Group ApS	Denmark	75	Scandanavian Design Group AS
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
Foot Cone & Belding Dominican Republic SA	Dominican Rep.	100	True North Holdings (Latin America), Inc.
Harrison Figuera Agencia De Councunicaciones 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.
McCann-Erickson (Ecuador) Publicidad S.A.	Ecuador	100	McCann-Erickson Corporation (Int'l)
Horizon FCB Limited	Egypt	99	Horizon Holdings Limited
NFO WorldGroup (Egypt) Ltd.	Egypt	100%	Merac-Middle East Research & Consultancy W.L.L.
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%)
Ammirati Puris Lintas Oy	Finland	100	Lowe Worldwide Holdings BV
Hasan & Partners Oy	Finland	100	Fieldplan Ltd
Hasan & Partners Finland Oy	Finland	51	Hasan & Partners Oy
Infratest Burke Oy	Finland	83.40	Infratest Burke AB
Kauppamainos/FCB OY	Finland	100	True North Holdings (Netherlands) B.V.
Lintas Service Oy	Finland	100	Lintas Oy
Lowe Forever Oy	Finland	100	Lowe Lintas & Partners
Lowe Lintas & Partners MRM McCann	Finland	57	Ammirati Puris Lintas Oy
Relationship Marketing	Finland	100	McCann Helsinki Oy
Mainostoinisto Ami			
Hasan & Company Oy	Finland	100	Hasan & Partners, Inc.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Mainostoinisto Womena - McCann Oy	Finland	100	Registrant
McCann Helsinki Oy	Finland	100	IPG
Neo Geo Graphic Design Oy	Finland	100	McCann-Erickson Europe Holding France SAS
PMI-Mediaporssi Oy	Finland	66	Oy Liikemainonta-McCann AB (33%); Lintas Oy (33%)
Sodapop Momentum Oy	Finland	86	McCann Helsinki Oy
Aastuce & BDG	France	64	MBR
ACAM	France	51	True North Holdings (France) SAS
Agence Virtuelle	France	99.84	Fieldplant Limited
Alice SNC	France	100	Lowe Alice SA (50%); Antennes Sa (50%)
Antennes SA	France	100	Lowe Alica SA
Astuce Interactiv'	France	64	MBR
Astuce Pack	France	64	MBR
Astuce Way	France	64	MBR
BJK&E Media	France	100	True North Holdings (France) SAS
Creation Sarl	France	97.5	SP3 S.A.
Creative Marketing Service SAS	France	100	France C.C.P.M.
D.L. Blair Europe SNC	France	100	T.C. Promotions, I, Inc. (50%); T.C. Promotions II, Inc. (50%)
Dimension 4	France	80	20/80 Group
Draft Graphic	France	100	DraftWorldwide S.A.
Draft Worldwide Healthcare Sarl	France	100	DraftWorldwide S.A.
DraftWorldwide S.A.	France	100	Draft Group Holdings Limited
E.C. Television/Paris, S.A.	France	100	France C.C.P.M.
Empir Media	France	100	True North Holdings (France) SAS
Empir SA	France	100	Foote Cone Belding S.A.
Fab + S.A.	France	99.4	SP3 S.A.
FCB Netbrand	France	70	Foote, Cone & Belding S.A.
Foote Cone & Belding S.A.	France	100	True North Holdings (France) SAS
Formes et Facons	France	100	True North Holdings (France) SAS
France C.C.P.M.	France	100	Lowe Worldwide Holdings BV
FutureBrand Menu	France	51	Registrant
Holding Co.	France	100	Registrant
Huy Oettgen Oettgen S.A.	France	100	DraftWorldwide S.A.
Infernal Sarl	France	100	SP3 S.A.
Initiative Media Paris S.A.	France	100	France C.C.P.M.
Isogroup France Sarl	France	100	Isograoup Europe B.V.
Leuthe il-autre Agence	France	99.8	McCann-Erickson France
Lowe Alice S.A.	France	100	France C.C.P.M. S.A.
Lowe Lintas & Partners SA	France	100	France C.C.P.M. S.A.
MACAO Communications S.A.	France	83.71	McCann-Erickson France
MacLaren Multimedia S.A.	France	100	France C.C.P.M.
MBR	France	80	FCB 20/80
McCann Communications	France	99.70	MACAO Communications S.A.
McCann-Promotion S.A.	France	99.8	McCann-Erickson (France) Holding Co.

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<b>Foreign:</b>			
McCann-Erickson France Holding	France	100	Interpublic Group Denmark Holdings APS
McCann-Erickson (Paris) S.A. McCann-Erickson	France	100	McCann-Erickson (France) Holding Co.
Rhone Alpes S.A.	France	100	McCann-Erickson (France) Holding Co.
McCann-Erickson Thera France	France	74	CDRG Communications
McCann Macao Momentum	France	99.88	Macao Communications S.A.
McCann Sante	France	74	McCann-Erickson France Holding Co.
MDEO	France	80	McCann-Erickson France
Menu & Associes	France	51	The Coleman Group Worldwide LLC
Nationwide Advertising Svcs.	France	100	McCann France
NFO Infratest Sarl	France	100	Infratest Burke Gmbh & Co.
Octagon Sports Marketing S.A.	France	100	Advantage Int'l Holdings Inc.
Promo Factory SA	France	99.88	Macao Communications S.A.
Promo & Stim	France	100	DraftWorldwide S.A.
Pschitt S.A.	France	100	Draft Worldwide Healthcare S.A.
Publi Media Service	France	50	Owned in quarters by McCann, Ammirati Puris Lintas agencies in France, Publicis and Idemedia
SDIG	France	66	McCann-Erickson France Holding Co. SA
Slad	France	99.8	McCann-Erickson France
Societe our le Developpement De L'Industrie du Gaz en France S.A.	France	66	McCann-Erickson France
SPEDIC	France	100	Registrant
SP3 S.A.	France	100	McCann-Erickson (France) Holding Co.
Strateus	France	72	France C.C.P.M.
Synthese Marketing S.A.	France	100	DraftWorldwide S.A.
Terre-Lune Marketing Drive	France	70	True North Holdings (France) SAS
Test S.A.	France	60	Infratest Burke Gmbh & Co.
Thera McCann Healthcare	France	81.92	McCann Sante
True North Holdings (France) SAS	France	100	True North Holdings (Netherlands) B.V.
20/80 Group	France	80	Foote Cone & Belding S.A.
Universal Media S.A.	France	100	McCann-Erickson (France) Holding Co.
Valefi	France	55	McCann-Erickson (France) Holding Co.
Virtuelle	France	60	Fieldplan Limited
Weber Shandwick France Sarl	France	100	Shandwick Holdings SA
Weber Shandwick Holding SA	France	100	Shandwick Investments Ltd.
Western International Media Holdings Sarl	France	100	Alice SNC
Worldgroup Europe	France	100	Registrant
Zoa Sarl	France	100	Alice SNC
Acts & Artisits Entertainment GmbH	Germany	100	Jack Morton Worldwide BV
Adplus Werbeagentur GmbH	Germany	100	Lowe & Partners GmbH
Ammirati Puris Lintas Baader, Lang, Behnken Werbeagentur GmbH	Germany	100	Ammirati Puris Lintas Deutschland
Ammirati Puris Lintas Hamburg GMBH	Germany	100	Ammirati Puris Lintas Deutschland GMBH

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Ammirati Puris Lintas Deutschland GmbH	Germany	100	Registrant
Ammirati Puris Lintas Service GmbH	Germany	100	Ammirati Puris Lintas Deutschland
BCG Marketing Communications GMBH	Germany	100	Interpublic GMBH (GM872)
Borsch, Stengel, Korner & Bozell	Germany	91.91	True North Holdings (Germany) GmbH
BSK Brand Pharma GmbH	Germany	100	True North Holdings (Germany) GmbH
BSK Markendesign GmbH	Germany	100	True North Holdings (Germany) GmbH
BSMG Worldwide GmbH	Germany	100	FCB Wilkens GmbH
Change Communications GmbH	Germany	100	Ammirati Puris Lintas Deutschland
Creative Media Services GmbH	Germany	100	Ammirati Puris Lintas Deutschland
DCM Dialog-Creation-Munchen Agentur fur Dialogmarketing GmbH	Germany	80	M&V Agentur fur Dialogmarketing und Verkaufsforderung GmbH
Draft Beteiligungs GmbH	Germany	100	DraftDirect Worldwide Holdings GmbH Germany
DraftDirect Worldwide Holdings GmbH (Germany)	Germany	100	Draft Group Holdings Limited
DraftWorldwide Agentur fur Marketing Kommunikation GmbH (Munich)	Germany	100	M&V Agentur fur Dialogmarketing und Verkaufsforderung GmbH
Enjoy F Werbeagentur	Germany	59	Borsch Stengel FCB Werbeagentur GmbH
Exklusiv-Verlag Meissner GmbH	Germany	100	Shandwick Deut. GmbH & Co. KG
Farewell Beteiligungsges MBH & Co. KG	Germany	100	Farewell GmbH
Farewell GmbH	Germany	100	Spring & Jacoby GmbH
FCB Design Agentur Fur Integriertes Design GmbH	Germany	100	Borsch Stengel FCB Werbeagentur GmbH
FCB Health & Care Werbeagentur GmbH	Germany	100	Borsch Stengel FCB Werbeagentur GmbH
FCB Wilkens GmbH	Germany	100	True North Holdings (Germany) GmbH
FCB/Wilkens Direct GmbH	Germany	100	True North Communications Inc.
FCBi GmbH	Germany	100	FCB Wilkens GmbH
GPI Kommunikationsforschung Fur Pharma- Informationssysteme	Germany	80	I+G Gesundheitsforschung GmbH & CO
Heinrich Hoffman & Partner GmbH	Germany	100	Lowe & Partners Werbeagentur GmbH
I+G Gesundheitsforschung Verwaltungs GmbH	Germany	100	Infratest+GFK Gesundheitsforschung GmbH & Co
IMEPA Institut Medizin-Und Patienten Forschung GmbH	Germany	100	I+G Gesundheitsforschung Verwaltungs GmbH

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Infratest Burke GmbH & Co. KG	Germany	100	NFO Europe Gmbh & Co KG
Infratest Burke International GmbH Holdings	Germany	100	NFO Europe Gmbh & Co KG
Infratest Burke Sozialforschung Beteiligungs GmbH	Germany	100	NFO Europe Gmbh & Co KG
Infratest Sozialforschung GmbH & Co	Germany	100	NFO Europe Gmbh & Co KG
Ludgate Communications GmbH und Rauch GmbH	Germany	100	Interpublic GmbH
Infratest Dimap Gesellschaft Fur Trend-Und Wahlf. GmbH	Germany	74	NFO Infratest Incom Gmbh & Co.
Infratest Gesundheitsforschung GmbH	Germany	100	NFO Infratest Gmbh & Co. KG
Infratest Gesundheitsforschung GmbH & Co. Munchen	Germany	80	NFO Infratest Gmbh & Co. KG
Initiativ Media GmbH	Germany	100	Ammirati Puris Lintas Deut. GmbH
Interpublic GmbH	Germany	100	Registrant
Intensiv Media GMBH	Germany	100	Initiative Media Gmbh (50%); Universal Communication Media Intensive Gmbh(50%)
Isogroup Europe Consultants GMBH	Germany	100	Isogroup Europe BV
Jack Morton Worldwide GMBH	Germany	51.20	JMC-Mack Morton Company
Karrasch	Germany	50.22	BSMG Worldwide Gmbh
KFM Klinische Forschung GmbH	Germany	90	Infratest Gesundheitsforschung GmbH & Co. Munchen
KG research & Consulting (Munich)	Germany	100	NFO Europe Beteiligungs GmbH
KMB Kommunikation Und Marketing Bonn GmbH	Germany	100	Shandwick Deut. GmbH & Co. KG
Krakow McCann Werbeagentur GmbH	Germany	100	McCann-Erickson Deutschland GmbH
Kreatives Direktmarketing Beteiligungs GmbH	Germany	100	Draft Group Holdings Limited
Lowe Deutschland Holding GmbH	Germany	100	Lowe Worldwide Holdings B.V. (75%); Registrant (25%)
Lowe & Partners GMBH, Dusseldorf	Germany	100	Lowe Deutschland Holding GMBH
Lowe & Partners GmbH	Germany	63.7	Lowe Deutschland Holding GmbH
Lowe Hoffmann & Lucy Planning GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Lutz Bohme Public Relations GmbH	Germany	100	Shandwick Europe Holding GmbH
Luxon/Carra	Germany	100	True North Holdings (Netherlands) BV
Magna Global GmbH	Germany	100	Initiative Media GmbH
Mailpool Adressen-Management GmbH	Germany	100	DraftDirect Worldwide Holdings GmbH
Management Property GmbH	Germany	100	McCann-Erickson Deutschland GmbH (80%), Interpublic GmbH (20%)
Max W.A. Kamer GmbH	Germany	100	Ammirati Puris Lintas Deut. GmbH
McCann-Erickson Dusseldorf	Germany	100	McCann-Erickson Deutschland

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
McCann-Erickson (International) GmbH	Germany	100	Registrant
McCann-Erickson Deutschland GmbH	Germany	100	McCann-Erickson (Int'l) GmbH
McCann-Erickson Deutsch. GmbH & Co. Mgmt. Prop. KG (Partnership)	Germany	100	McCann-Erickson Deutschland GmbH (80%); Registrant (20%)
McCann-Erickson Frankfurt GmbH	Germany	100	McCann-Erickson Deutschland GmbH
McCann-Erickson Hamburg GmbH	Germany	100	McCann-Erickson Deutschland GmbH
McCann-Erickson Nurnberg GmbH	Germany	100	McCann-Erickson Deutschland GmbH
McCann-Erickson Scope GmbH	Germany	100	McCann-Erickson Deutschland GmbH
McCann-Erickson Thunderhouse	Germany	100	McCann-Erickson Deutschland GmbH
M&V Agentur für Dialog Marketing und Verkaufsförderung GmbH	Germany	82	Draft Direct Worldwide Holdings GmbH Germany True North Holdings (Germany) GmbH
Media Satel	Germany	100	True North Holdings (Germany) GmbH
Momentum IMC Gesellschaft Für Erlebins Marketing GmbH	Germany	100	McCann Erickson Deutschland GmbH
Newco GmbH	Germany	100	True North Communications Inc.
Nexxus Kommunikationsanlagen GmbH München	Germany	100	NFO Infratest GmbH & Co. KG
NFO Europe Beteiligungs GmbH	Germany	100	NFO Europe Inc.
NFO Infratest Beteiligungs GmbH	Germany	100	NFO Infratest GmbH & Co. KG
NFO Europe AG Holding	Germany	100	NFO Europe Beteiligungs GmbH
NFO Europe GmbH & Co KG	Germany	100	NFO Europe Beteiligungs GmbH
NFO Europe Verwaltungs GmbH	Germany	100	NFO Europe Beteiligungs GmbH
NFO Infratest GmbH & Co. Marketing Forschung	Germany	100	NFO Infratest Wirtschaftsforschung GmbH & Co.
NFO Infratest Incom GmbH & Co	Germany	100	NFO Infratest GmbH & Co. KG
NFO Infratest Incom Beteiligungs GmbH	Germany	100	NFO Infratest GmbH & Co. KG
NFO Infratest Verwaltungs GmbH	Germany	100	NFO Europe GmbH & Co KG
NFO Infratest Wirtschaftsforschung Beteiligungs GmbH	Germany	100	NFO Europe GmbH & Co KG
NFO Infratest Wirtschaftsforschung GmbH & Co.	Germany	100	NFO Europe GmbH & Co KG
Pajunk & Schelckhardt	Germany	100	True North Communications Inc.
Pro concept marketing Verwaltungsgesellschaft	Germany	51	McCann-Erickson Deutschland GmbH
PWS	Germany	100	McCann-Erickson Deutschland GmbH
Scherer Team GmbH	Germany	75	McCann-Erickson Deutschland GmbH
Schnakenburg GmbH	Germany	100	Lowe Deutschland Holding GmbH
Servicepro Agentur für Dialogmarketing und Verkaufsförderung GmbH	Germany	100	M&V Agentur Für Dialogmarketing und Verkaufsförderung GmbH



<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Shandwick Deutschland GmbH & Co. KG	Germany	100	Shandwick Europe Holding GmbH
Shandwick Europe Holding GmbH	Germany	100	Shandwick Investments Ltd.
Spectrum Communications GmbH	Germany	100	Jack Morton Worldwide Inc.
Springer & Jacoby Beteiligungsgesellschaft mbH	Germany	51	True North Communications, Inc.
Springer & Jacoby Digital GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Springer & Jacoby Dritte Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Springer & Jacoby E-fact GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Springer & Jacoby Erste Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Springer & Jacoby Funfte Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Springer & Jacoby International GmbH	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Springer & Jacoby Media GmbH & Co. KG	Germany	86.6	53.6% Springer & Jacoby Beteiligungsgesellschaft mbH; 33% Max W.A. Kamer GmbH
Springer & Jacoby Vierte Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Springer & Jacoby Werbung GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Springer & Jacoby Zweite Werbeagentur GmbH & Co. KG	Germany	100	Springer & Jacoby Beteiligungsgesellschaft mbH
Stinnes Marketing Consulting GmbH	Germany	100	Shandwick Deutschland GmbH & Co. KG
Team Consulting GmbH	Germany	100	McCann Erickson Deutschland GmbH
Testpanel-Marktforschungsinstitut GmbH Wetzlar	Germany	100	NFO Infratest GmbH & Co. KG
The Core Company, Beratung Fur Das Marketing	Germany	50	NFO Infratest GmbH & Co. KG
Torre Lazur McCann GMBH	Germany	87	Interpublic GMBH
TPI-Beteiligungs GmbH Wetzlar	Germany	100	Testpanel-Marktforschungsinstitut GmbH Wetzlar
True North Holdings (Germany) GmbH	Germany	100	True North Holdings (Netherlands) B.V.
Typo-Wenz Artwork GmbH	Germany	100	Interpublic GmbH

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Universalcommunication Media Intensiv GmbH	Germany	100	Universal McCann GmbH
Unterstuetzungskasse der H.K. McCann Company GmbH	Germany	100	McCann-Erickson (Int'l) GmbH
Weber Shandwick Deutschland Verwaltungsgesellschaft MBH	Germany	100	Shandwick Europe Holding GmbH
Weber Shandwick Hamburg GMBH	Germany	100	Lutz Bohme Public Relations GMBH
Western Media GmbH	Germany	100	Initiative Media GmbH
Wolff & Partner DraftWorldwide, Kreatives Direktmarketing GmbH & Co.	Germany	100	Draft Beteiligungs GmbH
Zeg Zenturri Furepidemiologie Und Gesundheitsforschung GmbH	Germany	55	I+G Gesundheitsforschung GmbH & CO
Zentropy Partners Germany	Germany	100	IPG
Ashley & Holmes S.A.	Greece	51	IPG
Brand Connection Advertising SCA	Greece	51	Communication Channels Management Services SCA
Communication Channels Management Services SCA	Greece	100	Fieldplant Limited (UK852C)
Horizon FCB Limited	Greece	100	Horizon FCB Limited
Le Sport Productions SA	Greece	100	Ashley & Holmes S.A.
Lowe Lintas & Partners Advertising Co. S.A.	Greece	100	Fieldplant Ltd.
International Media Advertising	Greece	100	Fieldplant Ltd.
McCann-Erickson Athens S.A.	Greece	100	Registrant
MWG Alco SA	Greece	51	McCann-Erickson Athens S.A.
MWG Politics SA	Greece	72	McCann-Erickson Athens S.A.
Initiative Media Advertising S.A.	Greece	100	Fieldplant Limited
Universal Media Hellas S.A.	Greece	100	McCann-Erickson (Int'l) GmbH
Arefilme SA	Guatemala	100	True North Holdings (Latin America), Inc.
FCB Publicidad	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
Publicidad Siboney S.A.	Honduras	100	True North Holdings (Latin America), Inc.
AMF Productions	Hong Kong	100	FCB Hong Kong Limited
Anderson & Lembke Asia Limited	Hong Kong	100	Registrant
Bozell Worldwide (China) Holdings Ltd.	Hong Kong	100	FCB Asia (Holding) Ltd.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
China Market Investigation Company Limited	Hong Kong	85	NFO Asia-Pacific Limited
Consensus MBL Limited	Hong Kong	100	NFO Asia-Pacific Limited
Dailey International Enterprises Ltd.	Hong Kong	100	Registrant (50%), Ammirati Puris Lintas (50%)
Dailey Investments Limited	Hong Kong	100	Registrant (50%), Ammirati Puris Lintas (50%)
DraftWorldwide Limited	Hong Kong	100	DraftWorldwide, Inc.
FCB Asia (Holding) Ltd.	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
FCB Hong Kong Ltd.	Hong Kong	99.1	FCB Asia (Holding) Ltd.
FCB (Taiwan) Ltd.	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
Forrest Int'l Holdings, Ltd.	Hong Kong	100	Registrant
Golin/Harris International Limited	Hong Kong	100	IPG
Grant Advertising	Hong Kong	100	Pope Kiernan & Black
Infoplan (Hong Kong) Limited	Hong Kong	100	McCann-Erickson (HK) Limited
INRA (Hong Kong) Limited	Hong Kong	100	NFO Asia-Pacific Limited
INRA (Hong Kong) Limited	Hong Kong	100	NFO Asia-Pacific Limited
Jack Morton Worldwide Limited	Hong Kong	100	Registrant
Kart Mall	Hong Kong	50	Octagon Worldwide, Inc.
Lintas Holdings B.V.	Hong Kong	100	Registrant
Lowe Limited Hong Kong Ltd.	Hong Kong	99	Registrant
Lowe & Partners/Live Ltd.	Hong Kong	100	LGH (US)
Ludgate Asia Ltd.	Hong Kong	100	Ludgate Group Limited
Market Behaviour (China) Limited	Hong Kong	100	NFO Asia-Pacific Limited
Market Behavior (HK) Ltd.	Hong Kong	100	NFO Asia-Pacific Limited
Market Behaviour (International) Limited	Hong Kong	100	NFO Asia-Pacific Limited
Market Behaviour Malaysia Limited	Hong Kong	50	NFO Asia-Pacific Limited
Market Behaviour (Thailand) Ltd.	Hong Kong	100	NFO Asia-Pacific Limited
Market Behaviour (Vietnam) Limited	Hong Kong	100	NFO Asia-Pacific Limited
Marketing Communications Technologies A/P LTD.	Hong Kong	100	McCann-Erickson (HK) Limited
McCann-Erickson, Guangmin Ltd.	Hong Kong	51	Registrant
McCann-Erickson (HK) Limited	Hong Kong	100	Registrant
McCann Health Brands (KH) Limited	Hong Kong	99.99	McCann-Erickson (HK) Limited
MNC (HK) Ltd.	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
NFO Asia-Pacific Limited	Hong Kong	100	MBL Group plc
Octagon CSI Asia Pacific Ltd.	Hong Kong	100	Octagon CSI Int'l Holdings SA
Octagon Prism Limited	Hong Kong	70	Octagon Sports Marketing Limited
Orvieto Limited	Hong Kong	100	Asiatic Corp.
Park Advertising Limited	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
Pope Kiernan & Black	Hong Kong	100	AFM Productions Limited
Premium Surge Hong Kong Limited	Hong Kong	100	

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Presko Limited	Hong Kong	100	Shandwick Asia Pacific Limited
Prism Golf Management Ltd.	Hong Kong	50	Octagon Prism Limited
Prism Holdings Limited	Hong Kong	100	Octagon Prism Limited (50%); Prism Golf Management (50%)
Scotchbrook/BSMG Worldwide Ltd. (Hong Kong)	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
Weber Shandwick Asia Pacific Limited	Hong Kong	100	Shandwick Investments Limited
Weber Shandwick Worldwide (H.K.) Limited	Hong Kong	100	Weber Shandwick Asia Pacific Limited
Springpoint (Asia) Limited	Hong Kong	99	Springpoint Limited.
TN Media Limited	Hong Kong	100	True North Holdings (Asia/Pacific), Inc.
Creative Media Service KFT.	Hungary	100	Lintas: Budapest Reklam Es Marketing Kommunikacios KFT
Foot Cone & Belding Budapest KFT	Hungary	99.6	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 Lintas: Budapest Reklam es Marketing Kommunikacios Kft	Hungary	100	Lintas Budapest
Lowe Lintas GGK Kft.	Hungary	80.95	Ammirati Puris Lintas Deutschland Lowe Lintas GGK Holdings AG
McCann Communications Budapest KFT	Hungary	100	Registrant
McCann Relationship Marketing KFT	Hungary	100	McCann-Erickson Budpaest Ltd.
Momentum Hungary Pr & Advertising Ltd.	Hungary	100	McCann-Erickson Budapest Ltd. (97%) McCann Relationship Marketing KFT.(3%)
Panmedia Western Kft.	Hungary	70	Lowe Lintas GGK Holdings AG
Gott Folk McCann-Erickson Associate Corp. Consl. (India) Pvt.Ltd.	Iceland	65	Interpublic Group Denmark Holdings APS
DraftWorldwide (India PVT Ltd.)	India	99.60	McCann-Erickson (India) Private Ltd.
FCB Ulka Advertising Ltd.	India	74	DraftWorldwide, Inc.
Interface Communications	India	51	Adcom
Karishma Advertising Ltd.	India	100	FCB Ulka Advertising Ltd.
McCann-Erickson (India) Pvt.	India	99.95	Lintas Inida Limited
McCann-Erickson (NEPAL) Pvt. Ltd	India	100	McCann-Erickson Worldwide Inc.
NFO MBL India Pvt. Ltd.	India	100	McCann-Erickson (India) Private Limited
Result Services Private Ltd.	India	87.45	MBL Group plc
Grafix	Indonesia	99.10	McCann-Erickson (India) Private Ltd.
Lowe Lintas & Partners Indonesia	Indonesia	100	PT Inpurema Konsultama
PT Continental Sentratama Surveys	Indonesia	53.4	Registrant
		100	Consensus MLB Limited

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
PT Fajar Cahaya Buana	Indonesia	65	FCB Singapore
PT Impurema Konsultama	Indonesia	100	ME Mauritious Holding
PT Intra Primustana Respati	Indonesia	100	Shandwick Investment Ltd.
Experimental Marketing Company Limited	Ireland	100	McCann-Erickson Dublin Limited
F.C.C. Shandwick Ltd.	Ireland	100	Registrant
McCann-Erickson, Limited	Ireland	100	Registrant
Sugar Films Ltd.	Ireland	100	McCann-Erickson Dublin Limited
Universal Media Ireland Limited	Ireland	100	McCann-Erickson Dublin Limited
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
McCann/Kesher Barrel & Co.	Israel	50	Registrant
Promoseven Ltd.	Israel	78	Registrant
Shamluk, Raban, Golani	Israel	60	A.T.M.Z. Holding Company Ltd.
Zentropy Israel Ltd.	Israel	100	McCann/Kesher Barrel & Co. Advertising Ltd.
Bozell Marketing Services, Srl	Italy	100	FCB Italia Srl
Bridge S.R.L.	Italy	100	Massmedia Partners S.R.L. (70%); Shandwick Corporate Communication S.P.A. (30%)
Chorus Media Srl	Italy	51	Lowe Pirella Gottsche SpA
Compagnia del Marketing Diretto	Italy	100	FCB Italia Srl
DraftWorldwide Italia Srl.	Italy	100	DraftWorldwide, Inc.
Eventa SRL	Italy	51	McCann Erickson Worldwide Italia S.P.A.
FCB Italia Srl	Italy	100	True North Holdings (Netherlands) B.V.
Futurebrand Gio' Rossi Associati SPA	Italy	71	Consouteur BV
NFO Infratest S.P.A.	Italy	100	Infratest Burke International GmbH Holdings
Initiative Media S.R.L.	Italy	100	Ammirati Puris Lintas SPA
Interactive Communications SRL	Italy	100	McCann Erickson Worldwide Italia S.P.A. (94.12%); Registrant (5.88%)
Interpublic Group Holdings (Italy) S.R.L.	Italy	100	McCann-Erickson France
Lowe Lintas Pirella Gottsche & Partners S.P.A.	Italy	100	Lowe Worldwide Holdings BV
Mass Media Partner S.r.l.	Italy	100	Shandwick Corporate Comm., SpA
McCann-Erickson Italiana SpA	Italy	100	Registrant
McCann-Erickson Roma S.P.A.	Italy	100	McCann Erickson Worldwide Italia S.P.A. (IT370)
McCann-Erickson Worldgroup Italia S.P.A.	Italy	100	Interpublic Group Holdings (Italy) SRL
McCann Mktg. Communications SpA	Italy	100	McCann-Erickson Italiana SpA
MRM Dialogo	Italy	100	McCann-Erickson Worldwide Italia SpA
Octagon Motorsport Srl.	Italy	100	Inka AG
Omitorinco, Srl	Italy	100	FCB Italia Srl

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<b>Foreign:</b>			
Pool Media International (P.M.I.) S.r.l.	Italy	100	Registrant (95%) and Business; Science Research Corp (5%)
SBK Motorsport Srl	Italy	100	SBK Superbike International Ltd.
Shandwick Roma in Liquidazione Srl	Italy	100	Weber Shandwick Italia Holding Srl
Universal Media Srl	Italy	100	McCann-Erickson Italiana SpA
Weber Shandwick Italia Holding Srl	Italy	100	Shandwick Investments Limited
Weber Shandwick Italia SPA	Italy	100	Weber Shandwick Italia Holding Srl
Weber Shandwick Massmedia SPA	Italy	100	Shandwick Investments Limited
McCann-Erickson Ivory Coast	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 BV (29%); Registrant (71%)
Aoyama Graphic Design, Inc.	Japan	100	McCann-Erickson Inc.
FCB Japan, KK	Japan	100	True North Holdings (Asia/Pacific), Inc.
Hakuhodo Lintas K.K.	Japan	50	Ammirati Puris Lintas Worldwide Ltd.
Infoplan, Inc.	Japan	100	McCann-Erickson Inc.
Int'l Management Consultants Ltd.	Japan	100	IPR Shandwick Inc.
IPG Japan Inc.	Japan	100	Registrant
ISDM Japan Inc.	Japan	100	McCann-Erickson Inc. (Japan)
International PR Inc.	Japan	100	Shandwick International Inc.
McCann-Erickson Inc.	Japan	100	Registrant
Momentum MIK, Inc.	Japan	100	McCann-Erickson Inc.
MRM Inc.	Japan	100	McCann-Erickson Inc.
Public Relations Services Co. Ltd.	Japan	100	IPR Shandwick Inc.
The Harrison Agency Inc.	Japan	100	McCann-Erickson, Inc. (Japan)
Torre Lazur McCann, Inc.	Japan	100	McCann Healthcare, Inc.
McCann-Erickson Management Service Inc.	Japan	100	McCann-Erickson, Inc. (Japan)
UPR Golin Harris International	Japan	100	IPR Shandwick Inc.
Weber Shandwick Worldwide Inc.	Japan	100	Shandwick Investments Limited
Third Dimension 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	51	True North Holdings (Asia/Pacific), Inc.
McCann-Erickson Inc. (Korea)	Korea	100	McCann-Erickson Marketing, Inc.
NFO Korea, Inc.	Korea	100	NFO Asia Pacific, Inc.
Universal McCann Inc.	Korea	100	McCann-Erickson Inc (Korea)
SIA McCann-Erickson RIGA	Latvia	75	IPG
SIA Sabiedrisko Attiecibu Birojs	Latvia	75	SIA McCann-Erickson RIGA
SIA "Fokuss Relama"	Latvia	75	SIA McCann-Erickson RIGA
Horizon FCB SARL	Lebanon	100	Horizon Holdings Limited
NFO Worldgroup (LIBAN) S.A.R.L.	Lebanon	98	Merac-Middle East Research & Consultancy W.L.L.
Communication Services (International) Holdings SA	Luxembourg	100	Registrant

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<b>Foreign:</b>			
Inka AG	Luxembourg	100	Octagon Motorsport Limited
Interpublic Group (Luxembourg) SARL	Luxembourg	100	Interpublic Group Holding (Luxembourg) SARL
Interpublic Group Holdings (Luxembourg) SARL	Luxembourg	100	Interpublic Group of Companies Holding (Luxembourg) SARL
Interpublic Group of Companies Holding (Luxembourg) SARL	Luxembourg	100	Registrant
IPG (Luxembourg) SARL	Luxembourg	100	Interpublic Group (Luxembourg) SARL
API Sponsorship SDM.BHD	Malaysia	100	Advantage Sponsorship Canada Ltd. (50%) & Octagon Sports Marketing Ltd. (50%)
DraftWorldwide Sdn. Bhd.	Malaysia	100	DraftWorldwide, 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 Lintas & Partners (M) SDN, BHD	Malaysia	71	IPG
Market Behaviour (Malaysia) Sdn. Bhd	Malaysia	100	NFO Asia-Pacific Limited
McCann-Erickson (Malaysia) Sdn. Bhd.	Malaysia	100	Registrant
Mutiara-McCann (Malaysia) Sdn. Bhd.	Malaysia	100	Registrant
NFO Worldgroup (M) Sdn. Bhd.	Malaysia	100	NFO Asia Pacific Ltd (HK)
Universal Communication Sdn. Bhd.	Malaysia	100	McCann-Erickson (Malaysia) Sdn. Bhd.
Weber Shandwick WW (Malaysia) Sdn. Bhd.	Malaysia	100	Shandwick Investments Limited (50%); Briefcope Limited (50%)
Adcom	Mauritius	100	True North Holdings (Asia/Pacific), Inc.
Lowe Mauritius Limited	Mauritius	100	Lowe Group Holdings Inc.
M-E Mauritius Holdings	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
FCB 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
Golin Harris Services S.A. de C.V.	Mexico	99.8	Interpublic Holding Co. SA de CV
Interimagen SA de CV	Mexico	100	FCB Worldwide S.A. de C.V.
Interpublic Holding Company S.A. De C.V.	Mexico	100	IPG

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Inversionistas Asociados, S.A. De C.V.	Mexico	100	Interpublic Holding Co. SA de CV
Lowe Lintas & Partners, SA de CV	Mexico	100	Interpublic Holding Co. SA de CV
McCann-Erickson Mexico Sa de cv	Mexico	100	Interpublic Holding Co. SA de CV
MRM Servicious SA de CV	Mexico	60	Interpublic Holding Co. SA de CV
Pedrote Momentum SA de CV	Mexico	60	Interpublic Holding Co. SA de CV
Poppe Tyson SA de CV	Mexico	98	FCB Worldwide S.A. de C.V.
Pedrote Momentum Promociones, S.A. De C.V.	Mexico	60	Interpublic Holding Co. SA de CV
Publicidad Nortena, S. De R.L. De C.V.	Mexico	100	Interpublic Holding Co. SA de CV
TN Tiempo y Espacio SA de CV	Mexico	100	FCB Worldwide S.A. de C.V.
Vierka	Mexico	100	Interpublic Holding Co. SA de CV
Zimat Consultores, SA de CV	Mexico	100	Zimat Golin/Harris SA (owned by Interpublic SA de CV)
Octogan CSI International SAM	Monaco	100	Communication Services Int'l (Holdings) S.A.
Partnership in Advertising Anderson & Lembke Europe B.V.	Namibia	65.01	Admark Trust
Borus Groep BV	Netherlands	100	Anderson & Lembke, Inc.
Borremans & Ruseler Draftworldwide BV	Netherlands	100	IPG Nederland BV
Brand Connection BV	Netherlands	100	Borus Groep BV
BSMG Worldwide, BV	Netherlands	100	Overall Media Administration BV
Consouteur BV	Netherlands	100	True North Holdings (Netherlands) B.V.
Data Beheer BV	Netherlands	100	IpG Nederland BV
Data Holding BV	Netherlands	100	Data Holding B.V.
FCB BK & PBV	Netherlands	100	IPG Nederland B.V.
Future Brand BV	Netherlands	100	True North Holdings (Netherlands) B.V.
Future Brand Holdings BV	Netherlands	100	Coleman Millford BV
Gold Reclame En Marketing Advisers BV	Netherlands	71	IPG Nederland B.V.
Initiative Media BV	Netherlands	100	IPG Nederland B.V.
IPG Nederland BV	Netherlands	100	Overall Media Administration B.V.
ISOGROUP Europe BV	Netherlands	100	Registrant (36.4%); Fieldplan Ltd. (63.6%)
Jack Morton Worldwide BV	Netherlands	100	The ISO Healthcare Group, Inc.
L'eau	Netherlands	51.25	IPG Nederland B.V.
Lowe Digital BV	Netherlands	60	Lowe Lintas BV
Lowe & Partners BV	Netherlands	100	Lowe & Partne BV (77.5%); Lowe Direct B.V. (22.5%)
Lowe Holland BV	Netherlands	100	Lowe Worldwide Holdings BV
Lowe Worldwide Holdings BV	Netherlands	100	Lowe Worldwide Holdings BV
McCann-Erickson (Nederland) BV	Netherlands	100	Interpublic Netherlands
NFO Trendbox B.V.	Netherlands	100	IPG Nederland BV
Octagon BV	Netherlands	75	Infratest Burke International GmbH Holdings
		100	Advantage Int'l Holdings Inc.



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<b>Foreign:</b>			
Octagon CSI International BV	Netherlands	100	Octagon CSI International NV
Octagon Worldwide Holdings BV	Netherlands	100	Octagon Worldwide Inc.
Overall Media Administration BV	Netherlands	100	IPG Nederland B.V.
Pacific Investments Trust BV	Netherlands	100	SBK Superbike Int'l Limited
Pluspoint B.V.	Netherlands	100	IPG Nederland B.V.
Pluspoint Holding 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.
Walbouw Haerlem BV	Netherlands	100	IPG Nederland BV
Western International Media Holdings BV	Netherlands	100	Lowe Group Holdings, Inc. (52%), Ammirati Puris Lintas (38%), Western Media (10%)
Weber Shandwick BV	Netherlands	100	Shandwick Investments Limited
Weber Shandwick International BV	Netherlands	100	Shandwick Investments Limited
Weber Shandwick Netherlands BV	Netherlands	100	Registrant
Wilkens Group BV	Netherlands	100	True North Holdings (Europe), Inc.
Wilkens Group Netherlands BV	Netherlands	100	Wilkens Group BV
Zet Zet BV	Netherlands	100	Old DG BV
Octagon CSI International NV	Netherlands Antilles	100	Octagon CSI International BV
Fact Finders Online Limited	New Zealand	100	NFO CM Research New Zealand
FCB Ltd.	New Zealand	100	True North Holdings (Asia/Pacific), Inc.
Information Opportunities Limited	New Zealand	100	NFO CM Research Group Limited
Initiative Media (NZ) Limited	New Zealand	99	Ammirati Puris Lintas (NZ) Ltd.
Lowe Limited	New Zealand	64	Registrant
McCann-Erickson Limited	New Zealand	100	Registrant
NFO International Limited	New Zealand	100	NFO WorldGroup Ltd
NFO New Zealand Limited	New Zealand	100	NFO WorldGroup Ltd (NZ)
NFO Worldgroup Ltd	New Zealand	100	NFO WorldGroup NZ Holdings Limited
Pritchard Wood-Quadrant Ltd.	New Zealand	100	Registrant
Shandwick New Zealand Limited	New Zealand	100	IPR Investment Limited (UK)
Universal Media Limited	New Zealand	100	McCann-Erickson Limited
Digit A/S	Norway	100	JBR/McCann/A/S
Infratest Burke AS	Norway	100	Infratest Burke AB
Initiative Universal Media A/S	Norway	100	McCann-Erickson AS (Norway)
JBR McCann A/S	Norway	100	McCann-Erickson A/S
JBR McCann Production A/S	Norway	100	McCann-Erickson A/S
Lowe Lintas & Partners Norway A/S	Norway	66.6	Lowe Norway A/S
Lowe Norway A/S	Norway	100	Lowe Sweden AB
McCann-Erickson A/S	Norway	100	McCann-Erickson Marketing
McCann Informasjon A/S	Norway	100	McCann-Erickson AS
NFO Infratest A/S	Norway	75.1	NFO Infratest A/B
Scandinavian Design Group AS	Norway	75	McCann-Erickson AS

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<b>Foreign:</b>			
McCann-Erickson Worldgroup Panama	Panama	100	Epoca McCann S.A. (Panama)
Epoca McCann S.A.	Panama	100	Registrant
Mayo/FCB SA	Peru	60	True North Holdings (Latin America), Inc.
McCann-Erickson Corporacion Publicidad, S.A.	Peru	100	IPG
Park Advertising	Peru	60	True North Holdings (Latin America), Inc.
Fastrack Intergrated Marketing Communications, Inc.	Philippines	100	Low Lintas & Partnes (Phillippines)
FCB Philippines	Philippines	51	FCB Asia (Holding) Ltd. (30%) TN Assets (21%)
Harrison Communications, Inc.	Philippines	100	McCann-Erickson (Phillippines) Inc.
Low Lintas & Partners	Philippines	100	McCann-Erickson
McCann-Erickson (Phillippines), Inc.	Philippines	58	Registrant (30%), Business Science Research Corp. (28%)
McCann Group of Companies, Inc.	Philippines	100	Registrant
NFO Trends, Inc.	Philippines	100	NFO Asia-Pacific Limited
Paradigm Production & Design Inc	Philippines	100	Low Lintas & Partners (Phillippines)
TN Assets	Philippines	100	FCB Asia (Holding) Ltd.
Ad Fabrika FCB Sp. z.o.o.	Poland	100	Wilkens Group BV & (Netherlands)
Ammirati Puris Lintas Sp. z.o.o.	Poland	100	Ammirati Puris Lintas Deut. GmbH
Brand Connection SP.Z.O.O	Poland	100	Initiative Media Warszawa ZP ZOO
GGK Public Relations Sp. z.o.o.	Poland	95	Low Lintas GGK Holding AG (95%); Andrzej Halicki (5%)
Initiative Media Warszawa SP Zoo	Poland	100	Ammirati Puris Lintas Warsaw
Low Brand Sp. z.o.o.	Poland	100	Low Lintas GGK Holding AG (80%); Low Lintas GGK (Warsaw) (20%)
Low GGK Warszawa Sp. Z.O.O.	Poland	100	Low Lintas GGK Holding AG
Magna Global Polska	Poland	100	Pan Media Western Warszawa Sp Zpp
McCann-Erickson Polska	Poland	100	McCann-Erickson Int'l GmbH
McCann Erickson Worldgroup Poland SPO Z.O.O.	Poland	100	Registrant
McCann Relationship Marketing Spo aKa Z Orgazniczon	Poland	100	McCann-Erickson Worldgroup Poland
Momentum Experimental Marketing Spo aKa Z Orgazniczon	Poland	100	McCann-Erickson Worldgroup Poland
Panmedia Western SP. Z.O.O.	Poland	95	Low 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
Ammirati Puris Lintas, Lda.	Portugal	100	Interpublic SGPS/Lda.
Brand Connection Actividades Publicitares, Ltda.	Portugal	98.8	Interpublic SGPS/LDA
Edson/FCB Publicidade Lda.	Portugal	80	True North Holdings (Netherlands), Inc.
Experientia Marketing Experenciial Ltda	Portugal	98	McCann-Erickson Portugal Pub. Ltda

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Iniciativas De Meios-Actividades Publicitarias, Limitada	Portugal	98	Ammirati Puris Lintas, Ltda.
Interpublic SGPS/LDA	Portugal	95	Registrant
Marketing E Imagem, S.A.	Portugal	100	IPG Nederland BV
Markimage 2, Publicidade LDA	Portugal	100	Interpublic SGPS, LDA
McCann-Erickson/ Portugal Limitada	Portugal	100	Interpublic SGPS/LDA
McCann-Erickson SGPS SA	Portugal	100	Interpublic SGPS, LDA
McCann Relation Marketing MRM Portugal Marketing MKM Markimage, Universal Media Publicidade, Limitada	Portugal	98	McCann-Erickson Portugal Pub. Ltda
FCB WW Inc. Marketing Drive	Puerto Rico	100	TN Holdings (Latin America),Inc.
McCann-Erickson, Dublin Limited	Puerto Rico	100	TN Holdings (Latin America),Inc.
B.V. McCann-Erickson	Republic of Ireland	100	Registrant
Low Lintas GGK S.A.	RomaniaRomania	75	Registrant
McCann-Erickson Moscow	Romania	61	Low Lintas GGK Holdings AG
Boroughloch	Russia	100	McCann-Erickson Int'l GmbH
GJW Scotland Limited	Scotland	100	DraftWorldwide, Inc.
McCann-Erickson Senegal	Scotland	100	GJW Government Relations Ltd.
Ammirati Puris Lintas (S) Private Ltd.	Senegal	100	MCCann-Ericksonc Ivory Coast
DraftWorldwide Pte. Ltd.	Singapore	100	Registrant
FCB Singapore Pte. Ltd.	Singapore	100	DraftWorldwide, Inc.
Golin/Harris International Pte Limited	Singapore	100	FCB Asia (Holding) Ltd.
Initiative Media Singapore Pte Ltd	Singapore	100	Golin Harris International Limited
Low Lintas & Partners Singapore Pte. Ltd.	Singapore	100	Ammirati Puris Lintas (Singapore) Pte. Ltd
McCann-Erickson (Singapore)	Singapore	100	Low Lintas & Partners Singapore Pte. Ltd.
NFO Singapore PTE Ltd	Singapore	100	Registrant
Octagon CSI Pte Limited	Singapore	100	NFO Asia-Pacific Limited
NFO Financial Services Pte Ltd	Singapore	100	Octagon CSI International Holdings SA
Scotchbrook/BSMG Worldwide (Singapore Ltd.)	Singapore	100	NFO Asia-Pacific Limited
Weber Shandwick Worldwide (Singapore) Pte Ltd.	Singapore	100	True North Holdings (Asia/Pacific), Inc.
CPM Slovakia SRO	Singapore	100	IPR Investments Ltd.
FCB Slovakia	Slovak Rep.	50	Panmedia Werbeplanung GmbH
Low Lintas GGK Sro	Slovak Rep.	100	True North Holdings (Netherlands) BV
McCann-Erickson Bratislava	Slovak Rep.	87	Low Lintas GGK Holdings AG
Panmedia Bratislava Spol s.r.o.	Slovak Rep.	100	McCann-Erickson Prague Spol. srl
	Slovak Rep.	91	Low Lintas GGK Holdings AG

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Adlines (Pty) Ltd.	South Africa	100	McCann-Erickson South Africa (Proprietary) Ltd.
Admark Trust	South Africa	65.01	FCB South Africa Holdings (Pty.) Ltd.
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	74	Fullfledge Investments Pty Ltd. (59%); Lexshell 205 Investment Holdings (41%)
Column Communications CC	South Africa	100	Ammirati Puris Lintas (Prop.) Ltd.
Court Road Properties (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Electric Ocean (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
ESPM	South Africa	86	Octagon Sports Marketing Ltd.
FCB Active	South Africa	65.01	FCB South Africa Holdings (Pty.) Ltd.
FCB Africa (Pty) Ltd.	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.) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Global Media Pty. Limited.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Foote Cone & Belding Holdings Ltd.	South Africa	100	True North Holdings (Asia/Pacific), Inc.
FCB Impact Pty.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Johannesburg (Pty.) Limited	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Johssons	South Africa	65.01	FCB South Africa Holdings (Pty.) Ltd.
FCB Plato Healthcare Promotions (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB Shoptalk	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB South Africa Holdings (Pty) Ltd.	South Africa	65.01	FCB Hold Pty. Ltd. (44.84%) Hanks International (20.17%)
FCB South Africa Properties (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
FCB South Africa (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Fibre Design Communication (Proprietary) Ltd.	South Africa	100	Registrant
Finest (Pty.) Ltd.	South Africa	65.01	FCB South Africa Holdings (Pty.) Ltd.
Fullfledge Investments (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Galaxy Media (Pty.) Ltd.	South Africa	100	The Media Shop (Pty.) Ltd.
Herdbuoys McCann-Erickson Holding (Pty) Ltd.	South Africa	74	McCann-Erickson South Africa (Proprietary) Ltd.
Herdbuoys McCann-Erickson South Africa (PTY) Ltd	South Africa	100	Herdbuoys McCann-Erickson Holding (Pty)
Joe Public (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Lexshell 205 Investment Holdings (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Lexshell 262 Investment Holdings (Pty.) Ltd.	South Africa	100	Admark Trust
Lindsay Smithers Bond Pty. Limited	South Africa	65.01	FCB South Africa Holdings (Pty.) Ltd.
Lindsay Smithers Design Pty. Limited	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.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
LS Design Pty.	South Africa	65.01	FCB South Africa Holdings (Pty.) Ltd.
LS Group Management Service	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
LS Staff Investments Pty. Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
LS/FCB Pty. Ltd.	South Africa	65.01	FCB South Africa Holdings (Pty.) Ltd.
McCann Cape Town (Proprietary) Limited	South Africa	100	McCann Group
McCann Durban (Proprietary) Limited	South Africa	100	McCann Group
McCann-Erickson Promotions (Proprietary) Ltd.	South Africa	100	McCann-Erickson South Africa (Proprietary) Ltd.
McCann-Erickson South Africa (Pty.) Ltd. ("McCann Group")	South Africa	100	Registrant
McCann International (Proprietary) Limited	South Africa	100	McCann-Erickson South Africa (Proprietary) Ltd.
McCann-Erickson Africa (Pty.) Ltd.	South Africa	100	McCann-Erickson Johannesburg (Proprietary) Limited
McCann-Erickson Johannesburg (Proprietary) Limited	South Africa	100	McCann-Erickson South Africa (Proprietary) Limited
McCannix Proprietary Limited (Proprietary) Limited	South Africa	100	Herbuoys McCann-Erickson South Africa (Pty) Ltd.
Media Initiative (Proprietary) Limited	South Africa	100	Ammirati Puris Lintas (Prop.) Ltd.
Meintjies Parker Advertising (Pty.) Ltd.	South Africa	100	Lexshell 205 Investment Holdings (Pty.) Ltd.
NU-Integrated Media Shop (Pty.) Limited	South Africa	100	The Media Shop (Pty) Limited
Octagon Marketing Pty Ltd.	South Africa	67	Octagon Sports Marketing Limited
Park Adv. Inv. Hold. Pty. Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Sky Stream Air Charters (Pty.) Ltd.	South Africa	100	FCB South Africa Holdings (Pty.) Ltd.
Sprigg Abbott Eighty (Pty.) Ltd.	South Africa	65.01	FCB South Africa Properties (Pty.) Ltd.
Telerix Investments (Proprietary) Limited	South Africa	100	Octagon Sports Marketing Ltd.
The Media Shop (Pty.) Ltd.	South Africa	100	Park Adv. Inv. Hold. (Pty.) Ltd.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
UAN (Pty.) Ltd. Universal Media (Proprietary) Limited	South Africa South Africa	65.01 100	FCB South Africa Holdings (Pty.) Ltd. Herbuoys McCann-Erickson South Africa (Pvt) Ltd.
Upstream Productions (Pty.) Ltd.	South Africa	65.01	Lexshell 262 Investment Holdings (Pty. Ltd.)
FCB Hahnin Inc.	South Korea	80	True North Holdings (Asia/Pacific), Inc.
Lintas Korea, Inc. Alpha Grupo de Comunicacion Cientifica, S.L. Cachagua S.A.	South Korea Spain Spain	100 60 100	Registrant Shandwick Iberica S.A. The Interpublic Group of Companies de Espana S.A.
CICM-Digital Espana SA Cathedral The Creative Center Clouseau Design House 2000 Spain SA DraftWorldwide S.A. FCB Direct Global SA FCB Tapsa FCB Tapsa Augusta SA FCB Tapsa SA FCB Tapsa TFM, SA Foote Cone & Belding Digital Espana SL Futurebrand, S.A. Golin/Harris International Inc. sucursal en espana Iniciativas de Medios, S.A.	Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain Spain	100 100 80 100 100 64 100 100 100 100 51 100 100	True North Bozell Espana SL McCann-Erickson S.A. DraftWorldwide S.A. Interpublic de Espana S.A. Draft Group Holdings Limited True North Bozell Espana SL True North Bozell Espana SL FCB Tapsa, SA True North Bozell Espana SL FCB Tapsa, SA FCB Tapsa, SA FCB Tapsa, SA McCann-Erickson S.A.
Infratest Burke S.L.	Spain	50	Infratest Burke International GmbH Holdings
Lowe FMRG Lowe Lintas & Partners SA	Spain Spain	81 100	Lowe W.W. Holdings BV Interpublic Group of Companies de Espana SA
Magna Global S.A.	Spain	100	The Interpublic Group of Companies de Espana S.A.
Marketing y Comunicacion Integral, S.A. McCann-Erickson S.A.	Spain Spain	75 100	McCann-Erickson S.A. The Interpublic Group of Companies de Espana S.A.
McCann-Erickson Barcelona S.A. Momentum Barcelona SA Momentum Comunicacion Madrid S.A. Momentum Servicios Promocionales SA	Spain Spain Spain Spain Spain	100 100 75 75	The Interpublic Group of Companies de Espana S.A. McCann-Erickson SA McCann-Erickson S.A.
	Spain	75	McCann-Erickson S.A.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Momentum Task Force S.A. MRM Cano & Martinez	Spain	75	McCann-Erickson S.A.
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	The Interpublic Group of Companies de Espana S.A.
MRM Infomark, S.A.	Spain	70	McCann-Erickson S.A.
Reporter, S.A.	Spain	75	McCann-Erickson S.A.
Shandwick Iberica, S.A.	Spain	100	Shandwick Investments Limited
The Interpublic Group of Companies de Espana	Spain	100	Registrant
True North Holding Espana SL	Spain	100	True North Holdings (Europe), Inc.
Universal Bus Interface Corporation S.L.	Spain	80	DraftWorldwide S.A.
Universal Media S.A.	Spain	100	McCann-Erickson S.A.
Western Int'l Media SA	Spain	100	Western Int'l Media Holdings BV
Market Behaviour Lanka (PVT) Limited	Sri Lanka	100	NFO MBL India Pvt. Ltd.
Aktiebolaget Grundstenen 89942	Sweden	100	True North Holdings (Netherlands), Inc.
Anderson & Lembke AB	Sweden	100	Anderson & Lembke, Inc.
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	51	McCann-Erickson AB
Fastbridge AB	Sweden	100	Message Plus Media AB-50% PMI-50%
FB Company AB	Sweden	100	McCann-Erickson AB
Infratest Burke International AB	Sweden	100	Infratest Burke AB
Inter P Group Sweden AB	Sweden	100	Interpublic Group Denmark Holdings APS
Lowe Brindfors Annonbyra AB	Sweden	100	Lowe Nordic AB
Lowe Forever Annonbyra AB	Sweden	100	Lowe Brindfors Annonbyra AB
Lowe Lintas AB	Sweden	100	Lowe Worldwide Holdings BV
Lowe Sweden AB	Sweden	100	Lowe Worldwide Holdings BV
McCann Annonbyra AB	Sweden	100	McCann-Erickson AB
McCann Annonbyra I Malmoe AB	Sweden	100	McCann-Erickson AB
McCann-Erickson AB	Sweden	100	Registrant
Message Plus Digital AB	Sweden	100	Lowe & Partners Sweden AB
Message Plus Media AB	Sweden	100	Lowe & Partners Sweden AB
Nomina Prospectering AB	Sweden	66.70	Infratest Burke AB
PMI Initiative Universal Media AB	Sweden	100	Ammirati Puris Lintas AB (50%) McCann-Erickson AB (50%)
NFO Infratest AB	Sweden	75	Infratest Burke International GmbH Holdings
Ronnberg & McCann A.B.	Sweden	100	McCann-Erickson AB
Storakers	Sweden	50	Ronnberg & McCann A.B.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Trigger AB	Sweden	80	McCann Sweden
Bozell Leutengger Krull	Switzerland	100	True North Holdings (Switzerland), Inc.
Fisch, Meier, Direkt AG	Switzerland	52	Ammirati Puris Lintas Deut. Gmbh
Futurebrand AG	Switzerland	71	Coleman Group Worldwide LLC
Get Neue Gestaltungstechnik AG	Switzerland	100	Bosch & Butz Werbeagentur AG
Initiative Media Western AG	Switzerland	100	Western Int'l Media Holdings BV
Integrated Public Relations Sarl	Switzerland	95	IPG
Lowe Bosch & Butz Werbeagentur AG	Switzerland	100	Lowe Worldwide Holdings BV
Lowe GKG AG Bassel	Switzerland	82	Lowe Int'l Holdings BV
McCann-Erickson S.A.	Switzerland	100	Registrant
McCann-Erickson Services S.A.	Switzerland	100	Registrant
Octagon (Switzerland) AG	Switzerland	100	Octagon Holdings ApS
Octagon Worldwide AG	Switzerland	100	Advantage Int'l Holdings, Inc.
Octagon Worldwide Limited	Switzerland	100	Octagon WW Inc.
P.C.M. Marketing AG	Switzerland	100	Ammirati Puris Lintas Deut. Gmbh
Pool Media-PMI S.A.	Switzerland	100	Registrant
Target Group AG	Switzerland	51	McCann-Erickson
True North Holdings (Switzerland) AG	Switzerland	100	True North Holdings (Netherlands) BV
Type Art	Switzerland	100	Switzerland
Unimedia S.A.	Switzerland	100	Registrant
FCB Taiwan Ltd.	Taiwan	80	FCB Asia (Holding) Ltd. (35%) TN Holdings (Asia/Pacific), Inc. (45%)
Lowe Lintas & Partners Taiwan Ltd.	Taiwan	100	Registrant
Market Behaviour (International) Limited, Taiwan Branch	Taiwan	100	Market Behaviour (International) Limited
McCann-Erickson Communications Group Co. Ltd.	Taiwan	100	Registrant
Weber Shandwick Taiwan Ltd.	Taiwan	100	Shandwick Asia Pacific Limited
BTL (Thailand) Ltd.	Thailand	100	Presko Shandwick Ltd.
FCB Worldwide (Thailand) Ltd	Thailand	100	FCB Asia (Holding) Ltd.
Initiative Media Limited	Thailand	100	Registrant
Lowe Lintas & Partners (Thailand) Ltd.	Thailand	100	Registrant
McCann-Erickson (Thailand) Ltd.	Thailand	100	Registrant
MNC/FCB Ltd.	Thailand	100	True North Holdings (Asia/Pacific), Inc.
NFO (Thailand) Ltd.	Thailand	51	NFO Asia-Pacific Limited
Shandwick Holdings Limited	Thailand	100	Shandwick Investments Limited
Shandwick International (Thailand) Ltd.	Thailand	100	Shandwick Holdings Ltd. (51%); Orvieto Ltd. (49%)
McCann-Erickson (Trinidad) Limited	Trinidad	100	Registrant
FCB Reklam Hizmetleri, AS	Turkey	51	True North Holdings (Netherlands) BV



<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Grafika Lintas Reklamcılık AS	Turkey	100	IPG
Initiative Media Istanbul Medya Hizmetleri	Turkey	70	Registrant
IPG Tanitim ve Halkla Iliskiler AS	Turkey	51	Registrant
Link Ajams Limited Sirketi	Turkey	100	Registrant
IPG Tantim Ve Halkla Iliskiler AS	Turkey	51	Lowe Worldwide Holdings B.V.
McCann-Direct Reklam Tanitama Servisleri A.S.	Turkey	100	Registrant
McCann-Erickson Istanbul Medya Hizmetleri AS	Turkey	100	PARS McCann-Erickson Reklamcılık A.S.("PARS")
Momentum Bec Iletism Hizmetleri Dansismanlik	Turkey	100	Pars/McCann
Momentum Beyaz Reklam Tantitim Hizmetleri AS	Turkey	100	Pars/McCann
PARS McCann-Erickson Reklamcılık A.S.("PARS")	Turkey	100	Registrant
Plus Remark Arastirma Vedanismanlik A.S.	Turkey	55	Infratest Burke International GmbH Holdings
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
Acclaro International	United Kingdom	100	I.P.R Limited
Addition Communications Limited	United Kingdom	100	APL Group Limited
Addition Marketing Group Limited	United Kingdom	100	SP Group Limited
Advantage Sponsorship Canada Limited	United Kingdom	100	Octagon Sports Marketing Ltd.
Advantage Television Limited	United Kingdom	100	Octagon Sports Marketing Ltd.
Ammirati Puris Lintas Limited	United Kingdom	100	APL Group Limited
Ammirati Puris Lintas Russia Ltd.	United Kingdom	100	Lowe Lintas & Partners Worldwide
Analytic I Limited	United Kingdom	100	True North Holdings (UK), Ltd.
APL Digital Ltd.	United Kingdom	100	Octagon Sports Marketing Ltd.
API Soccer Limited	United Kingdom	100	Octagon Sports Marketing Ltd.
APL Group Ltd.	United Kingdom	100	Interpublic Limited
Applied Research and Communications Limited	United Kingdom	100	City Research Group plc
Bahbout and Stratton Limited	United Kingdom	100	Registrant
Banks, Holdings O'Shea/FCB Limited	United Kingdom	100	True North Holdings (UK), Ltd.
BJM Research and Consulting Limited	United Kingdom	87.50	MBL Group plc
Bozell UK Ltd.	United Kingdom	100	True North Holdings (UK), Ltd.
Brand Matters Limited	United Kingdom	100	Registrant
Brands Hatch Investments Limited	United Kingdom	100	Registrant

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Brands Hatch Leisure Limited	United Kingdom	100	Interpublic Inc.
Brands Hatch Limited	United Kingdom	100	Brands Hatch Investments Limited
Briefscope Limited	United Kingdom	100	IPR Limited
Brilliant Pictures Limited	United Kingdom	100	Ammirati Puris Lintas Ltd.
British Motorsports Promoters Limited	United Kingdom	51	Octagon Motorsports Limited
Broadway Communications Group (Holdings) Limited	United Kingdom	100	Newtonvale Limited
Brompton Advertising Ltd.	United Kingdom	100	The Brompton Group Ltd.
Brompton Promotions Ltd.	United Kingdom	100	The Brompton Group Ltd.
BSMG Health & Medical & Comm.	United Kingdom	100	True North Holdings (UK), Ltd.
BSMG Worldwide (Europe) Ltd.	United Kingdom	100	True North Holdings (UK), Ltd.
Bureau of Commercial Information Ltd.	United Kingdom	100	Registrant
Business Geographics	United Kingdom	70	Int'l Poster Management Ltd.
Business Opinions Ltd.	United Kingdom	100	Charles Barker plc
Caudex Medical Limited	United Kingdom	100	Registrant
Causeway Communications Ltd.	United Kingdom	100	IPR Limited
Charles Barker ESOP Trustee Ltd.	United Kingdom	100	Charles Barker plc
Charles Barker Healthcare Ltd.	United Kingdom	100	Charles Barker plc
Charles Barker plc	United Kingdom	100	True North Holdings (UK), Ltd.
Charles Barker Publishing Ltd.	United Kingdom	92	Charles Barker plc
City Research Associates Limited	United Kingdom	100	City Research Group plc
City Research Group plc	United Kingdom	100	NFO WorldGroup Inc.
CM Lintas International Ltd.	United Kingdom	100	Interpublic Limited
Colourwatch Group Limited	United Kingdom	100	Lowe International Limited
Complete Congress Services Limited	United Kingdom	100	Complete Medical Group Ltd. (67%); Registrant (33%)
Complete Exhibition Services Ltd.	United Kingdom	80	Torre Lazur McCann Healthcare Worldwide Specialty Services Ltd.
Complete Healthcare Training Limited	United Kingdom	75	Torre Lazur McCann Healthcare Worldwide Specialty Services Ltd.
Complete Market Research Limited	United Kingdom	100	Complete Medical Group Ltd.
Complete Medical Communications Ltd.	United Kingdom	85	Complete Medical Communications Ltd.
Complete Medical Communications (UK) Ltd.	United Kingdom	80	Complete Medical Group Ltd.
Creata Promotion Limited	United Kingdom	100	Marketing Drive Group Limited
Creation Communications Design Ltd	United Kingdom	100	Jack Morton Worldwide Ltd.
Creation Communications Limited	United Kingdom	100	Jack Morton Worldwide Ltd.
Creative Drive Limited	United Kingdom	100	Marketing Drive Group Limited
Cyclops Productions, Ltd.	United Kingdom	100	True North Holdings (UK) Ltd.
Davies Day Limited	United Kingdom	100	Octagon Sponsorship Consulting Limited
Daytona Raceway Limited	United Kingdom	100	The Rebel Group Limited
DCMA Ltd.	United Kingdom	50	True North Holdings (UK) Ltd.

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Decifer Limited	United Kingdom	100	Lowe International Limited
Delaney Fetcher Delaney	United Kingdom	100	True North Holdings (UK) Ltd.
Diagnosis Limited	United Kingdom	80	Complete Medical Group Limited
DraftWorldwide Limited	United Kingdom	100	Draft Group Holdings Limited
Draft Group Holdings Limited	United Kingdom	100	Interpublic Limited
DRS Advertising Limited	United Kingdom	100	Draft Group Holdings Limited
E-fact Limited	United Kingdom	100	Springer & Jacoby Holding GmbH
Events & Programming			
Int'l Consultancy Ltd.	United Kingdom	100	Interpublic Limited
EXP Momentum	United Kingdom	100	Interpublic Limited
Exp. Momentum Ltd.	United Kingdom	100	Interpublic Limited
Expert Media Limited	United Kingdom	100	Genus Media Limited
FCB Advertising Ltd.	United Kingdom	100	True North Holdings (UK) Ltd.
FBC (FutureBrand Consumer) Limited	United Kingdom	78	Registrant
FCB (FutureBrand) Limited	United Kingdom	100	Interpublic Limited
FCB (FutureBrand Digital) Limited	United Kingdom	100	FCB (FutureBrand) Limited
Fieldplan Ltd.	United Kingdom	100	Interpublic Limited
Firstsale 2 Limited	United Kingdom	100	Shandwick Marketing Service Ltd.
Firstsale 4 Ltd.	United Kingdom	100	IPR Limited
Firstsale 5 Ltd.	United Kingdom	100	Int'l Public Relations Ltd.
Firstsale 6 Ltd.	United Kingdom	100	Weber Shandwick International Limited
Fleet Financial Comm. Ltd.	United Kingdom	100	Square Mile Holdings Ltd.
Fleet PR Limited	United Kingdom	100	Shandwick Public Relations Ltd.
FutureBrand English and Pockett Limited	United Kingdom	75	Registrant
Genus Media Limited	United Kingdom	100	True North Holdings (UK) Ltd.
GJW Europe Ltd.	United Kingdom	100	GJW Holdings Limited
GJW Government Relations Ltd.	United Kingdom	100	GJW Holdings Limited
GJW Holdings Limited	United Kingdom	100	BSMG Worldwide (Europe) Ltd.
GJW International Limited	United Kingdom	100	GJW Holdings Limited
Globespan Marketing Services	United Kingdom	100	Marketing Drive Group Limited
Golin/Harris International Ltd.	United Kingdom	100	Int'l Public Relations Ltd.
Gotham Limited	United Kingdom	100	Interpublic Limited
Gresham Financial Marketing Ltd.	United Kingdom	100	Weber Shandwick Consultants Limited
Grand Slam Millennium Television Ltd.	United Kingdom	100	Octagon Sports Marketing Ltd.
Grand Slam Sports Limited	United Kingdom	100	Octagon Sports Marketing Ltd.
GSD Momentum Limited	United Kingdom	100	Registrant
GSD (Scotland) Ltd.	United Kingdom	100	GSD Momentum Limited
Harrison Advertising (International) Ltd.	United Kingdom	100	Interpublic Limited
High Technology Marketing Systems Limited	United Kingdom	100	Marketing Drive Group Limited
H.K. McCann Limited	United Kingdom	100	McCann Erickson Advertising Ltd.
Hopkins & Bailey Ltd.	United Kingdom	100	Radclyffe Comm. Group Ltd.
HPI 1999 Limited	United Kingdom	100	Draft Group Holdings Limited

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
HPI International Limited	United Kingdom	100	Draft Group Holdings Limited
Infratest Burke Asia Pacific Ltd	United Kingdom	100	Infratest Burke International GmbH Holdings
Infratest Burke Core Company Limited	United Kingdom	100	The Business in Marketing & Communications Ltd.
Infratest Burke Group Ltd	United Kingdom	100	Infratest Burke International GmbH Holdings
Infratest Burke International Services	United Kingdom	100	Infratest Burke International GmbH Holdings
Infratest Burke Ltd	United Kingdom	100	Infratest Burke Group Ltd.
Initiative Media Limited	United Kingdom	100	Interpublic Limited
Initiative Media London Limited	United Kingdom	100	Interpublic Limited
International Poster Management Ltd.	United Kingdom	100	Interpublic Limited
International Public Relations Ltd.	United Kingdom	100	Interpublic Limited
Interpublic Limited	United Kingdom	100	Registrant
Interpublic Pension Fund Trustee Co. Ltd.	United Kingdom	100	Interpublic Limited
IPR Investments Limited	United Kingdom	100	Int'l Public Relations Ltd.
Isogroup UK Limited	United Kingdom	100	Isogroup B.V.
Jack Morton Europe Limited	United Kingdom	100	Jack Morton
Jack Morton UK Limited	United Kingdom	100	Jack Morton Europe Limited
Jack Morton Worldwide Limited	United Kingdom	100	Jack Morton UK Limited
Jones Britton Breckon Company Limited	United Kingdom	100	Genus Media Limited
Just Customer Communication Limited	United Kingdom	100	TPD Group Limited
Joint Venture 36 Travel Ltd.	United Kingdom	50	Lowe International limited
Keith Littlewood Associates	United Kingdom	100	True North Holdings (UK) Ltd.
Kumquat Limited	United Kingdom	100	Draft Group Holdings Limited
Lewis Gace Bozell Healthcare Worldwide Ltd.	United Kingdom	100	True North Holdings (UK) Ltd.
LHSB Management Services Ltd.	United Kingdom	100	Lowe International Limited
Lintas W.A. Limited	United Kingdom	100	Interpublic Limited
Lowe & Partners Ltd.	United Kingdom	100	Lowe International Limited
Lowe Azure Limited	United Kingdom	100	Lowe International limited
Lowe Broadway Limited	United Kingdom	100	Broadway Communications Group (Holdings) 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
Lowe Live Limited	United Kingdom	75	Lowe International Limited
Lowe Lintas & Partners Worldwide Limited	United Kingdom	100	Interpublic Limited
Lowe Plus Limited	United Kingdom	100	Lowe International limited

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
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	United Kingdom	100	True North Holdings (UK) Ltd.
Market Behaviour Limited	United Kingdom	100	MBL Group plc
Marketing Blueprint	United Kingdom	100	MBL Group plc
Marketing Communications Technologies (EMEA) Ltd.	United Kingdom	100	Interpublic Ltd.
Marketing Drive Group Limited	United Kingdom	100	True North Holdings (UK) Ltd.
Marketing Drive Limited	United Kingdom	100	Marketing Drive Group Limited
Marketing Drive International Ltd.	United Kingdom	100	Marketing Drive Group Limited
MBL Group PLC	United Kingdom	100	NFO Research Inc.
MBS Media Limited	United Kingdom	100	Genus Media Limited
McCann Communications Limited	United Kingdom	100	McCann-Erickson Advertising Limited
McCann Direct Limited	United Kingdom	100	Interpublic Limited
McCann-Erickson Advertising Limited	United Kingdom	100	McCann-Erickson UK Group Limited
McCann-Erickson Belfast Limited	United Kingdom	100	McCann-Erickson Network Limited
McCann-Erickson Bristol Limited	United Kingdom	100	McCann-Erickson Network Limited
McCann-Erickson Central Limited	United Kingdom	100	McCann-Erickson Network Limited
McCann-Erickson EMEA Ltd.	United Kingdom	100	Interpublic Limited
McCann-Erickson Healthcare UK Limited	United Kingdom	100	Interpublic Limited
McCann-Erickson Manchester Limited	United Kingdom	100	McCann-Erickson Network Limited
McCann-Erickson Payne, Golley Ltd.	United Kingdom	100	McCann-Erickson Network Limited
McCann-Erickson Network Limited	United Kingdom	100	McCann-Erickson UK Group Limited
McCann-Erickson Scotland Limited	United Kingdom	100	McCann-Erickson Network Limited
McCann-Erickson UK Group Ltd	United Kingdom	100	Interpublic Ltd.
McCann-Erickson Windsor Limited	United Kingdom	100	McCann-Erickson Network Limited
McCann Properties Limited	United Kingdom	100	McCann-Erickson Network Limited
McCann Weber Public Relations Limited	United Kingdom	100	McCann-Erickson Bristol
Merchandising, Handling & Distribution Ltd.	United Kingdom	100	Marketing Drive Group Group Limited
MDGS Ltd.	United Kingdom	100	Marketing Drive Group Limited
Miller/Shandwick Technologies Inc.	United Kingdom	100	Weber Shandwick International Limited
Miller Starr Limited	United Kingdom	60	Registrant
MLS Soccer Limited	United Kingdom	100	Octagon Sports Marketing Limited
Momentum Field Marketing Ltd.	United Kingdom	100	GSD Momentum Limited
Momentum On The Move Ltd.	United Kingdom	100	Exp Momentum Ltd.
Motive Public Relations Ltd.	United Kingdom	75	Opus Holdings International Limited
Movie and Media Sports (Holdings) Limited	United Kingdom	100	Registrant (48%); Octagon Worldwide Ltd. (31%); Octagon Worldwide Inc. (26%)

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
MSW Management Limited	United Kingdom	100	Octagon Sports Marketing Limited
Nationwide Public Relations Ltd.	United Kingdom	100	IPR Limited
NDI Momentum Limited	United Kingdom	100	Interpublic Limited
Newtonvale Limited	United Kingdom	51	Low International Limited (25.5%); Registrant (25.5%)
NFO European Access Panel Ltd.	United Kingdom	100	Infratest Burke International GmbH Holdings
NFO Worldwide Ltd	United Kingdom	100	NFO UK, Inc.
Octagon Athlete Representation Limited	United Kingdom	100	Octagon Sports Marketing Ltd.
Octagon CSI Limited	United Kingdom	100	Third Dimension Limited
Octagon Event Marketing Limited	United Kingdom	100	Interpublic Limited
Octagon Sponsorship Consulting Limited	United Kingdom	100	Octagon Sports Marketing Ltd.
Octagon Mktg. Services Limited	United Kingdom	100	Octagon Sports Marketing Ltd.
Octagon Motorsports Limited	United Kingdom	100	Brands Hatch Limited
Octagon Movies & Media Limited	United Kingdom	100	Movies & Media Sports (Holdings) Inc.
Octagon SC Limited	United Kingdom	100	Octagon Sponsorship Consulting Ltd.
Octagon Sponsorship Europe Limited	United Kingdom	100	Octagon Sports Marketing Ltd.
Octagon Sponsorship Limited	United Kingdom	100	Octagon Sponsorship Consulting Ltd.
Octagon Sports Marketing Limited	United Kingdom	100	Octagon Worldwide Limited
Octagon Worldwide Limited	United Kingdom	100	Interpublic Limited
Opus Group International Ltd.	United Kingdom	100	True North Holdings (UK) Ltd.
Opus Holdings International Ltd.	United Kingdom	100	Opus Group International Ltd.
Orbit International (1990) Ltd.	United Kingdom	100	Low International Limited
Origination Production Services Limited	United Kingdom	100	Marketing Drive Group Limited
PDP Momentum Limited	United Kingdom	100	Registrant
Packaging Matters Limited	United Kingdom	100	Registrant
PCMC Services Ltd.	United Kingdom	100	Opus Holdings International Ltd.
Perception Creative Mktg. Ltd.	United Kingdom	100	Opus Holdings International Ltd.
PR Consultants, Ltd.	United Kingdom	71	The Coleman Group Worldwide LLC
Poundhold Ltd.	United Kingdom	100	Low International Limited
PR Consultants Scotland Limited	United Kingdom	100	Int'l Public Relations Ltd.
Prime Communications Limited	United Kingdom	100	Shandwick Public Relations Ltd.
Prognostics Ltd	United Kingdom	100	Prognostics Corporation
Public Attitude Surveys Holdings Limited	United Kingdom	100	Infratest Burke Group Limited
Public Attitude Surveys Limited	United Kingdom	100	Public Attitude Surveys Holdings Limited
Radclyffe Communications Group Ltd.	United Kingdom	100	Weber Shandwick International Ltd.
Rebel Enterprises Limited	United Kingdom	100	The Rebel Group Limited
Revelation Research	United Kingdom	100	Opus Holdings International Ltd.
Roger & Cowan Brand Placement Ltd.	United Kingdom	100	Weber Shandwick UK Limited

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Rogers & Cowan International Ltd.	United Kingdom	100	Weber Shandwick International Ltd.
Salesdesk Limited	United Kingdom	100	Harrison Advertising (international) Ltd.
Screen & Music Travel Limited	United Kingdom	100	Jack Morton
SCW Bozell (Holdings) Ltd.	United Kingdom	100	True North Holdings (UK) Ltd.
Shandwick Design Limited	United Kingdom	100	PR Consultants Scotland Limited
Shandwick Interactive Limited	United Kingdom	100	Weber Shandwick International Limited
Shandwick North Limited	United Kingdom	100	Weber Shandwick International Limited
Shandwick Northern Ireland Limited	United Kingdom	100	IPR Limited
Shandwick Public Affairs Limited	United Kingdom	100	Weber Shandwick International Limited
Shandwick Public Relations Limited	United Kingdom	100	IPR Limited
Shandwick Scotland Limited	United Kingdom	100	PR Consultants Scotland Limited
SLAM Ltd.	United Kingdom	100	Charles Barker plc
Smithfield Lease Limited	United Kingdom	100	Lowe International Limited
Sports Management Limited	United Kingdom	100	Octagon Sports Mrktg. Limited
Springer & Jacoby UK Limited	United Kingdom	100	Springer & Jacoby International GmbH
Springpoint Limited	United Kingdom	100	Registrant
Square Mile Communications Ltd.	United Kingdom	100	Square Mile Holdings Limited
Square Mile Holdings Limited	United Kingdom	100	BSMG Worldwide (Europe) Ltd.
Still Price Court Twivy D'Souza Ltd.	United Kingdom	100	APL Group Limited
Stowe, Bowden, Wilson Limited	United Kingdom	100	McCann-Erickson Network Limited
Strategic Marketing Consultancy Limited	United Kingdom	100	City Research Group plc
Symphony Direct Communications Ltd.	United Kingdom	100	Draft Group Holdings Limited
System Three (Scotland) Limited	United Kingdom	100	Public Attitude Surveys Limited
Tavistock Advertising Limited	United Kingdom	100	Lowe International Limited
The Below the Line Agency Limited	United Kingdom	100	Interpublic Limited
The Boroughloch Consultancy Limited	United Kingdom	100	Draft Group Holdings Limited
The Brompton Group Ltd.	United Kingdom	100	Lowe Int'l Limited
The Business in Marketing & Communications Ltd.	United Kingdom	100	Shandwick Public Relations Ltd.
The Championship Group Limited	United Kingdom	100	Octagon Sports Marketing Limited
The Howland Street Studio Ltd.	United Kingdom	100	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 Production Department Partnership (London)	United Kingdom	100	The Arbor Group PLC
The PR Centre Limited	United Kingdom	100	PR Consultants Scotland Limited
The Quay Advertising and Marketing Limited	United Kingdom	100	Bahbout and Stratton Limited
The Really Big Promotions Co. Ltd.	United Kingdom	100	Interpublic Limited

<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Tinker and Partners Limited	United Kingdom	100	Interpublic Limited
TMG Healthcare Communication Ltd.	United Kingdom	60	Torre Lazur McCann Healthcare Worldwide Specialty Services Ltd.
Toca Limited	United Kingdom	100	Brands Hatch Leisure Limited
Torre Lazur McCann Healthcare Worldwide Specialty Services Ltd.	United Kingdom	100	Interpublic Limited
TPS Public Relations Limited	United Kingdom	100	Shandwick Public Relations Ltd.
True North Holdings (UK) Ltd.	United Kingdom	100	TN Holdings (Europe) Inc.
Tweak Limited	United Kingdom	100	SP Lintas Group Limited
Two Six Seven Limited	United Kingdom	100	Lowe International limited
Universal Advertising Limited	United Kingdom	100	Interpublic Limited
Universal Communications Worldwide Limited	United Kingdom	100	Interpublic Limited
Virtual Reality Sports Limited	United Kingdom	100	Octagon Sports Marketing Limited
Washington Soccer Club Limited	United Kingdom	100	Octagon Sports Marketing Limited
Weber Europe Limited	United Kingdom	100	Interpublic Limited
Weber Shandwick Broadcast Ltd	United Kingdom	100	Weber Shandwick International Limited
Weber Shandwick Consultancy Ltd.	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	Widestrong Limited
Weber Shandwick International Limited	United Kingdom	100	Shandwick Investments Limited
Weber Shandwick Investor Relations Limited	United Kingdom	100	Weber Shandwick UK Limited
Weber Shandwick Marketing Services Limited	United Kingdom	100	Int'l Public Relations Ltd.
Weber Shandwick PR Company Limited	United Kingdom	100	Weber Shandwick International Limited
Weber Shandwick Trustees Limited	United Kingdom	100	Int'l Public Relations Ltd.
Weber Shandwick UK Limited	United Kingdom	100	Weber Shandwick International
Western International Media Limited.	United Kingdom	100	Lowe International Limited (52%) WIMC (UK) Limited (48%)
Western International Media Europe Limited.	United Kingdom	100	Lowe International Limited
Widestrong Limited	United Kingdom	100	International Public Relations Limited
WIMC UK Limited	United Kingdom	100	Interpublic Limited
Zentropy Partners UK Limited	United Kingdom	100	Zentropy Partners Inc.
Aderal S.A.	Uruguay	90	Grupo Nueva Comunicacion S.A.
Intelan	Uruguay	100	Lingfield S.A. (S.A.F.I.)
Lingfield S.A. (S.A.F.I.)	Uruguay	100	Interpublic Publicidad e Pesquisas Sociedade Ltda.
Lintas Uruguay	Uruguay	100	Ammirati Puris Lintas Brazil
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.)



<b>Name</b>	<b>Jurisdiction Under Which Organized</b>	<b>Percentage Of Voting Securities Owned By Immediate Parent (%)</b>	<b>Immediate Parent</b>
<b>Foreign:</b>			
Paradiser SA	Uruguay	60	True North Holdings (Latin America), Inc.
Universal Publicidad S.A. (S.A.F.I.)	Uruguay	100	McCann-Erickson Publicidade Ltda. Registrant
McCann Uzbekistan	Uzbekistan	100	
AJL Park Publicidade	Venezuela	60	True North Holdings (Latin America), Inc.
FCB Publicidad	Venezuela	100	Foote, Cone & Boeding Publicidad
Foote, Cone & Boeding Publicidad	Venezuela	100	True North Holdings (Latin America), Inc.
FutureBrand S.A.	Venezuela	99.9	The FutureBrand Company, Inc.
McCann-Erickson Publicidad De Venezuela, S.A.	Venezuela	100	Registrant
TN Medios CA	Venezuela	100	True North Holdings (Latin America), Inc.
NFO Vietnam	Vietnam	100	NFO Asia-Pacific Limited
FCB MB&A	Zimbabwe	100	FCB South Africa Holding
Lintas (Private) Limited	Zimbabwe	80	Fieldplan Ltd.
Media Initiative (Zimbabwe) Pty. Limited	Zimbabwe	80	Fieldplan 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". Ammirati Puris Lintas, 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.

**CONSENT OF INDEPENDENT ACCOUNTANTS**

We hereby consent to the incorporation by reference in the following Registration Statements of The Interpublic Group of Companies, Inc. (the "Company"), of our report dated March 6, 2003, except for Note 8, which is as of March 13, 2003, which appears in this Annual Report on Form 10-K: Registration Statements on Form S-8 No. 2-79071; No. 2-43811; No. 2-56269; No. 2-61346; No. 2-64338; No. 2-67560; No. 2-72093; No. 2-88165; No. 2-90878; No. 2-97440; and No. 33-28143, relating to the Stock Option Plan (1971), the Stock Option Plan (1981), the Stock Option Plan (1988) and the Achievement Stock Award Plan of the Company; Registration Statements on Form S-8 No. 2-53544; No. 2-91564; No. 2-98324; No. 33-22008; No. 33-64062; and No. 33-61371, relating to the Employee Stock Purchase Plan (1975), the Employee Stock Purchase Plan (1985) and the Employee Stock Purchase Plan of the Company (1995); Registration Statements on Form S-8 No. 33-20291 and No. 33-2830 relating to the Management Incentive Compensation Plan of the Company; Registration Statements on Form S-8 No. 33-5352; No. 33-21605; No. 333-4747; and No. 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan of the Company; Registration Statements on Form S-8 No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan of the Company; Registration Statement on Form S-8 No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan of the Company; Registration Statement on Form S-8 No. 33-42675 relating to the 1997 Performance Incentive Plan of the Company; Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 No. 333-59254 relating to the True North Communications Inc. Stock Option Plan and the Bozell, Jacobs, Kenyon & Eckhardt, Inc. Stock Option Plan; Registration Statement on Form S-3 No. 333-44512, relating to the public offering of 7 7/8% notes of the Company; Registration Statement on Form S-3 No. 333-53592 related to the public offering of shares of the Company; Registration Statement on Form S-3 No. 333-82368, relating to the public offering of zero-coupon convertible senior notes of the Company and Registration Statement on Form S-8 No. 333-89896 relating to the 2002 Performance Incentive Plan of the Company. We also consent to the incorporation by reference of our report dated March 6, 2003 relating to the Financial Statement Schedule, Valuation and Qualifying Accounts, which appears in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP  
New York, New York  
March 28, 2003

## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the following Registration Statements of The Interpublic Group of Companies, Inc. (the "Company"), of our report dated February 13, 2001, with respect to the consolidated financial statements of Deutsch, Inc. and Subsidiary and Affiliates as of December 31, 2000, which appears in this Annual Report on Form 10-K: Registration Statements on Form S-8 No. 2-79071; No. 2-43811; No. 2-56269; No. 2-61346; No. 2-64338; No. 2-67560; No. 2-72093; No. 2-88165; No. 2-90878; No. 2-97440; and No. 33-28143, relating to the Stock Option Plan (1971), the Stock Option Plan (1981), the Stock Option Plan (1988) and the Achievement Stock Award Plan of the Company; Registration Statements on Form S-8 No. 2-53544; No. 2-91564; No. 2-98324; No. 33-22008; No. 33-64062; and No. 33-61371, relating to the Employee Stock Purchase Plan (1975), the Employee Stock Purchase Plan (1985) and the Employee Stock Purchase Plan of the Company (1995); Registration Statements on Form S-8 No. 33-20291 and No. 33-2830 relating to the Management Incentive Compensation Plan of the Company; Registration Statements on Form S-8 No. 33-5352; No. 33-21605; No. 333-4747; and No. 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan of the Company; Registration Statements on Form S-8 No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan of the Company; Registration Statement on Form S-8 No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan of the Company; Registration Statement on Form S-8 No. 33-42675 relating to the 1997 Performance Incentive Plan of the Company; Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 No. 333-59254 relating to the True North Communications Inc. Stock Option Plan and the Bozell, Jacobs, Kenyon & Eckhardt, Inc. Stock Option Plan; Registration Statement on Form S-8 No. 333-89896 relating to the 2002 Performance Incentive Plan of the Company. We also consent to the incorporation by reference in the Registration Statement on Form S-3 No. 333-44512, relating to the public offering of 7 7/8% notes of the Company; Registration Statement on Form S-3 No. 333-53592 related to the public offering of shares of the Company and No. 333-82368 related to the public offering of zero-coupon convertible senior notes of the Company, of our report dated February 13, 2001, which appears in this Report on Form 10-K. It should be noted that we have not audited any financial statements of Deutsch, Inc. and Subsidiary and Affiliates subsequent to December 31, 2000 or performed any audit procedures subsequent to the date of our report.

J.H. Cohn LLP  
Roseland, New Jersey  
March 28, 2003

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints David A. Bell, SEAN F. ORR, RICHARD P. SNEEDER, JR. 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, and in his name, place and stead, in any and all capacities, to sign the Report on Form 10-K for the year ended December 31, 2002, 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 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 substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: March 27, 2003

/s/ David A. Bell  
David A. Bell

/s/ Sean F. Orr  
Sean F. Orr

/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/ Michael I. Roth  
Michael I. Roth

/s/ J. Philip Samper  
J. Philip Samper

/s/ Richard P. Sneider, Jr.  
Richard P. Sneider, Jr.

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 March 27, 2003 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 March, 2003.

/s/ Nicholas J. Camera  
Nicholas J. Camera

THE INTERPUBLIC GROUP OF COMPANIES, INC.

MEETING 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, 2002, 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, Chief Financial Officer in his capacity as Chief Financial Officer, and the Vice President and Controller 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 David A. Bell, Sean F. Orr, Richard P. Sneider, Jr. 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.

**Annual 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 Annual Report on Form 10-K for the year ended December 31, 2002 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2003

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

Dated: March 28, 2003

/s/ Sean F. Orr  
Sean F. Orr  
Chief Financial Officer

The foregoing certification is being furnished solely 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) and is not being filed as part of the Form 10-K or as a separate disclosure document.

**THE INTERPUBLIC GROUP, 2002**