

INTERPUBLIC GROUP OF COMPANIES INC

Form 424B3

January 09, 2004

Table of Contents

Filed pursuant to Rule 424(b)(3)

File No. 333-106255

PROSPECTUS

\$800,000,000

The Interpublic Group of Companies, Inc.

4.50% Convertible Senior Notes Due 2023

and

Common Stock Issuable upon Conversion of the Notes

We issued the notes in a private placement in March 2003 at a price of \$1,000 per note. Selling securityholders may use this prospectus to resell their notes and the shares of our common stock issuable upon conversion of the notes.

We will pay interest on the notes on March 15 and September 15 of each year, beginning on September 15, 2003.

Prior to March 15, 2023, you may convert each of your notes into 80.5153 shares of our common stock, which is equal to a conversion price of \$12.42 per share, when the sale price of our common stock is at or above a set threshold. This threshold will decrease over time. In addition, the notes will be convertible if their credit rating is reduced below Ba2 or BB, they are called for redemption or corporate transactions described under [Description of the Notes Conversion Rights](#) occur. The conversion rate is subject to anti-dilution adjustments.

We may redeem all or part of the notes on or after March 15, 2008 for a price equal to 100% of the principal amount of the notes to be redeemed plus any accrued and unpaid interest. You may require us to purchase all or a portion of your notes on March 15, 2008, March 15, 2013 and March 15, 2018. We will pay cash for all notes so purchased on March 15, 2008. For purchases on March 15, 2013 or March 15, 2018, we may choose to pay the purchase price in cash or in shares of our common stock or any combination of cash and stock. In addition, if we experience, before March 15, 2008, any of the fundamental changes described under [Description of the Notes Fundamental Change Permits Holders to Require Us to Purchase Notes](#), you may require us to purchase your notes at a price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest. We may choose to pay the purchase price for any notes that you require us to so purchase in cash, in shares of our common stock or any combination of cash and stock.

If we pay cash dividends on our common stock, we will pay contingent interest per note in an amount equal to the per share cash dividend paid on our common stock multiplied by the number of shares of common stock issuable upon conversion of a note.

The notes are not listed on any securities exchange or automated quotation system. Our common stock is listed on the New York Stock Exchange under the symbol IPG.

Investing in the notes or shares of our common stock involves risks. See Risk Factors beginning on page 6 of this prospectus. See also Special Note Regarding Forward-Looking Statements and Other Factors on page 13 of this prospectus.

We will not receive any of the proceeds from the sale of the notes or shares of common stock by any of the selling securityholders. The notes and the shares of common stock may be offered and sold from time to time directly by the selling securityholders or alternatively through underwriters or broker-dealers or agents. The notes and the shares of common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. See Plan of Distribution.

Neither the Securities and Exchange Commission, any state securities commission nor any other United States regulatory authority has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is January 7, 2004

Table of Contents

TABLE OF CONTENTS

<u>Summary</u>	1
<u>Risk Factors</u>	6
<u>Where You Can Find More Information</u>	13
<u>Special Note Regarding Forward-Looking Statements And Other Factors</u>	14
<u>Ratio of Earnings to Fixed Charges</u>	15
<u>Capitalization</u>	16
<u>Price Range of Common Stock and Dividend Policy</u>	17
<u>Use of Proceeds</u>	18
<u>Interpublic</u>	19
<u>Description of the Notes</u>	23
<u>Description of Common Stock</u>	42
<u>United States Federal Income Tax Considerations</u>	44
<u>Selling Securityholders</u>	50
<u>Plan of Distribution</u>	55
<u>Validity of Securities</u>	58
<u>Experts</u>	58

We have not authorized anyone to give any information or make any representation about the offering that is different from, or in addition to, that contained in this prospectus, the related registration statement or in any of the materials that we have incorporated by reference into this prospectus. Therefore, if anyone does give you information of this type, you should not rely on it. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this document are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.

Table of Contents

SUMMARY

The Interpublic Group of Companies, Inc.

Interpublic is a group of advertising and specialized marketing and communication services companies that together represent one of the largest resources of marketing and advertising expertise in the world. With offices and other affiliations in more than 130 countries, we had revenues of approximately \$5.7 billion and net income of approximately \$99.5 million in 2002. For the nine months ended September 30, 2003, we had revenues of approximately \$4.2 billion and a net loss of approximately \$349.2 million, compared to revenues of approximately \$4.2 billion and net income of approximately \$79.2 million for the nine months ended September 30, 2002.

In the last five years, we have grown to become one of the world's largest groups of global marketing services companies, providing our clients with communications and marketing expertise in three broad areas:

Advertising, which includes advertising and media management;

Marketing Communications, which includes direct marketing, database management and customer relationship management, public relations, sales promotion, event marketing, on-line marketing, corporate and brand identity, brand consultancy and healthcare marketing; and

Marketing Services, which includes sports and entertainment marketing, corporate meetings and events, retail marketing, and other marketing and business services.

We seek to be the best in quality and a leading competitor in all of these areas.

We are currently organized into four global operating groups. Three of these groups, McCann-Erickson WorldGroup, The FCB Group and The Partnership, provide a comprehensive array of global communications and marketing services. Each offers a distinctive range of solutions for our clients. The fourth global operating group, The Interpublic Sports & Entertainment Group, focuses on sports marketing and event planning activities. In addition to these groups, Interpublic also includes a group of leading stand-alone companies that provide their clients with a full range of advertising and/or marketing communications services.

We believe this organizational structure allows us to provide comprehensive solutions for clients, enables stronger organic growth among all our operating companies and allows us to bring improved operating efficiencies to our organization.

Our principal executive office is located at 1271 Avenue of the Americas, New York, New York 10020. Our telephone number at that address is (212) 399-8000.

Table of Contents

The Offering

Issuer	The Interpublic Group of Companies, Inc., a Delaware corporation.
Securities Offered	\$800,000,000 principal amount of 4.50% Convertible Senior Notes due 2023.
Issue Price	Each note was issued at a price of \$1,000 per note.
Maturity	March 15, 2023, unless earlier redeemed, repurchased or converted.
Interest	4.50% per year on the principal amount, payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2003. We will pay contingent interest in the circumstances described below.
Contingent Interest	<p>If we pay cash dividends on our common stock, we will pay contingent interest per note in an amount equal to 100% of the per share cash dividend paid on our common stock multiplied by the number of shares of common stock issuable upon conversion of a note.</p> <p>Any contingent interest will accrue and be payable to holders of notes as of the record date for the related common stock dividend and will be paid on the payment date of the related common stock dividend.</p>
Conversion Rights	<p>You may convert your notes prior to March 15, 2023 under any of the following circumstances:</p> <ol style="list-style-type: none"> (1) if the average of the last reported sale prices of our common stock for the 20 trading days immediately prior to the conversion date is greater than or equal to a specified percentage, beginning at 120% and declining ½% each year until it reaches 110% at maturity, of the conversion price per share of common stock on that conversion date; or (2) if the notes have been called for redemption; or (3) upon the occurrence of corporate transactions described under Description of the Notes Conversion Rights Conversion upon Specified Corporate Transactions; or (4) if the credit ratings assigned to the notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings are below Ba2, BB and BB, respectively, or the notes are no longer rated by at least two of these ratings agencies. <p>You will not receive any cash payment for interest, including contingent interest, accrued to the conversion date. Notes called for redemption may be surrendered for conversion until the close of business on the business day prior to the redemption date.</p>

Table of Contents

Conversion Rate	For each note surrendered for conversion, you will receive 80.5153 shares of our common stock. This represents an initial conversion price of \$12.42. As described under Description of the Notes Conversion Rights Conversion Rate Adjustments, the conversion rate is subject to anti-dilution adjustments. We may also, from time to time, to the extent permitted by law, increase the conversion rate by any amount for any period of at least 20 days if our board of directors has determined that the increase would be in our best interests.
Redemption at Our Option	On or after March 15, 2008, we may redeem for cash all or part of the notes, upon not less than 30 nor more than 60 days notice before the redemption date by mail to the trustee, the paying agent and each holder of notes, for a price equal to 100% of the principal amount of the notes to be redeemed plus any accrued and unpaid interest, including contingent interest, to the redemption date.
Purchase of Notes by Us at the Option of the Holder	You have the right to require us to purchase all or a portion of your notes on March 15, 2008, March 15, 2013 and March 15, 2018. In each case, the purchase price payable will be equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to the purchase date. Any notes we purchase on March 15, 2008 will be paid for in cash. For the March 15, 2013 and March 15, 2018 purchase dates, we may choose to pay the purchase price in cash or shares of our common stock or a combination of cash and shares of our common stock, provided that we will pay accrued and unpaid interest, including contingent interest, in cash.
Fundamental Change	If, prior to March 15, 2008, we undergo a fundamental change, as described in this prospectus under Description of the Notes Fundamental Change Permits Holders to Require Us to Purchase Notes, you will have the option to require us to purchase all or any portion of your notes. The fundamental change purchase price will be 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, including contingent interest, to the fundamental change purchase date. We may pay the fundamental change purchase price for these notes in cash, in shares of our common stock valued at their market price or any combination of cash and stock.
Ranking	The notes are our general obligations and are not secured by any collateral. Your right to payment under these notes is: junior to the rights of our secured creditors to the extent of their security in our assets; equal with the rights of creditors under our other unsecured unsubordinated debt, including our revolving credit facilities; senior to the rights of creditors under debt expressly subordinated to these notes; and effectively subordinated to the rights of our subsidiaries' creditors.

Table of Contents

On a consolidated basis, we had \$2,517.9 million of debt outstanding as of September 30, 2003, none of which was secured debt and \$577.3 million of which was subordinated debt. Of the \$2,517.9 million, our subsidiaries had \$114.6 million of indebtedness outstanding as of September 30, 2003.

On August 15, 2003 a number of our U.S. subsidiaries guaranteed our two revolving credit facilities with syndicates of banks. The claims of the beneficiaries of this guaranty will have priority, with respect to the assets and earnings of these subsidiaries, over claims of our direct creditors, including holders of the notes.

United States Federal Income Tax Considerations

We and each holder agree in the indenture to treat the notes as contingent payment debt instruments for United States federal income tax purposes. As a holder of notes, you will agree to accrue original issue discount on a constant yield to maturity basis at a rate comparable to the rate at which we would borrow in a noncontingent, nonconvertible borrowing, 8.75%, compounded semi-annually, even though the notes will have a significantly lower stated yield to maturity. You may recognize taxable income in each year significantly in excess of interest payments (whether fixed or contingent) actually received in that year. Additionally, you will generally be required to recognize ordinary income on any gain realized, including the fair market value of stock received, on a sale, exchange, conversion or redemption of the notes. No ruling will be obtained from the Internal Revenue Service concerning the application of the contingent payment debt rules to the notes. You should consult your own tax advisor concerning the tax consequences of owning the notes.

Use of Proceeds

We will not receive any of the proceeds from the sale by any selling securityholder of the notes or the shares of common stock issuable upon conversion of the notes.

Book-Entry Form

The notes have been issued in book-entry form, which means that they are represented by one or more permanent global securities registered in the name of a nominee of The Depository Trust Company (DTC). The global securities have been deposited with the trustee as custodian for DTC.

Trading

The notes issued in the initial placement are eligible for trading on the Private Offerings, Resales and Trading through Automatic Linkages Market, commonly referred to as the PORTAL Market. Notes sold using this prospectus, however, will no longer be eligible for trading in the PORTAL system. We have not listed, and do not intend to list, the notes on any securities exchange or automated quotation system. Our common stock is listed on the New York Stock Exchange under the symbol IPG.

Table of Contents**Ratio of Earnings to Fixed Charges**

Our ratio of earnings to fixed charges, as reported, has been adjusted to give effect to the disposition of NFO WorldGroup, Inc. (NFO) on July 10, 2003. As a result of this disposition, the results of NFO have been reported as a discontinued operation for all periods presented. The ratio of earnings to fixed charges from continuing operations were as follows for the periods indicated:

	Nine Months Ended September 30,	Years Ended December 31,				
	2003	2002	2001	2000	1999	1998
Ratio of earnings to fixed charges	*	1.73x	*	3.91x	3.80x	4.25x

In calculating the ratio of earnings to fixed charges, earnings are the sum of earnings from continuing operations before income taxes, income applicable to minority interests and equity in net income (loss) of unconsolidated affiliates, plus fixed charges. Fixed charges are the sum of interest on indebtedness, amortization of debt discount and expense and that portion of net rental expense deemed representative of the interest component.

* For the nine months ended September 30, 2003 and the year ended December 31, 2001, we had a deficiency of earnings to fixed charges. Results as reported would have required additional earnings of \$392.5 million for the nine months ended September 30, 2003 and \$586.4 million for the year ended December 31, 2001, respectively, to provide a one-to-one coverage ratio for those periods. The decline in the ratio of earnings to fixed charges subsequent to 2000 is due to lower income from operations, including restructuring- and merger-related charges (in 2001 and 2003), impairment charges (in 2001, 2002 and 2003) and litigation charges (in 2003) as compared to prior periods.

Table of Contents

RISK FACTORS

You should consider carefully the following risks in addition to all the other information included or incorporated by reference in this prospectus, including the Special Note Regarding Forward-Looking Statements and Other Factors, before deciding to invest in the notes.

Risks Related to the Company

Our revenues have declined and are susceptible to further declines as a result of adverse economic and political developments.

An unfavorable economic and uncertain global political environment has resulted in reduced demand for our services. During past recessionary periods, our clients have looked to their advertising and marketing budgets for the quickest cuts in connection with implementation of their cost controls. In 2002, our worldwide revenues declined 9.7% as compared with 2001. In the first nine months of 2003, our revenues increased by 0.9% from the nine months ended September 30, 2002, as the benefit of higher foreign exchange rates masked a revenue decline of 3.4% on a constant currency basis. We anticipate for the remainder of 2003 continued weakness in demand for advertising and marketing services. If the economy remains weak, or weakens further, or in the event of adverse political or economic developments, including in connection with hostilities in the Middle East or elsewhere or terrorist attacks or in connection with major epidemics such as severe acute respiratory syndrome, or SARS, our results of operations are likely to be further adversely affected.

We may be required to recognize additional impairment charges and changes in valuation allowances.

We periodically evaluate the realizability of all of our long-lived assets (including goodwill and fixed assets), investments and deferred tax assets. As of September 30, 2003 we had approximately \$3.3 billion of intangibles on our balance sheet and approximately \$371 million in investments in less-than-majority-owned affiliates and approximately \$652 million of deferred tax assets. Future events, including our financial performance and strategic decisions we make, could cause us to conclude that impairment indicators exist and that the asset values associated with these asset categories may have become impaired. Any resulting impairment loss would have an adverse impact on our reported earnings in the period in which the charge is recognized.

In 2002, we recorded impairment charges of \$127.1 million (\$89.7 million, net of tax), including \$33.0 million of fixed asset and capital expenditure write-offs, \$82.1 million of goodwill impairment and \$12.0 million to record the fair value of an associated put option, related to Motorsports, one of the operations of The Interpublic Sports & Entertainment Group. During the nine months ended September 30, 2003, we recorded charges of \$244.8 million related to the impairment of long-lived assets at both our Octagon and Motorsports businesses, investment impairment charges of \$42.2 million relating principally to international investments that had been determined to have incurred an other than temporary impairment and \$48.7 million in charges to increase the Company's valuation allowance against deferred tax assets. The remaining book value of long-lived assets relating to Motorsports was \$57.8 million as of September 30, 2003 and may be subject to further impairment charges depending upon the results of our exploration of strategic alternatives. In addition, Motorsports is contractually required to upgrade and improve some of its existing facilities over the next two years. The estimated capital expenditures relating to these operations that are currently considered impaired amount to approximately \$24 million and will be subject to impairment charges as incurred.

Any future impairment charge or changes in valuation allowances could adversely affect our financial condition and result in a violation of the financial covenants of our revolving credit facilities, which could trigger a default under those facilities and adversely affect our liquidity.

Our revolving credit facilities allow for up to \$300 million of non-cash, non-recurring goodwill or investment impairment charges to be taken between July 1, 2003 and September 30, 2004 (of which, as of September 30, 2003, we have recorded \$250.7 million), as well as up to \$70 million of non-cash, non-recurring impairment charges relating to the remaining book value of Motorsports and unlimited impairment charges relating to capital expenditures made since January 1, 2003 on behalf of Motorsports. Any charges in excess of these limits, or the recording of additional impairment charges not related to Motorsports, may adversely affect our compliance with the financial covenants of our revolving credit facilities.

Table of Contents

We will be incurring significant costs in the near term in connection with our planned restructuring program. The timing and ultimate amount of charges, and the savings we ultimately realize, may differ from what we currently expect.

We are executing a restructuring program to reduce costs permanently through further headcount reductions and real estate consolidation. We currently expect to incur up to approximately \$250 million of charges in connection with the restructuring program. Some of these charges will be incurred in periods ending after December 31, 2003. There is no guarantee that the timing and ultimate amount of charges we record, and the savings we ultimately realize, will not differ from what we currently expect. As of September 30, 2003, we have recorded \$142.4 million of restructuring charges (of which \$136.2 million were cash charges).

The restructuring and related costs could adversely affect our financial condition and result in a violation of the financial covenants of our revolving credit facilities, which could trigger a default under those facilities and adversely affect our liquidity. The revolving credit facilities allow for up to \$275 million of restructuring charges (of which up to \$240 million may be cash charges) to be recorded in our financial statements through the fiscal quarter ending March 31, 2004. Any charges in excess of these limits, or the recording of restructuring charges in periods after March 31, 2004 may adversely affect our compliance with the financial covenants of our revolving credit facilities.

We are exploring various options with respect to our motorsports commitments, some of which may involve a significant cash payment.

We continue to have commitments under certain leasing and motorsports event contractual arrangements. As of September 30, 2003, we are committed to remaining payments under these arrangements of approximately \$460 million. (This amount relates to undiscounted payments through 2015 principally under an executory contract and an operating lease and assumes payments over the maximum remaining term of the relevant agreements. This obligation has not been reduced by any future operating results to be generated from the arrangements.) We are continuing to explore various options with respect to these commitments, at least one of which may involve a cash payment. The amount of any such cash payment could be significant and would adversely impact our earnings in the period when incurred. We have obtained amendments of certain definitions contained in our revolving credit facilities to give us the flexibility to discharge these commitments. Any cash payments in excess of those permitted by these amendments would adversely affect our compliance with the financial covenants of our revolving credit facilities.

Downgrades of our ratings could adversely affect us and the trading prices of our securities.

On March 7, 2003, Standard & Poor's Ratings Services downgraded our credit rating to BB+. On May 14, 2003 Fitch Ratings downgraded our credit rating to BB+. Our current credit rating by Moody's Investors Services, Inc. is Baa3 with stable outlook; however, as reported by Moody's on May 8, 2003, this rating was placed on review for possible downgrade. In addition, our S&P and Fitch credit ratings are on negative outlook. We can give you no assurance that the credit ratings agencies will not take further adverse actions with respect to our ratings. Although the S&P and Fitch downgrades did not trigger, and a further ratings downgrade by any of the ratings agencies will not trigger, any acceleration of any of our indebtedness, these events may adversely affect our ability to access capital and would likely result in an increase in the interest rates payable under our two revolving credit facilities and future indebtedness. Any further downgrade could also negatively impact the market value of the notes and the price of our common stock.

The loss of uncommitted lines of credit could adversely affect our liquidity.

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As of September 30, 2003, we had approximately \$83.5 million outstanding under \$731.7 million in uncommitted lines of credit. These borrowings are repayable upon demand. We use amounts available under the lines of credit, together with cash flow from operations, proceeds from the sale of NFO and cash on hand, to fund our working capital needs. If we lose all or a substantial portion of these lines of credit, we will be required to seek other sources of liquidity. If we are unable to replace these sources of liquidity, for example through access to the capital markets, our ability to fund our working capital needs will be adversely affected.

Table of Contents

We are still implementing our plan to improve our internal controls.

In the fourth quarter of 2002, we announced that we had identified total charges of \$181.3 million related to prior periods from January 1, 1997 through June 30, 2002 and restated our financial statements for these periods. Furthermore, on March 6, 2003, we announced that we had identified total charges of \$165.7 million related to prior periods from January 1, 1997 through September 30, 2002, including amounts related to impairment charges and other adjustments with respect to Motorsports. We have since restated our financial statements for those periods. In addition, we were first informed in the third quarter of 2002 by our independent auditors that they had identified a material weakness (as defined under standards established by the American Institute of Certified Public Accountants) relating to the processing and monitoring of inter-company transactions, and our senior management determined that this material weakness, together with other deficiencies associated with a lack of balance sheet monitoring, if unaddressed, could result in accounting errors in our consolidated financial statements. Concurrently with, and in response to, the restatement of our financial statements filed with the SEC in December 2002, we identified various changes to our accounting and internal control structure that we believed were necessary to help ensure that accounting errors, such as those underlying our restatements, do not arise in the future. Although we have implemented many of these changes, and we and our management have concluded that, taking into account these changes to date, our disclosure controls and procedures are effective to provide reasonable assurance of achieving their control objectives, some of the measures are still in the process of being implemented. If, notwithstanding this reasonable assurance, further restatements were to occur or other accounting-related problems emerge, we could face additional litigation exposure and greater scrutiny from the SEC in connection with the SEC investigation currently taking place. Any future restatements or other accounting-related problems may adversely affect our financial condition and would also likely negatively impact the market value of the notes and the price of our common stock.

Pending litigation could have a material adverse effect on our financial condition.

Shortly after we first announced, in August 2002, the restatement of our previously reported earnings, thirteen federal securities purported class actions were filed against us and eight of our present and former directors and officers by a purported class of purchasers of our stock. These lawsuits allege false and misleading statements to shareholders, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of internal financial controls, which allegedly resulted in an overstatement of our financial results during the period in question. Since that time, these lawsuits have been consolidated in the Southern District of New York and, in February 2003, we moved to dismiss the consolidated amended complaint. On May 29, 2003, our motion to dismiss was denied as to us and granted, in part, as to the present and former directors and officers named in the lawsuit. On June 30, 2003, we filed an answer to the consolidated amended complaint. On November 6, 2003, the court granted the plaintiffs' motion to certify the class. We intend to continue to deny all allegations and defend ourselves against these claims vigorously. Two purported class actions were also filed in state court by a purported class of former shareholders of True North Communications, Inc., who exchanged their shares of True North for the shares of our common stock in connection with our acquisition of True North in June 2001. These two lawsuits allege that we and the present and former directors and officers named in the lawsuits failed to disclose the existence of additional charges that should have been expensed and the lack of adequate internal financial controls. The state court stayed these lawsuits on September 10, 2003. On September 24, 2003, plaintiffs filed a notice that they will appeal the stay. In addition to these lawsuits, we are defending a shareholders' derivative suit alleging a breach of fiduciary duty to our shareholders. The derivative action is now before the United States District Court for the Southern District of New York, and, on August 12, 2003, we moved to dismiss that complaint. Plaintiffs in all of these lawsuits seek unspecified damages. The outcomes of these proceedings are uncertain and their final resolution could have a material impact on our financial position, cash flows or results of operation. We are presently attempting to settle the litigations described above. We cannot give any assurances that these attempts will result in a settlement agreement, that any such agreement will receive the approval of the court or as to the amount or type of consideration that we might agree to pay in connection with any settlement.

During the three months ended September 30, 2003, we recorded litigation charges of \$127.6 million for various legal matters, including principally the matters discussed above. The principal amount of the charges

Table of Contents

relates to our current estimate of amounts that may be payable, which we currently believe would be paid primarily in shares of common stock.

An ongoing SEC investigation regarding our accounting restatements could adversely affect us or the market value of the notes and our common stock.

Following our announcement in August 2002 of the restatement of our financial results for the periods from 1997 to June 2002, we were informed by the SEC that it was conducting an informal inquiry into the matters surrounding the restatement. In January 2003 we were informed by the SEC that it had issued a formal order of investigation with respect to these matters. While we are cooperating fully with the investigation, adverse developments in connection with the investigation, including any expansion of the scope of their investigation, could negatively impact the market value of the notes and our stock price and could divert the efforts and attention of our management team from our ordinary business operations.

Our revolving credit facilities with syndicates of banks restrict our ability to take some corporate actions, including making dividend payments.

The current terms of our two revolving credit facilities with syndicates of banks restrict our ability to (1) make cash acquisitions or investments in excess of \$100 million annually, (2) declare or pay dividends or repurchase shares of common stock in excess of \$25 million annually and (3) make capital expenditures in excess of \$175 million annually. They also limit the ability of our domestic subsidiaries to incur additional debt. Our future earnings performance will determine the permitted levels of share buybacks and dividend payments (currently the permitted level of dividend payments and share buybacks is \$25 million annually). All limitations on dividend payments and share buybacks expire when earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the credit facilities, exceed \$1.3 billion for four consecutive quarters. No dividend was paid in the first nine months of 2003. Our future dividend policy will be determined on a quarter-by-quarter basis, will depend on earnings, financial condition, capital requirements and other factors and will be subject to the restrictions under the amended revolving credit facilities.

If our exploration of strategic alternatives for Motorsports does not result in a successful transaction, our stock price could be adversely affected.

We are exploring strategic alternatives with respect to some or all of our Motorsports holdings. We can give you no assurance that our efforts with regard to these holdings will result in a successful transaction. Our stock price could be adversely affected if we are unable to conclude a transaction with respect to some or all of our Motorsports holdings.

We may not realize all the benefits we expect from acquisitions we have made.

The success of acquisitions depends on the effective integration of newly-acquired businesses into our current operations. Important factors for integration include realization of anticipated synergies and cost savings and the ability to retain and attract personnel and clients. Between January 2001 and September 2002, we completed 29 acquisitions, including the acquisition of True North Communications Inc. in June 2001. There can be no assurance that we will realize all the benefits we expect from our recent or future acquisitions.

We compete for clients in a highly competitive industry.

The advertising agency and other marketing communications and marketing services businesses are highly competitive. Our 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, our reputation and the agency's reputation are, to a large extent, factors in determining our competitive position 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.

Table of Contents

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. Our ability to attract new clients and to retain existing 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 us of an agency or company, can result in clients terminating their relationship with us 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, we face a greater likelihood of conflicts with potential new clients in the future.

If we fail to maintain existing clients or attract new clients, our business may be adversely impacted.

Our business could be adversely affected if we lose or fail to attract key employees.

Employees, including creative, research, media, account and practice group specialists, and their skills and relationships with clients, are among our most important assets. An important aspect of our competitiveness is our ability to 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 we will offer a level of compensation sufficient to attract and retain these key personnel. If we fail to hire and retain a sufficient number of these key employees, we may not be able to compete effectively.

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

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 our revenues.

International business risks could adversely affect our operations.

International revenues represented 42% of our total revenues in 2002 and 43% of our total revenues in the first nine months of 2003. Our international operations are exposed to risks that affect foreign operations of all kinds, including, for example, local legislation, monetary devaluation, exchange control restrictions and unstable political conditions. These risks may limit our ability to grow our business and effectively manage our operations in those countries.

Risks Related to the Notes

The market price of the notes could be significantly affected by the market price of our common stock, which can be volatile, and other factors.

We expect that the market price of our notes will be significantly affected by the market price of our common stock. This may result in greater volatility in the market price of the notes than would be expected for nonconvertible debt securities. From the beginning of 2002 to December 19, 2003, the reported high and low sales prices for our common stock ranged from a low of \$7.20 per share to a high of \$34.89 per share. The

Table of Contents

market price of our common stock will likely continue to fluctuate in response to factors including the following, many of which are beyond our control:

quarterly fluctuations in our operating and financial results;

changes in financial estimates and recommendations by financial analysts;

changes in the ratings of our notes or other securities;

developments related to litigation or investigations involving us;

fluctuations in the stock price and operating results of our competitors;

dispositions, acquisitions and financings; and

general conditions in the advertising, marketing and communication services industries.

In addition, the stock markets in general, including the New York Stock Exchange, recently have experienced extreme price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of our notes and our common stock.

Changes in our credit ratings or the financial and credit markets could adversely affect the market price of the notes.

The market price of the notes will be based on a number of factors, including:

our ratings with major credit rating agencies;

the prevailing interest rates being paid by companies similar to us; and

the overall condition of the financial and credit markets.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the price of the

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notes. In addition, credit rating agencies continually revise their ratings for companies that they follow, including us. Two of the three major credit rating agencies have our company on negative outlook. A negative change in our credit rating could have an adverse effect on the market price of the notes.

We are a holding company and the notes will effectively be subordinated to all of our subsidiaries existing and future indebtedness.

Substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our consequent ability to service our debt, including the notes, depends in large part upon our subsidiaries' cash flows. Additionally, except to the extent we may be a creditor with recognized claims against our subsidiaries, the claims of creditors of our subsidiaries will have priority, with respect to the assets and earnings of our subsidiaries, over claims of our direct creditors, including holders of the notes. Furthermore, on August 15, 2003 a number of our U.S. subsidiaries guaranteed our two revolving credit facilities with syndicates of banks. The claims of the beneficiaries of this guaranty will also have priority, with respect to the assets and earnings of these subsidiaries, over claims of our direct creditors, including holders of the notes.

We may not have the ability to raise the funds necessary to purchase the notes upon a fundamental change or other purchase date, as required by the indenture governing the notes.

On March 15, 2008, you may require us to purchase your notes for cash. In addition, you may also require us to purchase your notes upon a fundamental change as described under Description of the Notes Fundamental Change Permits Holders to Require Us to Purchase Notes. A fundamental change may also constitute an event of default, and result in the acceleration of the maturity of our then-existing indebtedness, under another indenture or other agreement. We cannot assure you that we would have sufficient financial resources, or would be able to arrange financing, to pay the purchase price or Fundamental Change purchase price for the notes tendered by the holders. Failure by us to purchase the notes when required will result in an event of default with respect to the notes.

Table of Contents

An active trading market for the notes may not develop.

Prior to the private placement, there was no trading market for the notes. Although the broker-dealers that acted as initial purchasers when the notes were originally issued have advised us that they currently intend to make a market in the notes, they are not obligated to do so and may discontinue market-making activities at any time without notice. In addition, their market-making activities will be subject to limits imposed by the Securities Act and the Exchange Act and may be limited during the pendency of this shelf registration statement. Although the notes issued in the initial placement are eligible for trading on the PORTAL Market, notes sold using this prospectus will no longer be eligible for trading in the PORTAL system. We have not listed, and do not intend to list, the notes on any securities exchange or automated quotation system. We cannot assure you that any market for the notes will develop or be sustained. If an active market is not developed or sustained, the market price and liquidity of the notes may be adversely affected.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the SEC's public reference room located at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>, and at the offices of the New York Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, you should call (212) 656-5060.

This prospectus incorporates by reference information that we have filed with the SEC under the Securities Exchange Act of 1934. This means that we are disclosing important information to you by referring you to those documents. Information contained in any subsequently filed document, to the extent it modifies information in this prospectus or in any document incorporated by reference in this prospectus, will automatically update and supersede the information originally in this prospectus or incorporated by reference in this prospectus. We incorporate by reference the following documents listed below (filed under SEC File Number 001-06686) and any future filings with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than information furnished under Items 9 or 12 of Form 8-K), until the termination of the offering of securities offered by this prospectus:

Our Annual Report on Form 10-K for the year ended December 31, 2002 (Film Number 03625573);

Our Quarterly Reports on Form 10-Q or 10-Q/A for the quarters ended March 31, 2003 (Film Numbers 03703335 and 031043015), June 30, 2003 (Film Numbers 03845132 and 031043020) and September 30, 2003 (Film Numbers 031002857 and 031043023); and

Our Current Reports on Form 8-K or 8-K/A (other than information furnished under Items 9 or 12 of Form 8-K) filed January 16, 2003 (Film Number 03515791), January 17, 2003 (Film Number 03518395), February 12, 2003 (Film Number 03555480), February 28, 2003 (Film Number 03586341), March 7, 2003 (Film Number 03596932), March 11, 2003 (Film Number 03599801), March 18, 2003 (Film Number 03607631), April 9, 2003 (Film Number 03643899), May 8, 2003 (Film Number 03688534), June 18, 2003 (Film Number 03748904), July 2, 2003 (Film Number 03772329), July 24, 2003 (Film Number 03800476), August 12, 2003 (Film Number 03838236), August 20, 2003 (Film Number 03858341), September 9, 2003 (Film Number 03887907), September 10, 2003 (Film Number 03889049), November 12, 2003 (Film Number 03995005), November 21, 2003 (Film Number 031018021), December 1, 2003 (Film Number 031030694), December 5, 2003 (Film Number 031040777), December 8, 2003 (Film Number 031043026), December 18, 2003 (Film Number 031063043) and December 19, 2003 (Film Number 031065808).

You may request a copy of these filings and of the form of the indenture, notes and registration rights agreement at no cost, by writing or telephoning our subsidiary, Financial Relations Board, at the following address:

Financial Relations Board

640 Fifth Avenue, 5th Floor

New York, New York 10019

Attn: Julie Tu

(212) 445-8456

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The above SEC filings are also available to the public on our website at www.interpublic.com. (We have included our website address as an inactive textual reference and do not intend it to be an active link to our website. Information on our website is not part of this prospectus.)

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING

STATEMENTS AND OTHER FACTORS

This document contains forward-looking statements. Our representatives may also make forward-looking statements orally from time to time. Statements in this document that are not historical facts, including statements about our 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 are subject to change based on a number of factors, including those outlined in this section. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors include, but are not limited to, those associated with the effects of global, national and regional economic and political conditions, our ability to attract new clients and retain existing clients, the financial success of our 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 our business capabilities.

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

At any given time we 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 us. Although there is uncertainty that any of these discussions will result in definitive agreements or the completion of any transactions, the announcement of any of these transactions may lead to increased volatility in the trading price of our securities.

The success of recent or contemplated future acquisitions will depend on the effective integration of newly-acquired businesses into our 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.

Investors should evaluate any statements made by us in light of these important factors and the factors contained in the **Risk Factors** section.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

Our ratio of earnings to fixed charges, as reported, has been adjusted to give effect to the disposition of NFO WorldGroup, Inc., (NFO) on July 10, 2003. As a result of this disposition, the results of NFO have been reported as a discontinued operation for all periods presented. The ratio of earnings to fixed charges from continuing operations were as follows for the periods indicated:

	Nine Months Ended September 30,	Years Ended December 31,				
	2003	2002	2001	2000	1999	1998
Ratio of earnings to fixed charges	*	1.73x	*	3.91x	3.80x	4.25x

In calculating the ratio of earnings to fixed charges, earnings are the sum of earnings from continuing operations before income taxes, income applicable to minority interests and equity in net income (loss) of unconsolidated affiliates, plus fixed charges. Fixed charges are the sum of interest on indebtedness, amortization of debt discount and expense and that portion of net rental expense deemed representative of the interest component.

* For the nine months ended September 30, 2003 and the year ended December 31, 2001, we had a deficiency of earnings to fixed charges. Results as reported would have required additional earnings of \$392.5 million for the nine months ended September 30, 2003 and \$586.4 million for the year ended December 31, 2001, respectively, to provide a one-to-one coverage ratio for those periods. The decline in the ratio of earnings to fixed charges subsequent to 2000 is due to lower income from operations, including restructuring- and merger-related charges (in 2001 and 2003), impairment charges (in 2001, 2002 and 2003) and litigation charges (in 2003), as compared to prior periods.

Table of Contents**CAPITALIZATION**

The following table sets forth our short-term debt, long-term debt and stockholders' equity as of September 30, 2003. The data are derived from our unaudited financial statements. You should read this table in conjunction with our unaudited consolidated financial statements and related notes and the discussion of our liquidity and capital resources as of September 30, 2003 incorporated by reference in this prospectus.

	September 30, 2003
	(unaudited)
	(in millions)
Short-term debt:	
Loans payable	\$ 83.9
Zero-Coupon Convertible Senior Notes, due 2021	1.0
Convertible Subordinated Notes 1.80%, due 2004	242.0
Long-term debt:	
Payable to financial institutions	30.6
Notes 7.25%, due 2011	500.0
Notes 7.875%, due 2005	525.1
Convertible Subordinated Notes 1.87%, due 2006	335.3
4.50% Convertible Senior Notes, due 2023	800.0
Stockholders' equity:	
Total stockholders' equity	1,941.1
Total capitalization	\$ 4,459.0

Table of Contents**PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY**

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. The last reported sale price for our common stock on the NYSE on December 19, 2003 was \$15.45 per share.

Period	NYSE Sale Price		Dividends on Common Stock
	High	Low	
2000:			
First Quarter	\$ 55.56	\$ 37.00	\$.085
Second Quarter	48.25	38.00	.095
Third Quarter	44.62	33.50	.095
Fourth Quarter	43.75	33.06	.095
2001:			