INTERPUBLIC GROUP OF COMPANIES INC
Form 10-Q/A
December 18, 2002

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

FORM 10-Q/A

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

For the quarterly period ended **March 31, 2002**

OR

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

Commission File Number: 1 -6686

THE INTERPUBLIC GROUP OF COMPANIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware	13 -1024020
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1271 Avenue of the Americas, New York, New York	10020
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock outstanding at April 30, 2002: 382,025,651 shares.

EXPLANATORY NOTE
(Dollars in Millions)

The Interpublic Group of Companies, Inc. (the "Company") has restated its consolidated financial statements for periods from 1996 to June 2002. During the second and third quarters of 2002, the Company identified total charges of $181.3 ($135.9, net of tax) related to prior periods. Of the total amount of charges, $8.6 related to the first fiscal quarter ended March 31, 2002 and $4.1 related to the first fiscal quarter ended March 31, 2001. This Form 10-Q/A reflects the impact of the restatement on the consolidated financial statements for the fiscal quarter ended March 31, 2002 and 2001. Note 8 to these restated consolidated financial statements shows the impact of the restatement on the Company's consolidated statement of operations for the fiscal quarters ended March 31, 2002 and 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.

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.

This Form 10-Q/A amends the Form 10-Q filed by the Company on May 15, 2002, for the three months ended March 31, 2002. This amendment includes certain information required by Items 1 and 2 of Form 10-Q, including such restated consolidated financial statements (together with other information relating to such restated consolidated financial statements) and the Company's amended and restated management's discussion and analysis of financial condition and results of operations.

This Form 10-Q/A amends Items 1 and 2 of Part I of the Company's original Form 10-Q filing only, and except for such items and Exhibit 11, no other information included in the Company's original Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2002, is amended by this amendment.

For additional discussion of developments relating to periods subsequent to March 31, 2002, please see the Company's reports filed with the Securities and Exchange Commission with respect to such subsequent periods, including the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
I N D E X

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PART I - FINANCIAL INFORMATION

Item 1.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31,
(Amounts in Millions, Except Per Share Amounts)
(unaudited)

	2002 (Restated)	2001 (Restated)
REVENUE	$1,420.0	$1,674.8
OPERATING EXPENSES:		
Salaries and related expenses	867.9	1,003.6
Office and general expenses	419.1	478.2
Amortization of intangible assets	1.5	41.9
Restructuring and other merger related costs	--	1.5
Total operating expenses	1,288.5	1,525.2
OPERATING INCOME	131.5	149.6
OTHER INCOME (EXPENSE):		
Interest expense	(35.3)	(37.5)
Interest income	6.9	12.5
Other income	0.3	8.6
Investment impairment	--	(160.1)
Total other income (expense)	(28.1)	(176.5)
Income (loss) before provision for income taxes	103.4	(26.9)
Provision for (benefit of) income taxes	39.0	(2.1)

Income (loss) of consolidated companies	64.4	(24.8)
Income applicable to minority interests	(3.6)	(6.9)
Equity in net income of unconsolidated affiliates	0.9	1.3
NET INCOME (LOSS)	$ 61.7	$ (30.4)
Earnings (loss) per share:		
Basic	$ 0.17	$ (0.08)
Diluted	$ 0.16	$ (0.08)
Weighted average shares:		
Basic	373.0	366.1
Diluted	379.8	366.1
Cash dividends per share	$ 0.095	$ 0.095

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

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

ASSETS

	March 31, 2002 (Unaudited) (Restated)	December 31, 2001 (Restated)
CURRENT ASSETS:		
Cash and cash equivalents	$ 575.1	$ 935.2
Account receivables (net of allowance for doubtful accounts: 2002-$88.1; 2001-$90.7)	4,466.7	4,674.9
Expenditures billable to clients	391.8	325.5
Deferred taxes on income	48.0	80.0

Prepaid expenses and other current assets	332.3	337.6
Total current assets	5,813.9	6,353.2
FIXED ASSETS, AT COST:		
Land and buildings	159.8	161.1
Furniture and equipment	1,097.2	1,083.2
Leasehold improvements	461.8	461.4
	1,718.8	1,705.7
Less: accumulated depreciation	(891.3)	(858.0)
Total fixed assets	827.5	847.7
OTHER ASSETS:		
Investment in unconsolidated affiliates	162.5	159.6
Deferred taxes on income	484.7	492.8
Other assets and miscellaneous investments	430.1	430.8
Goodwill	3,084.3	3,004.2
Other intangible assets (net of accumulated amortization: 2002-$25.5; 2001-$24.0)	107.9	102.2
Total other assets	4,269.5	4,189.6
TOTAL ASSETS	$10,910.9	$11,390.5

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Amounts in Millions, Except Per Share Amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2002 (Unaudited) (Restated)	December 31, 2001 (Restated)
CURRENT LIABILITIES:		
Accounts payable	$ 4,211.0	$ 4,555.5
Accrued expenses	1,214.4	1,321.3
Loans payable	525.4	453.1
Accrued income taxes	19.4	65.2
Dividends payable	36.2	36.0
Total current liabilities	6,006.4	6,431.1
NON-CURRENT LIABILITIES:		
Long-term debt	1,239.3	1,356.8
Convertible subordinated notes	552.5	548.5
Zero-coupon convertible senior notes	576.7	575.3
Deferred compensation	376.0	376.7
Accrued postretirement benefits	55.8	54.4
Other non-current liabilities	100.0	100.5
Minority interests in consolidated subsidiaries	90.0	89.3
Total non-current liabilities	2,990.3	3,101.5

Commitments and contingencies (Note 7)

STOCKHOLDERS' EQUITY:

Preferred stock, no par value, shares authorized: 20.0, shares issued: none		
Common stock, $0.10 par value, shares authorized: 550.0, shares issued: 2002 - 386.7; 2001 - 385.8	38.7	38.6
Additional paid-in capital	1,775.7	1,785.2
Retained earnings	911.5	886.1
Accumulated other comprehensive loss, net of tax	(465.6)	(447.8)
	2,260.3	2,262.1
Less:		
Treasury stock, at cost: 2002 - 6.1 shares; 2001 - 7.3 shares	(239.1)	(290.2)
Unamortized deferred compensation	(107.0)	(114.0)
Total stockholders' equity	1,914.2	1,857.9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$10,910.9	$11,390.5

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31,
(Amounts in Millions)
(unaudited)

	2002 (Restated)	2001 (Restated)
Net Income (Loss)	$ 61.7	$(30.4)
Foreign Currency Translation Adjustments	(18.5	(87.4

	)	)
Unrealized Holding Gains (Losses) on Securities		
Unrealized holding gains	0.9	--
Tax expense	(0.4)	--
Unrealized holding losses	--	(7.7)
Tax benefit	--	3.2
Reclassification of unrealized loss to net earnings	--	89.4
Tax benefit	--	(37.5
		)
Unrealized holding gains on securities	0.5	47.4
Comprehensive Income (Loss)	$ 43.7	$(70.4
		)

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31,
(Amounts in Millions)
(unaudited)

	2002 (Restated)	2001 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 61.7	$ (30.4)
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Depreciation and amortization of fixed assets	48.7	51.8
Amortization of intangible assets	1.5	41.9
Amortization of restricted stock awards and bond discounts	18.4	15.2
Provision for (benefit of) deferred income taxes	42.3	(60.3)
Undistributed equity earnings	(0.9)	(1.3)
Income applicable to minority interests	3.6	6.9
Investment impairment	--	160.1

Other	(0.1)	(4.9)
Change in assets and liabilities, net of acquisitions:		
Accounts receivable	160.3	411.2
Expenditures billable to clients	(68.5)	(53.7)
Prepaid expenses and other current assets	0.3	(54.2)
Accounts payable, accrued expenses and other current liabilities	(418.4)	(1,081.9)
Accrued income taxes	(44.9)	(31.1)
Other non-current assets and liabilities	1.5	17.9
Net cash used in operating activities	(194.5)	(612.8)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	(65.3)	(66.5)
Capital expenditures	(34.8)	(60.7)
Proceeds from sales of businesses	0.2	11.3
Proceeds from sales of long-term investments	33.2	6.4
Purchases of long-term investments	(32.7)	(6.0)
Maturities of short-term marketable securities	11.2	10.8
Purchases of short-term marketable securities	(4.3)	(22.8)
Other investments and miscellaneous assets	(6.7)	(23.2)
Net cash used in investing activities	(99.2)	(150.7)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term bank borrowings	72.6	716.8
Proceeds from long-term debt	7.3	102.7
Payments of long-term debt	(124.0)	(170.8)
Treasury stock acquired	(2.2)	(62.3)
Issuance of common stock	26.0	36.9
Cash dividends - Interpublic	(36.0)	(29.4)
Cash dividends - pooled companies	--	(7.5)
Net cash provided by (used in) financing activities	(56.3	586.4

	)	
Effect of exchange rates on cash and cash equivalents	(10.1)	(35.9)
Decrease in cash and cash equivalents	(360.1)	(213.0)
Cash and cash equivalents at beginning of year	935.2	844.6
Cash and cash equivalents at end of period	$ 575.1	$ 631.6

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

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

1. Basis of Presentation

In the opinion of management, the financial statements included herein contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position, results of operations and cash flows at March 31, 2002 and for all periods presented. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in The Interpublic Group of Companies, Inc.'s (the "Company" or "Interpublic") December 31, 2001 Annual Report to Stockholders filed on Form 10-K/A. The operating results for the first three months of the year are not necessarily indicative of the results for the year or other interim periods.

As discussed in Note 8, the Company identified total charges of $181.3 that are related to prior periods. The total amount of charges has been recorded through a restatement of previously reported amounts.

Certain prior year amounts have been reclassified to conform with current year presentation. Additionally, as discussed in Note 4 below, the consolidated statement of operations is not comparable to the prior year reflecting a change in accounting principle pursuant to Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets.*

2. Restructuring And Other Merger Related Costs

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. As a result of the operational initiatives, the combined Company has been organized into four global operating groups. Three of these groups, McCann-Erickson WorldGroup, an enhanced FCB Group and a new global marketing resource called The Partnership, provide a full complement of global marketing services and marketing communication services. The fourth group, Advanced Marketing Services, focuses on expanding the Company's operations in the area of specialized marketing communications and services.

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.

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

	Balance at December 31, 2001	Cash paid through March 31, 2002	Liability at March 31, 2002
TOTAL BY TYPE			
Severance and termination costs	$154.0	$59.6	$ 94.4
Lease termination and other exit costs	157.1	21.7	135.4
Total	$311.1	$81.3	$229.8

The severance and termination costs related to approximately 6,800 employees who have been, or will be, terminated. As of March 31, 2002, approximately 6,200 of those identified had been terminated. The remaining employees are expected to be terminated by the middle of the year 2002. A significant portion of severance liabilities are expected to be paid out over a period of up to one year. The employee groups affected include all levels and functions across the Company: executive, regional and account management, administrative, creative and media production personnel. Approximately half of the 6,800 headcount reductions relate to the U.S., one third relate to Europe (principally the UK, France and Germany), with the remainder relating to Latin America and Asia Pacific.

Lease termination costs, net of estimated sublease income, relate to the offices that have been or will be vacated as part of the restructuring. The Company plans to downsize or vacate approximately 180 locations and expects that all leases will have been terminated or subleased by the middle of the year 2002; however, the cash portion of the charge will be paid out over a

period of up to five years. The geographical distribution of

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

offices to be vacated is similar to the geographical distribution of the severance charges. Lease termination and related costs include 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 U.S. and Europe. In the aggregate, the businesses being sold or closed represent 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. Approximately one half of the sales or closures had occurred by March 2002, with the remaining to occur by the middle of the year 2002.

3. Investment Impairment

During the first quarter of 2001, the Company recorded a charge of $160.1 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 impairment charge adjusted the carrying value of investments to the estimated market value.

4. New Accounting Standards

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141, *Business Combinations* ("SFAS 141"), and No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"). These statements were effective for fiscal years beginning after December 15, 2001. Under the new standards, the purchase method of accounting is required for all business combinations initiated after June 30, 2001 and goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests. Other intangible assets will continue to be amortized over their estimated useful lives.

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 Company estimates that, based on its current intangible assets, amortization expense will be approximately $6.0 to $8.0 in each of the next five years.

In connection with SFAS 142, goodwill amortization ceased effective January 1, 2002. The following analysis shows the impact on the Company's statement of operations had SFAS 142 been effective for all periods presented:

	2002 (Restated)	2001 (Restated)
Reported net income (loss)	$61.7	$(30.4)
Add back: goodwill amortization, net of tax	--	35.3
Adjusted net income	$61.7	$ 4.9
Basic earnings (loss) per share:		
Reported net income (loss)	$0.17	$(0.08)
Add back: goodwill amortization, net of tax	--	0.10
Adjusted net income	$0.17	$ 0.02
Diluted earnings (loss) per share:		
Reported net income (loss)	$0.16	$(0.08)
Add back: goodwill amortization, net of tax	--	0.10
Adjusted net income	$0.16	$ 0.02

In June 2001, Statement of Financial Accounting Standards No. 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 assets useful life. SFAS 143 is effective for fiscal years beginning after June 15, 2002. The adoption of this statement is not expected to have an impact on the Company's financial position or results of operations.

In August 2001, Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets* ("SFAS 144") was issued. SFAS 144 supersedes Statement of Financial Accounting Standards No. 121, *Accounting for the Impairment of Long-lived Assets to be Disposed of* ("SFAS 121"), and the accounting and reporting provisions of APB Opinion No. 30, *Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*. SFAS 144 also amends ARB (Accounting Research Bulletins) No. 51, *Consolidated Financial Statements*, to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. SFAS 144 retains the fundamental provisions of SFAS 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale, while resolving significant implementation issues associated with SFAS 121. Among other things, SFAS 144 provides guidance on how long-lived assets used as part of a group should be evaluated for impairment, establishes criteria for when long-lived assets are held for sale, and prescribes the accounting for long-lived assets that will be disposed of other than by sale. SFAS 144 is effective for fiscal years beginning after December 15, 2001. The adoption of this statement did not have an 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 effective the first quarter of fiscal year 2002.

5. Derivative and Hedging Instruments

Interest Rate Swaps
At March 31, 2002, the Company had outstanding interest rate swap agreements covering all of the $500.0, 7.875% notes due October 2005. The fair value of the hedges at March 31, 2002 was approximately $4.8.

Hedges of Net Investments
The Company has repaid the Euro borrowings that, as of December 31, 2001, had been designated as a hedge of a net investment.

Forward Contracts
As of March 31, 2002, the Company had contracts covering approximately $65 of notional amount of currency. Substantially, all of these contracts expired by mid-April 2002. As of March 31, 2002, the fair value of the forward contracts was a gain of $0.3.

Other
The Company has two embedded derivative instruments under the terms of the offering of Zero-Coupon Convertible Notes. At March 31, 2002, the fair value of the two derivatives was negligible.

6. Segment Information

The Company is 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"). Each of McCann, FCB, The Partnership and AMS 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 four 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 four 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. Given the similarity of the operations, the four groups have been aggregated.

7. Commitments and Contingencies

The Company is involved in legal and administrative proceedings of various types. 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 Company.

8. Restatement

During the second and third quarters of 2002, the Company identified total charges of $181.3 ($135.9, net of tax) that are related to prior periods. The total amount of charges has been recorded through a restatement of previously reported amounts in this Form 10-Q/A. Of the total amount of charges, $8.6 related to the three months ended March 31, 2002 and $4.1 related to the three months ended March 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.

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.

As a result of the reviews undertaken, the Company is in the process of terminating certain employees, implementing other personnel changes and strengthening certain control processes in order to prevent the situations leading to the restatement from recurring.

See Note 9 for a description of waivers that have been secured to ensure compliance with credit agreements and a discussion of certain liquidity matters.

The Company has been informed by the Securities and Exchange Commission staff that it is conducting an informal inquiry into the matters discussed above. The Company is cooperating fully with the inquiry.

The table below presents a summary of the impact of restating the financial statements for the three months ended March 31, 2002 and 2001, and balance sheets as of March 31, 2002 and December 31, 2001.

CONSOLIDATED STATEMENT OF OPERATIONS

	As Previously Reported	As Restated
Three months ended March 31, 2002		
- Operating income	$ 140.1	$131.5
- Net income	$ 66.7	$ 61.7
- Earnings per share - Basic	$ 0.18	$ 0.17
- Earnings per share - Diluted	$ 0.18	$ 0.16