

INTERPUBLIC GROUP OF COMPANIES, INC.

Form S-3/A

September 25, 2007

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As filed with the Securities and Exchange Commission on September 25, 2007

Registration No. 333-142197

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Pre-effective Amendment No. 1 to**

**FORM S-3**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

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**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 Number)

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**1114 Avenue of the Americas**

**New York, New York 10036**

**(212) 704-1200**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Nicholas J. Camera, Esq.**

**Nicolas Grabar, Esq.**

**Senior Vice President, General Counsel and Secretary**

**Cleary Gottlieb Steen & Hamilton LLP**

**The Interpublic Group of Companies, Inc.**

**One Liberty Plaza**

**1114 Avenue of the Americas**

**New York, New York 10006**

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New York, New York 10036

(212) 225-2000

(212) 704-1200

(Copies of all communications, including communications sent to agent for service)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED SEPTEMBER 25, 2007**

**PROSPECTUS**

**\$400,000,000**

**THE INTERPUBLIC GROUP OF COMPANIES, INC.**

4.25% Convertible Senior Notes due 2023

and

Common Stock issuable upon conversion of the notes

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We issued the notes in a private placement on November 15, 2006 in exchange for \$400,000,000 aggregate principal amount of our 4.50% Convertible Senior Notes due 2023. Selling securityholders may use this prospectus to resell their notes and the shares of our common stock issuable upon conversion of the notes.

**MATURITY**

The notes will mature on March 15, 2023.

**CONVERSION**

Prior to the close of business on February 15, 2023, you may convert, subject to the conditions described in this prospectus, 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 below Ba2 or BB, they are called for redemption, or corporate transactions occur that are described under Description of the notes Conversion rights. Further, you may convert your notes after February 15, 2023 and prior to the close of business on March 15, 2023 regardless of whether any of the preceding conditions has been satisfied. The conversion rate is subject to antidilution adjustments. Based upon their ratings, the notes are convertible into common stock as of the date of this prospectus.

If you elect to convert your notes in connection with certain Fundamental Changes, you will receive additional shares of our common stock upon conversion as described herein.

**REDEMPTION AND REPURCHASE**

You may require us to repurchase all or a portion of your notes upon a Fundamental Change, prior to March 15, 2012, at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. We may, at our option, pay the Fundamental Change purchase price in cash, shares of our common stock, or a

combination thereof.

You will have the right to require us to purchase the notes on March 15, 2012, March 15, 2015 and March 15, 2018.

On or after March 15, 2012, we may at our option redeem the notes, in whole or in part, for cash, at a redemption price equal to 100% of the principal amount of notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

**RANKING**

The notes are our senior, unsecured obligations, ranking equally with our other senior and unsecured obligations.

**LISTING**

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 5 of this prospectus. See also Cautionary statement regarding forward-looking statements on page iii 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 nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2007.

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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.

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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934, as amended (the Exchange Act). We have also filed with the SEC a registration statement on Form S-3, which you can access on the SEC's Internet site at <http://www.sec.gov>, to register resales of the notes and the common stock issuable upon conversion of the notes. This prospectus, which forms part of the registration statement, does not contain all of the information included in that registration statement. For further information about us, the notes and the common stock issuable upon conversion of the notes described in this prospectus, you should refer to the registration statement and its exhibits. You may read and copy any materials we file with the SEC at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials may also be obtained from the SEC at prescribed rates by writing to the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

This prospectus incorporates by reference important business and financial information about our company that is not included in or delivered with this document. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. Any statement contained in this prospectus or in any document incorporated or deemed to be incorporated by reference into this prospectus that is modified or superseded by subsequently filed materials shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. We incorporate by reference the documents listed below, including all exhibits thereto, and any other filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding information furnished pursuant to Items 2.02 or 7.01 of Form 8-K) prior to the termination of the offering:

our Annual Report on Form 10-K for the year ended December 31, 2006;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007;

our Current Reports on Form 8-K filed June 14, 2007, July 5, 2007, July 10, 2007 and July 30, 2007, and Amendment to Current Report on Form 8-K filed September 14, 2007; and

our Proxy Statement for the annual meeting of stockholders held on May 24, 2007.

We will provide a copy of these filings at no cost to any person, including any beneficial owner, to whom this prospectus is delivered upon written or telephonic request to the following address:

The Interpublic Group of Companies, Inc.

Attn: Nicholas J. Camera, Secretary

1114 Avenue of the Americas

New York, New York 10036

(212) 704-1200

The above filings are also available to the public on our website at <http://www.interpublic.com>. Information on our website is not part of this prospectus.



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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements. Statements in this prospectus that are not historical facts, including statements about management's beliefs and expectations, 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 the sections entitled "Risk factors" in this prospectus and in our most recent annual report on Form 10-K, and any updated risk factors we include in our quarterly reports on Form 10-Q and other filings with the SEC. 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. Such factors include, but are not limited to, the following:

risks arising from material weaknesses in our internal control over financial reporting, including material weaknesses in our control environment;

our ability to attract new clients and retain existing clients;

our ability to retain and attract key employees;

risks associated with assumptions we make in connection with our critical accounting estimates;

potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;

potential adverse developments in connection with the ongoing SEC investigation;

potential downgrades in the credit ratings of our securities;

risks associated with the effects of global, national and regional economic and political conditions, including fluctuations in economic growth rates, interest rates and currency exchange rates; and

developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors, the additional risk factors outlined in more detail in the sections entitled "Risk factors" in this prospectus and in our most recent annual report on Form 10-K, and any updated risk factors we include in our quarterly reports on Form 10-Q and other filings with the SEC.



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**SUMMARY**

*The following summary does not contain all the information that may be important to you and is qualified in its entirety by more detailed information appearing elsewhere in, or incorporated by reference into, this prospectus. You should read the entire prospectus, paying particular attention to the risks set forth under the heading "Risk factors," request from us all additional public information you wish to review relating to us and complete your own examination of us and the terms of the notes before making an investment decision. In this prospectus, unless the context requires otherwise, the words "we," "us" and "our" refer to The Interpublic Group of Companies, Inc. and not its subsidiaries.*

**The Interpublic Group of Companies, Inc.**

The Interpublic Group of Companies, Inc., together with its subsidiaries, is one of the world's largest advertising and marketing services companies, comprised of communication agencies around the world that deliver custom marketing solutions on behalf of our clients. These agencies cover the spectrum of marketing disciplines and specialties, from traditional services such as consumer advertising and direct marketing, to emerging services such as mobile and search engine marketing. With hundreds of offices in over 100 countries and approximately 42,000 employees, our agencies develop marketing programs that build brands, influence consumer behavior and sell products.

**Corporate Information**

Our principal executive office is located at 1114 Avenue of the Americas, New York, New York 10036. Our main telephone number at that address is (212) 704-1200.

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**Summary of the Offering**

Issuer	The Interpublic Group of Companies, Inc.
Securities	\$400,000,000 aggregate principal amount of 4.25% Convertible Senior Notes due 2023.
Selling securityholders	We issued the notes in a private placement on November 15, 2006 in exchange for \$400,000,000 aggregate principal amount of our 4.50% Convertible Senior Notes due 2023. Selling securityholders may use this prospectus to resell their notes and the shares of our common stock issuable upon conversion of the notes.
Maturity	March 15, 2023, unless earlier redeemed, repurchased or converted.
Interest	4.25% per year on the principal amount from November 15, 2006, payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2007.
Conversion rights	<p>You may convert your notes prior to the close of business on February 15, 2023 under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>(i) 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 118.5% on the issue date (November 15, 2006) and declining <sup>1</sup>/<sub>2</sub>% on November 15 of each year until it reaches 110% at maturity, of the conversion price per share of common stock on the conversion date; or</li> <li>(ii) if the notes have been called for redemption; or</li> <li>(iii) upon the occurrence of specified corporate transactions described under Description of the notes Conversion rights; or</li> <li>(iv) if the credit ratings assigned to the notes by any two of Moody's Investors Service, Inc. (Moody's), Standard &amp; Poor's Ratings Services (S&amp;P) and Fitch Ratings (Fitch) are below Ba2, BB and BB, respectively, or the notes are no longer rated by at least two of these ratings agencies. As of the date of this prospectus, the notes are rated Ba3 with stable outlook, B with positive outlook and BB- with stable outlook by Moody's, S&amp;P and Fitch, respectively, and are therefore convertible into common stock.</li> </ul>

You may convert your notes after February 15, 2023 and prior to the close of business on March 15, 2023 regardless of whether any of the preceding conditions has been satisfied.

For each \$1,000 principal amount of notes surrendered for conversion, you will receive 80.5153 shares of our common stock. This represents an initial conversion price of \$12.42 per share of common stock. As described in this prospectus, the conversion rate may be adjusted for certain reasons, but it will not be adjusted for accrued and unpaid interest. You will not receive any cash payment



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for 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.

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, 2012, March 15, 2015 and March 15, 2018 (each, a purchase date ). 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, but excluding, the purchase date. Any notes we purchase on March 15, 2012 will be paid for in cash. For the March 15, 2015 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 in cash.

Redemption at our option

On or after March 15, 2012, 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 to the redemption date.

Fundamental Change

If we undergo a Fundamental Change (as defined under Description of the notes Fundamental Change permits holders to require us to purchase notes ) prior to March 15, 2012, 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 to the Fundamental Change purchase date. We may pay the Fundamental Change purchase price for such notes in cash, in shares of our common stock valued at their market price or any combination thereof.

If you elect to convert your notes upon the occurrence of a Fundamental Change that qualifies as a Cash Take-Over Transaction (as defined under Description of the notes Conversion in connection with a Fundamental Change ), you will be entitled to receive, in addition to a number of shares of our common stock equal to the applicable conversion rate, a make-whole premium in the form of an additional number of shares of our common stock upon conversion as described under Description of the notes Conversion in connection with a Fundamental Change.

Ranking

The notes are our general obligations and are not secured by any collateral. Your right to payment under the 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;

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senior to the rights of creditors under debt expressly subordinated to these notes;  
and

effectively subordinated to the rights of our subsidiaries' creditors.

On a consolidated basis, we had \$2,333.3 million of debt outstanding as of June 30, 2007, none of which was secured or subordinated debt.

Our subsidiaries had \$90.3 million of indebtedness outstanding as of June 30, 2007.

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 and are represented by one or more global certificates registered in the name of a nominee of The Depository Trust Company ( DTC ). The global certificates have been deposited with the trustee as custodian for DTC. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its participants and any such interest may not be exchanged for certificated securities, except in limited circumstances.

Trading

Prior to resale using this prospectus, the notes are eligible for trading in The PORTAL Market. Notes sold using this prospectus, however, will no longer be eligible for trading in The PORTAL Market. The notes have not been, and will not be, listed on any securities exchange or included in any automated quotation system. No assurance can be given as to the liquidity of or trading market for the notes. Our common stock is listed on the New York Stock Exchange under the symbol IPG.

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**RISK FACTORS**

*You should carefully consider the risks described below and under **Risk Factors** in our most recent annual report on Form 10-K, and any updated risk factors we include in our quarterly reports on Form 10-Q and other filings with the SEC, together with all the other information included or incorporated by reference in this prospectus, before deciding to invest in the notes. See also **Cautionary statement regarding forward-looking statements** in this prospectus.*

**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 the 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. The market price of the notes and our common stock will likely continue to fluctuate in response to a number of factors, including the following, many of which are beyond our control:

quarterly fluctuations in our operating and financial results;

developments related to our material weaknesses in internal control over financial reporting and any potential further restatement of prior period financial statements;

changes in financial estimates and recommendations by financial analysts;

changes in the ratings of the notes or other securities;

developments related to litigation or investigations involving us;

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

new technology used, or services offered, by our competitors;

significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;

our failure to integrate our acquisitions or realize anticipated benefits from our acquisitions;

future sales of our equity or convertible securities;

additions or departures of key personnel; and

perceptions, whether or not accurate, among investors and other market participants related to any of the above. General market fluctuations, industry factors and general economic and political conditions and events, economic slowdowns or recessions, interest rate changes, credit loss trends or currency fluctuations, also could cause our stock price to decrease regardless of our operating results. In addition, the stock markets in general, including the New York Stock Exchange, 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 affect adversely the market prices of the notes and our common stock.

*The market prices of our common stock and the notes, and our earnings per share, could be reduced if (i) holders of the notes, our 4.50% Convertible Senior Notes due 2023 or our 5.25% Series B Cumulative Convertible Perpetual Preferred Stock convert their securities into shares of our common stock, (ii) holders of our warrants exercise their right to purchase shares of our common stock or (iii) we were to issue additional equity or convertible securities.*

As of the date of this prospectus, holders of the notes and of our 4.50% Convertible Senior Notes due 2023 have the right to convert their notes into shares of our common stock. Holders of our 5.25% Series B Cumulative

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Convertible Perpetual Preferred Stock have the option at any time to convert their shares into shares of our common stock. In addition, holders of the warrants that we issued in connection with our ELF Financing can exercise their right to purchase shares of our common stock on June 15, 2009, the expiration date of the warrants. Conversion of the notes, our 4.50% Convertible Senior Notes due 2023 or our 5.25% Series B Cumulative Convertible Perpetual Preferred Stock or exercise of our warrants could require us to issue a significant number of additional shares of common stock, which would result in substantial dilution to the equity interests of holders of our common stock.

Resales of our common stock following conversions of our convertible securities or exercise of our warrants could depress the prevailing market price of our common stock. Even prior to the time of actual conversions of our convertible securities or actual exercise of our warrants, the perception of a significant market overhang resulting from the existence of our obligation to honor the conversions and exercise rights, as well as any perception of market overhang resulting from our ability to issue equity, convertible debt or preferred stock or similar securities or related warrants could depress the market price of our common stock or the notes.

***Provisions in our charter documents and Delaware law could make it more difficult to acquire our company and may depress our stock price.***

Our restated certificate of incorporation, as amended, and bylaws contain provisions that may discourage, delay or prevent a third party from acquiring us, even if doing so would be beneficial to our stockholders. Our restated certificate of incorporation, as amended, and bylaws limit who may call special meetings of stockholders to the board of directors or the holders of a majority of outstanding shares of capital stock entitled to vote at such meetings. Our restated certificate of incorporation, as amended, and bylaws provide that the bylaws may be altered, amended or repealed by the board of directors.

Pursuant to our restated certificate of incorporation, as amended, the board of directors may by resolution establish one or more series of preferred stock, having such number of shares, designation, relative voting rights, dividend rates, liquidation or other rights, preferences and limitations as may be fixed by the board of directors without any further stockholder approval. Such rights, preferences, privileges and limitations as may be established could have the effect of impeding or discouraging the acquisition of control of us.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder.

***Holder of the notes will have no rights as common shareholders until they acquire our common stock.***

Until you acquire shares of our common stock upon conversion, you will have no rights with respect to our common stock, including voting rights, rights to respond to tender offers and rights to receive any dividends or other distributions on our common stock. Upon conversion, you will be entitled to exercise the rights of a holder of common stock only as to matters for which the record date occurs after the conversion date. For example, in the event that an amendment is proposed to our restated certificate of incorporation, as amended, or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of 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.



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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 notes. In addition, credit rating agencies continually revise their ratings for companies that they follow, including us. 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 are effectively 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.

*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, 2012, holders of the notes may require us to purchase their notes for cash. In addition, holders may also require us to purchase their notes upon a Fundamental Change as described under "Description of the notes - Fundamental Change" which 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 agreements. 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.

*The additional shares of our common stock payable on the notes in connection with certain Fundamental Changes may not adequately compensate you for the lost option time value of your notes as a result of such Fundamental Changes.*

If certain Fundamental Changes occur, we will, in certain circumstances, pay a make-whole premium in the form of additional shares of our common stock. The number of additional shares of our common stock will be determined based on the date on which the Fundamental Change becomes effective and the price paid per share of common stock in the Fundamental Change transaction as described under "Description of the notes - Conversion in connection with a Fundamental Change." While the make-whole premium is designed to compensate you for the lost option time value of your notes as a result of the Fundamental Change, the increase is only an approximation of this lost value and may not adequately compensate you for your loss. If the price paid per share of common stock in the Fundamental Change transaction is less than \$8.70 (subject to adjustment) or above \$50.00 (subject to adjustment), we will not pay a make-whole premium.

*You may have to pay taxes with respect to distributions on our common stock that you do not receive.*

The conversion rate of the notes is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, certain cash dividends and certain other actions by us that modify our capital structure. See "Description of the notes - Conversion rights - Conversion rate adjustments." If the conversion rate is adjusted as a result of a distribution that is taxable to our common stock holders, you would be treated as receiving a distribution and may be required to include an amount in income for federal income tax purposes, notwithstanding the fact that you do not actually receive such distribution. If the conversion rate is increased at our discretion or in certain other circumstances (including as a result of certain Fundamental Changes), such increase also may be deemed to be the payment of a taxable dividend to you, notwithstanding the fact that you do not receive a cash payment. The amount that you would have to include in income will generally be equal to the value of the additional shares that you would receive on conversion as a result of the adjustment to the conversion rate. See "Certain U.S. federal income tax consequences."

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*If we pay a cash dividend on our common stock, you may be deemed to have received a taxable dividend without the receipt of any cash.*

If we pay a cash dividend on our common stock, and an adjustment to the conversion rate results, you may be deemed to have received a taxable dividend subject to U.S. federal income tax without the receipt of any cash. See Certain U.S. federal income tax consequences U.S. Holders of the notes Constructive distributions.

*An active trading market for the notes may not develop.*

Prior to resale using this prospectus, the notes are eligible for trading in The PORTAL Market. Notes sold using this prospectus, however, will no longer be eligible for trading in The PORTAL Market. 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 does not develop or is not sustained, the market price and liquidity of the notes may be adversely affected.

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**DESCRIPTION OF THE NOTES**

We issued the notes under an indenture dated as of November 15, 2006, between us and The Bank of New York, as trustee, as supplemented by a supplemental indenture thereto, dated as of November 15, 2006. In this description, we refer to the indenture as so supplemented as the indenture.

The following description summarizes the material provisions of the indenture and the notes. For further information you should read the indenture and the notes. The form of indenture and the form of notes are available as set forth under [Where you can find more information](#).

As used in this Description of the notes, unless otherwise indicated, the words *we*, *our* and *us* refer to The Interpublic Group of Companies, Inc. and not any of its subsidiaries.

**General**

The notes are our unsecured obligations and are limited to an aggregate principal amount of \$400,000,000. Each \$1,000 principal amount of notes was issued in exchange for \$1,000 principal amount of our 4.50% Convertible Senior Notes due 2023. The notes will mature on March 15, 2023.

You have the option, subject to fulfillment of certain conditions described below, to convert your notes into shares of our common stock initially at a conversion rate of 80.5153 shares of common stock per note. This is equivalent to an initial conversion price of \$12.42 per share of common stock. The conversion rate is subject to antidilution and other adjustments as further described in [Conversion rights](#) [Conversion rate adjustments](#). Upon conversion, you will receive only shares of our common stock. You will not receive any cash payment for interest accrued to the conversion date.

If any interest payment date, maturity date, redemption date or purchase date (including upon the occurrence of a Fundamental Change, as described under [Fundamental Change](#) permits holders to require us to purchase notes ) of a note falls on a day that is not a business day, the required payment will be made on the next succeeding business day as if made on the date that the payment otherwise was due and no interest will accrue on that payment for the period from and after the interest payment date, maturity date, redemption date or purchase date (including upon the occurrence of a Fundamental Change), as the case may be, to the date of that payment on the next succeeding business day. The term *business day* means, with respect to any note, any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York are authorized or required by law, regulation or executive order to close.

**Interest**

The notes accrue interest at a rate of 4.25% per year from November 15, 2006, payable semiannually in arrears on March 15 and September 15 of each year, beginning March 15, 2007. The notes were issued only in denominations of \$1,000 principal amount and integral multiples of \$1,000 principal amount.

Interest will be paid to the person in whose name a note is registered at the close of business on March 1 or September 1, as the case may be, immediately preceding the relevant interest payment date. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

**Ranking**

The notes are our general unsecured obligations and rank senior in right of payment to all our existing and future indebtedness that is, by its terms, expressly subordinated in right of payment to the notes. The notes rank equally in right of payment with all our existing and future unsecured indebtedness that is not so subordinated. Because we are a holding company, our rights and the rights of our creditors, including the holders of the notes

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offered in this prospectus, to participate in the assets of any subsidiary during its liquidation or reorganization, will be subject to the prior claims of the subsidiary's creditors, except to the extent that we are ourselves a creditor with recognized claims against the subsidiary. On a consolidated basis, we had \$2,333.3 million of debt outstanding as of June 30, 2007, none of which was secured or subordinated debt. Our subsidiaries had \$90.3 million of indebtedness outstanding as of June 30, 2007.

### **Optional redemption**

No sinking fund is provided for the notes. Prior to March 15, 2012, the notes will not be redeemable. On or after March 15, 2012, we may redeem for cash all or part of the notes at any time, 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 to the redemption date.

If we decide to redeem fewer than all of the outstanding notes, the trustee will select the notes to be redeemed (in principal amounts of \$1,000 or integral multiples of \$1,000) by lot, or on a pro rata basis or by another method the trustee considers fair and appropriate.

If the trustee selects a portion of your note for partial redemption and you convert a portion of the same note, the converted portion will be deemed to be from the portion selected for redemption.

In the event of any redemption in part, we will not be required to:

issue, register the transfer of or exchange any note during a period of 15 days before the mailing of the redemption notice; or

register the transfer of or exchange any note so selected for redemption, in whole or in part, except the unredeemed portion of any note being redeemed in part.

### **Conversion rights**

If any of the conditions described below are met, you may convert each of your notes into shares of our common stock initially at a conversion rate of 80.5153 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of \$12.42 per share of common stock based on the issue price of the notes) at any time prior to the close of business on February 15, 2023. In addition, you may convert your notes after February 15, 2023, and prior to the close of business on March 15, 2023 regardless of whether any of the conditions to conversion described below has been satisfied. The conversion rate and the equivalent conversion price in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively, and will be subject to adjustment as described under Conversion rate adjustments. You may convert fewer than all of your notes so long as the notes converted are an integral multiple of \$1,000 principal amount.

You will not receive any cash payment representing accrued and unpaid interest upon conversion of a note. Instead, upon conversion we will deliver to you a fixed number of shares of our common stock and any cash payment to account for fractional shares. The cash payment for fractional shares will be based on the last reported sale price of our common stock on the trading day immediately prior to the conversion date. Delivery of shares of common stock will be deemed to satisfy our obligation to pay the principal amount of the notes, including accrued and unpaid interest. Accrued and unpaid interest will be deemed paid in full rather than canceled, extinguished or forfeited. We will not adjust the conversion rate to account for the accrued and unpaid interest. The trustee will initially act as the conversion agent.

If you convert notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of our common stock upon the conversion, unless the tax is due because you request the shares to be issued in a name other than your own name, in which case you will pay that tax.

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If you wish to exercise your conversion right, you must deliver an irrevocable conversion notice, together, if the notes are in certificated form, with the certificated security, to the conversion agent along with appropriate endorsements and transfer documents, if required, and pay any transfer or similar tax, if required. The conversion agent will, on your behalf, convert the notes into shares of our common stock. You may obtain copies of the required form of the conversion notice from the conversion agent. A certificate for the number of full shares of our common stock into which any notes are converted, together with any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable, but no later than the fifth business day, following the conversion date.

If you have already delivered a purchase notice as described under either *Purchase of notes by us at the option of the holder* or *Fundamental Change permits holders to require us to purchase notes* with respect to a note, however, you may not surrender that note for conversion until you have withdrawn the notice in accordance with the indenture.

Holders of notes at the close of business on a regular record date will receive payment of interest payable on the corresponding interest payment date notwithstanding the conversion of these notes at any time after the close of business on the regular record date. Notes surrendered for conversion by a holder during the period from the close of business on any regular record date to the opening of business on the next interest payment date, except for notes to be redeemed within this period or on the next interest payment date, must be accompanied by payment of an amount equal to the interest that the holder is to receive on the notes.

You may surrender your notes for conversion into shares of our common stock before February 15, 2023 under the following circumstances.

### ***Conversion upon satisfaction of sale price condition***

You may surrender any of your notes for conversion into shares of our common stock 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 118.5% on the issue date (November 15, 2006) and declining  $\frac{1}{2}\%$  on November 15 of each year until it reaches 110% at maturity, of the conversion price per share of common stock on that conversion date.

The *last reported sale price* of our common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which our common stock is traded or, if our common stock is not listed on a U.S. national or regional securities exchange, as reported by the Nasdaq National Market.

If our common stock is not listed for trading on a United States national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the *last reported sale price* will be the last quoted bid price for our common stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization.

If our common stock is not so quoted, the *last reported sale price* will be the average of the mid-point of the last bid and ask prices for our common stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose.

### ***Conversion upon redemption***

If we redeem the notes, you may convert notes into our common stock at any time prior to the close of business on the business day prior to the redemption date, even if the notes are not otherwise convertible at that time.

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### ***Conversion upon specified corporate transactions***

If we elect to:

distribute to all holders of our common stock rights entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at less than the last reported sale price of a share of our common stock at the time of the distribution or

distribute to all holders of our common stock our assets, debt securities or rights to purchase our securities, which distribution has a per share value as determined by our board of directors exceeding 15% of the last reported sale price of our common stock on the day preceding the declaration date for the distribution,

we must notify you at least 20 business days prior to the ex-dividend date for the distribution. Once we have given notice, you may surrender your notes for conversion at any time until the earlier of the close of business on the business day prior to the ex-dividend date or our announcement that the distribution will not take place, even if the notes are not otherwise convertible at that time. The ex-dividend date is the first date upon which a sale of the common stock does not automatically transfer the right to receive the relevant dividend from the seller of the common stock to its buyer.

In addition, if we are party to a consolidation, merger or binding share exchange pursuant to which our common stock would be converted into cash or property other than securities, you may surrender notes for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual effective date of the transaction. If we engage in reclassifications or effect changes to our common stock or are a party to a consolidation, merger, binding share exchange or transfer of all or substantially all of our assets pursuant to which our common stock is converted into cash, securities or other property, then at the effective time of the transaction, the right to convert a note into common stock will be changed into a right to convert it into the kind and amount of cash, securities or other property which you would have received if you had converted your notes immediately prior to the transaction. If we engage in any transaction described in the preceding sentence, the conversion rate will not be adjusted. If the transaction also constitutes a Fundamental Change that qualifies as a Cash Take-Over Transaction (as defined below), you may convert the notes and you will be entitled to receive, in addition to a number of shares of our common stock equal to the applicable conversion rate, a make-whole premium in the form of an additional number of shares of our common stock upon conversion as described under Conversion in connection with a Fundamental Change. Alternatively, upon the occurrence of a Fundamental Change (as defined below), you can require us to purchase all or a portion of your notes as described under Fundamental Change permits holders to require us to purchase notes.

### ***Conversion upon credit ratings event***

You may convert notes into our common stock at any time that the credit ratings assigned to the notes by any two of Moody's, S&P and Fitch are lower than Ba2, BB and BB, respectively, or the notes are no longer rated by at least two of these ratings services. As of the date of this prospectus, the notes are rated Ba3 with stable outlook, B with positive outlook and BB- with stable outlook by Moody's, S&P and Fitch, respectively, and are therefore convertible into common stock.

### ***Conversion after February 15, 2023 and prior to the close of business on March 15, 2023***

Notwithstanding anything herein to the contrary, you may surrender your notes for conversion at any time after February 15, 2023 and prior to the close of business on March 15, 2023, regardless of whether any of the conditions to conversion described above has been satisfied.

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***Conversion rate adjustments***

The conversion rate will be subject to adjustment upon the following events:

- (1) the payment of dividends and other distributions on our common stock payable exclusively in shares of our common stock or our other capital stock;
- (2) the issuance to all holders of our common stock of rights or warrants that allow the holders to purchase shares of our common stock for a period expiring within 60 days from the date of issuance of the rights or warrants at less than the market price on the record date for the determination of stockholders entitled to receive the rights or warrants;
- (3) subdivisions, combinations, or reclassifications of our common stock;
- (4) distributions to all holders of our common stock of our assets, debt securities or rights or warrants to purchase our securities, if these distributions, aggregated on a rolling twelve-month basis, have a per share value exceeding 15% of the market price of our common stock on the trading day immediately preceding the declaration of the distribution. In cases where (a) the fair market value per share of common stock of the assets, debt securities or rights or warrants to purchase our securities distributed to stockholders equals or exceeds the market price of our common stock on the record date for the determination of stockholders entitled to receive the distribution, or (b) the market price exceeds the fair market value per share of common stock of the assets, debt securities or rights or warrants so distributed by less than \$1.00, rather than being entitled to an adjustment in the conversion rate, you will be entitled to receive upon conversion, in addition to the shares of our common stock, the kind and amount of assets, debt securities or rights or warrants comprising the distribution that you would have received if you had converted your notes immediately prior to the record date for determining the stockholders entitled to receive the distribution; and
- (5) the payment of cash dividends or other cash distributions to all or substantially all holders of outstanding shares of our common stock.

In addition to these adjustments, we may increase the conversion rate as our board of directors considers advisable to avoid or diminish any income tax to holders of our common stock or rights to purchase our common stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. We may also, from time to time, to the extent permitted by applicable 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. If our board of directors makes this determination, it will be conclusive. We will give you at least 15 days notice of these increases in the conversion rate.

If a taxable distribution to holders of our common stock or other transaction occurs which results in any adjustment of the conversion rate (including an adjustment at our option), you may, in certain circumstances, be deemed to have received a distribution subject to U.S. income tax as a dividend. In certain other circumstances, the absence of an adjustment may result in a taxable dividend to the holders of our common stock. See Certain U.S. federal income tax consequences.

As used in this prospectus, the market price means the average of the last reported sale prices of our common stock for the 20 trading day period ending on the third business day prior to the applicable purchase date (including upon the occurrence of a Fundamental Change) or the date of determination (if the third business day prior to the applicable purchase date or the date of determination is a trading day, or if not, then on the last trading day prior to the third business day), appropriately adjusted to take into account the occurrence, during the period commencing on the first of the trading days during the 20 trading day period and ending on the applicable purchase date or the date of determination, of any event that would result in an adjustment of the conversion rate under the indenture.

No adjustment to the conversion rate need be made if holders may participate in the transaction that would otherwise give rise to an adjustment, so long as, in the case of paragraph (4) above, the distributed assets or





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securities the holders would receive upon conversion of the notes, if convertible, exchangeable, or exercisable, are convertible, exchangeable or exercisable, as applicable, without any loss of rights or privileges for a period of at least 60 days following conversion of the notes.

The applicable conversion price will not be adjusted:

upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;

upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;

upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the notes were first issued;

for a change in the par value or no par value of the common stock; or

for accrued and unpaid interest.

No adjustment in the applicable conversion price will be required unless the adjustment would require an increase or decrease of at least 1% of the applicable conversion price. If the adjustment is not made because the adjustment does not change the applicable conversion price by more than 1%, then the adjustment that is not made will be carried forward and taken into account in any future adjustment.

### **Purchase of notes by us at the option of the holder**

You have the right to require us to purchase your notes on March 15, 2012, March 15, 2015 and March 15, 2018 (each, a purchase date). We will be required to purchase any outstanding notes for which you deliver a written purchase notice to the paying agent. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 20 business days prior to the relevant purchase date until the close of business on the fifth business day prior to the purchase date. If the purchase notice is given and withdrawn during that period, we will not be obligated to purchase the related notes. Also, our ability to satisfy our purchase obligations may be affected by the factors described in Risk factors under the caption 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.

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 relevant purchase date.

Any notes purchased by us on March 15, 2012 will be paid for in cash. For the March 15, 2015 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 any accrued and unpaid interest in cash. For a discussion of the United States federal income tax treatment of a holder receiving cash, shares of common stock or any combination of cash and shares, see §147