

INTERPUBLIC GROUP OF COMPANIES INC
Form S-3/A
May 15, 2002

As filed with the Securities and Exchange Commission on May 15, 2002

Registration No. 333-82368

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 3 TO

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

The Interpublic Group of Companies, Inc.
(Exact name of Registrant as specified in its charter)

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

1271 Avenue of the Americas
New York, New York 10020
(212) 399-8000
(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)

Nicholas J. Camera, Esq.
Senior Vice President, General Counsel & Secretary
The Interpublic Group of Companies, Inc.
1271 Avenue of the Americas
New York, New York 10020
(212) 399-8000
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:
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One Liberty Plaza
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Approximate date of commencement of proposed
sale to the public: From time to time after the
effective date of this Registration Statement.

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, check the following box.

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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 delivery of the Prospectus is expected to be made pursuant to Rule 434, please check the following box. |_ |

CALCULATION OF REGISTRATION FEE

| Title of Securities to be Registered | Amount to be Registered (1) | Proposed Maximum Offering Price Per Security (2) | Proposed Maximum Offering |
|---|-----------------------------|--|---------------------------|
| Zero-Coupon Convertible Senior Notes Due 2021 | \$701,960,000 | 83.75% | \$587,8 |
| Common Stock, \$.10 par value per share | (4) | (5) | (|

- (1) The Notes were issued at an original price of \$819.14 per \$1,000 principal amount at maturity, which represents an aggregate initial issue price of approximately \$575,003,514.40 and an aggregate principal amount at maturity of \$701,960,000.
- (2) This estimate is made pursuant to Rule 457(c) of the Securities Act solely for the purpose of determining the registration fee. The above calculation is based on the average of the bid and ask prices for the Registrant's Notes on PORTAL at closing on February 6, 2002.
- (3) This fee was previously paid, on February 8, 2002 and April 5, 2002.
- (4) Includes shares of common stock issuable upon conversion of the Notes at the rate of 22.8147 shares of Common Stock for each \$1,000 principal amount at maturity of the Notes. This registration statement is registering the resale of the Notes and the underlying shares of common stock into which the Notes are convertible. Pursuant to Rule 416 under the Securities Act, the number of shares of common stock registered hereby shall include an indeterminate number of additional shares of common stock that may be issuable as a result of antidilution adjustments. Any shares of common stock issued upon conversion of the Notes will be issued for no additional consideration.
- (5) Pursuant to Rule 457(i), there is no additional filing fee with respect to the shares of common stock issuable upon conversion of the Notes because no additional consideration will be received in connection with the exercise of the conversion privilege.

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 that 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 U.S. Securities and Exchange 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. We may not sell these securities until the prospectus is delivered in final form. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated May 15, 2002

PROSPECTUS

\$701,960,000
THE INTERPUBLIC GROUP OF COMPANIES, INC.
Zero-Coupon Convertible Senior Notes Due 2021
and
Common Stock Issuable upon Conversion of the Notes

We issued the notes in a private placement in December 2001 at an issue price of \$819.14 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 not pay periodic cash interest on the notes unless we are required to pay contingent interest or the U.S. tax laws change in ways described in this prospectus. We will pay contingent interest to the holders of notes during the six-month period beginning on December 14, 2006, and any following six-month period, if the average price of a note for a five trading day measurement period equals 120% or more of the issue price plus accrued original issue discount. During any period in which we must pay contingent interest, the contingent interest will be the greater of:

- (1) the per share cash dividend paid on our common stock during that period multiplied by the number of shares of common stock issuable upon conversion of a note and
- (2) .125% of the average price of a note for the related five trading day measurement period.

For a discussion of the special regulations governing contingent payment debt instruments, see "United States Federal Income Tax Considerations--Classification of the Notes."

Holder may convert each of their notes into 22.8147 shares of our common stock, subject to adjustment, when the sale price of the amount of common stock into which a note is convertible is above a set threshold. This threshold will decrease over time. In addition, the notes will be convertible if their credit rating is reduced below Ba1 or BB+, they are called for redemption or specified corporate transactions occur.

We may redeem the notes at any time on or after December 14, 2006. Holders may require us to purchase the notes on scheduled dates or, before December 14, 2006, at any time that we experience a change of control. The price we will pay for any notes we redeem or are required to purchase will be equal to the accreted value of the notes, plus accrued and unpaid interest, if any. Holders may require us to purchase their notes on specified dates. We must pay cash for any notes we are required to purchase on the first such date, December 14, 2003. We may choose to pay the purchase price for any notes that holders require us to purchase on subsequent dates in cash, in shares of our common stock, or any combination of cash and stock.

The notes are not listed on any national securities exchange or automated

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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 and "Special Note Regarding Forward-Looking Statements and Other Factors" beginning on page 9 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 determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2002.

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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.

Definitions for the defined terms used in this prospectus are repeated together under the heading "Glossary" at the end of this prospectus for convenient reference.

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 in more than 130 countries, we realized worldwide revenue in 2001 of approximately \$6.7 billion, 57% of which represented domestic revenue and 43% of which represented international revenue, after giving effect to our recent acquisition of True North Communications Inc. Our net loss in 2001 was approximately \$505 million.

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 expertise in four broad areas:

- o Advertising, which includes advertising and media management;
- o Marketing Communications, which includes client relationship management, public relations, sales promotion, event marketing, on-line marketing, and specialized sectors such as healthcare, diversity and corporate identity;
- o Marketing Intelligence, which includes custom marketing research, brand consultancy, and database management; and
- o Marketing Services, which includes sports and entertainment marketing, corporate meetings and events, retail marketing, and other marketing and business services.

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We seek to be the best in quality, broadest in scope and leader in size in all of these areas.

We are organized into four global operating groups. Three of these groups, the WorldGroup, The FCB Group and The Partnership, are global marketing communications companies that provide a full complement of global marketing services and marketing communication services. Our fourth global operating group, The Advanced Marketing Services Group, is focused on growing our current marketing services and marketing intelligence services.

We believe this organizational structure allows us to provide comprehensive marketing communications 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 offices are located at 1271 Avenue of the Americas, New York, New York 10020. Our telephone number at that address is (212) 399-8000.

The Offering

| | |
|---------------------------------|---|
| Notes Offered..... | \$701,960,000 principal amount at maturity of Zero-Coupon Convertible Senior Notes Due 2021. We will not pay cash interest on the notes prior to maturity, other than as described below under "Description of the Notes--Optional Conversion to Semi-Annual Cash Pay Notes upon Tax Event" and "Description of the Notes--Contingent Interest." Each note was issued at a price of \$819.14 and a principal amount at maturity of \$1,000. |
| Maturity..... | December 14, 2021. |
| Yield to Maturity of Notes..... | 1.00% per year, computed on a semi-annual bond equivalent basis, calculated from December 14, 2001. This is the rate at which a note's original issue discount will accrue and be added to its accreted value, other than for tax purposes. |
| Conversion Rights..... | Holders may convert their notes at any time prior to the close of business on December 14, 2021 if the average per share sale price of our common stock for the 20 trading days immediately prior to the conversion date is at or above a set threshold. This threshold will initially be 120% of the accreted value of a note, divided by the |

conversion rate, and will decline 1/2% each year until it reaches 110% at maturity in 2021. A note's accreted value is the sum of its issue price plus its accrued original issue discount.

On May 14, 2002, the threshold sale price for our common stock that would have allowed holders to convert their notes was \$43.19 and the closing sale price of our common stock was \$33.02.

Holders may also convert notes regardless of the sale price of our common stock at any time after:

- o the credit rating assigned to the notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Group and Fitch IBCA Duff & Phelps are Bal, BB+ and BB+, respectively, or lower, or the notes are no longer rated by at least two of these ratings services;
- o we call the notes for redemption;
- o we make specified distributions to our shareholders as described in "Conversion Rights"; or
- o we become a 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.

For each note converted, we will deliver 22.8147 shares of our common stock. This conversion rate may be adjusted under some circumstances, but will not be adjusted for increases in accreted value or accrued and unpaid interest.

Your right to convert your notes will expire at the close of business on December 14, 2021.

Ranking.....The notes are our general obligations and are not secured by any collateral. Your right to payment under these notes is:

- o junior to the rights of our secured creditors to the extent

of their security in our assets;

- o equal with the rights of creditors under our other unsecured unsubordinated debt, including our credit facilities;
- o senior to the rights of creditors under debt expressly subordinated to these notes; and
- o effectively subordinated to the rights of our subsidiaries' creditors.

We had no secured debt outstanding as of March 31, 2002.

We had \$552.5 million of subordinated indebtedness outstanding as of March 31, 2002.

Our subsidiaries had \$460 million of indebtedness outstanding as of March 31, 2002, as well as other liabilities.

Contingent Interest.....We will pay contingent interest to the holders of notes during the six-month period beginning on December 14, 2006, and during any following six-month period, if the average price of a note for a five trading day measurement period preceding the relevant six-month period equals 120% or more of its accreted value, which is the sum of its issue price and accrued original issue discount.

During any period in which we must pay contingent interest, the amount of contingent interest we will pay will be the greater of:

- o the per share amount of cash dividends we pay on our common stock during that period multiplied by the number of shares of common stock issuable upon conversion of a note; and
- o 125% of the average price of a note for the related five trading day measurement period.

Contingent interest, if any, will accrue and be payable to holders of notes as of the record date for the related common stock dividend or, if no cash dividend is paid by us during a quarter within the

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relevant six-month period, to holders of notes as of the fifteenth day preceding the last day of the relevant six-month period.

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, 7.45%, even though the notes will have a significantly lower stated yield to maturity. You will recognize taxable income significantly in excess of cash received, if any, while the notes are outstanding. Additionally, you will generally be required to recognize ordinary income on the gain, if any, 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.

Sinking Fund.....None.

Optional Redemption.....We may not redeem the notes before December 14, 2006. We may redeem all or part of the notes for cash on or after December 14, 2006 at their accreted value plus any accrued and unpaid interest. Indicative redemption prices are set forth in this prospectus on page 25.

Purchase of the Notes by

Us at the Option of the Holder.....Holders may require us to purchase their notes on any one of the following dates at the following purchase prices plus any accrued and unpaid interest:

- o on December 14, 2003 at a price of \$835.64 per note;
- o on December 14, 2004 at a price

of \$844.02 per note;

- o on December 14, 2005 at a price of \$852.48 per note;
- o on December 14, 2006 at a price of \$861.03 per note;
- o on December 14, 2011 at a price of \$905.06 per note; and
- o on December 14, 2016 at a price of \$951.35 per note.

We will pay cash for all notes so purchased on December 14, 2003. For any purchases on or after December 14, 2004, we may choose to pay the purchase price for any notes holders require us to purchase in cash, in shares of our common stock or any combination of cash and common stock. If we choose to pay for notes with common stock, it will be valued at the average closing sale price per share for the 20 day period ending on the third business day prior to the date that the valuation is determined. If the tax law changes as described in the next paragraph and we elect to pay cash interest in lieu of accruing original issue discount on the notes, the purchase price will be adjusted as described in this prospectus.

Optional Conversion to Semi-Annual

Cash Pay Notes upon a Tax Event.....If we receive an opinion from independent tax counsel that because of an amendment, or change in the tax laws, rules or regulations, or because of an administrative pronouncement, action or judicial decision that there is a risk, which is greater than insubstantial, that interest from the notes would not be deductible, then at our option, the notes will cease to accrue original issue discount. Instead, cash interest will accrue on each note from the date on which we choose to exercise the option at the rate of 1.00% per year on the accreted value of the notes on the later of the date of the event giving rise to the option and the date we exercise the option and shall be payable semi-annually on the interest payment dates of June 14 and December 14 of each year to

holders of record at the close of business on each regular record date immediately preceding the interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. In such an event, the redemption prices, purchase prices for purchases of notes at the option of holders and purchase prices payable upon a fundamental change will be adjusted as described in this prospectus. If we exercise this option to pay cash interest, it will not change holders' rights to convert notes for common stock.

Fundamental Change.....Upon the occurrence of a fundamental change prior to December 14, 2006, each holder may require us to purchase all or a portion of the holder's notes. A fundamental change shall be limited to the following three events:

- o a "person" or "group", as those terms are defined by Section 13(d) of the Exchange Act, gains greater than 50% of the voting power of our common equity;
- o we consummate any share exchange, consolidation or merger pursuant to which our common stock will be converted into cash, securities or other property or any sale, lease or other transfer of substantially all of our consolidated assets; or
- o the directors who either were members of our board on December 14, 2001 or became board members subsequent to that date, but were elected by members as of December 14, 2001 no longer constitute a majority of the total board.

The purchase price will be equal to the accreted value of the notes on the date we purchase them, plus accrued and unpaid interest, if any. We may choose to pay the purchase price for any notes that the holders require us to purchase upon the occurrence of any of the three events described above in cash, in shares of our common stock or any combination of cash and

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common stock. If we choose to pay for notes with common stock, it will be valued at the average closing sale price per share for the 20 day period ending on the third business day prior to the date that the valuation is determined.

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.

Global Securities.....The notes have been issued only in book-entry form, which means that they are represented by one or more permanent global securities registered in the name of The Depository Trust Company, or 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 national securities exchange or automated quotation system. Our common stock is listed on the New York Stock Exchange under the symbol "IPG."

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.

We may be required to purchase notes for cash on December 14, 2003. At that time we may not have sufficient funds to pay the purchase price for all notes that we may be required to repurchase, and these purchases could adversely affect our financial liquidity.

Any purchase of notes at the option of the holder on December 14, 2003 must be paid for in cash. If we were required to purchase outstanding notes at

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the option of the holders on that date, we might not at that time have sufficient funds to pay the purchase price for all notes that we may be required to purchase and such purchases could adversely affect our financial liquidity. Any failure by us to redeem the notes when required would result in an event of default with respect to the notes.

An active trading market for the notes and resale may not develop.

Prior to the initial placement of the notes, 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 activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the notes will develop or be sustained. The price of the notes could be materially adversely affected as a result. The notes issued in the initial placement are eligible for trading on 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 national securities exchange or automated quotation system.

Investment in the notes will result in the yearly inclusion in your taxable income of amounts significantly in excess of any cash received while the notes are outstanding.

We and each holder agree in the indenture to treat the notes as contingent payment debt instruments subject to the contingent payment debt regulations. As a result, you will be required to include amounts in income, as original issue discount, in advance of the cash you receive on the notes. The rate at which you will accrue the original issue discount will be comparable to the rate at which we would borrow in a noncontingent, nonconvertible borrowing, even though the notes have a significantly lower stated yield to maturity. You will recognize taxable income significantly in excess of any cash received while the notes are outstanding. In addition, under the indenture, you will recognize taxable income upon the conversion of the notes equal to the difference between the fair market value of the common stock received and your basis in the notes. Gain or loss upon a sale, exchange or conversion will be ordinary income.

Your claim against us will be limited if a bankruptcy proceeding is commenced against us.

If a bankruptcy proceeding is commenced in respect of us, the claim of the holder of notes is, under Title 11 of the United States Code, limited to the issue price of the notes plus that portion of the original issue discount that has accrued from the date of issue to the commencement of the proceeding.

Our consolidated financials incorporated in this prospectus by reference, insofar as they relate to NFO Worldwide, Inc. and True North Communications Inc., were audited by Arthur Andersen LLP, which is the subject of litigation and has been indicted.

Arthur Andersen LLP is the subject of litigation and was indicted with respect to its activities in connection with Enron Corp. Arthur Andersen LLP may dissolve or liquidate, may merge with or have its assets sold to a third party, or may lose critical personnel. In the event that Arthur Andersen LLP dissolves, liquidates or does not otherwise continue in business, Arthur Andersen LLP may have insufficient assets to satisfy any claims that may be made by investors or by us with respect to this offering or the financial statements incorporated by reference in this prospectus and our periodic reports under the Securities Exchange Act in reliance on Arthur Andersen LLP's reports.

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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 rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>. Our SEC filings are also available 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. Any statement contained in this prospectus or in any document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any subsequently filed document which also is, or is deemed to be, incorporated by reference in this prospectus modifies or supersedes that statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. We incorporate by reference

- o our Annual Report on Form 10-K for the year ended December 31, 2001 (File Number 001-06686; Film Number 02596498);
- o our Quarterly Report on Form 10-Q dated May 15, 2002 (File Number 001-6686; Film Number 02651876);
- o our Current Reports on Form 8-K dated February 13, 2002 (File Number 001-6686; Film Number 02539780), March 4, 2002 (File Number 001-6686; Film Number 02566444) and May 3, 2002 (File Number 001-6686; Film Number 02633202);
- o any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act.

You may request a copy of these filings no cost, by writing or telephoning us at the following address:

The Interpublic Group of Companies, Inc.
1271 Avenue of the Americas
New York, New York 10020
Attn: Susan V. Watson
(212) 399-8000

Unless otherwise indicated, currency amounts in this prospectus and in any applicable supplement are stated in U.S. dollars.

SPECIAL NOTE REGARDING FORWARD-LOOKING
STATEMENTS AND OTHER FACTORS

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This prospectus contains and incorporates by reference forward-looking statements. Our representatives may also make forward-looking statements orally from time to time. Statements in this prospectus and statements incorporated by reference from our SEC reports that are not historical facts, including statements about our beliefs and expectations, particularly regarding recent business and economic trends, the integration of acquisitions and restructuring costs, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and you should therefore not place undue reliance on them. 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, those associated with the effect of national and regional economic 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 companies around the world, and the successful completion and integration of acquisitions which complement and expand our business capabilities.

This prospectus also contains and incorporates by reference certain financial information calculated on a "pro forma" basis, including information that is restated to exclude the impact of historical events. Because "pro forma" financial information by its very nature departs from traditional accounting conventions, the information should not be viewed as a substitute for the information prepared in accordance with Generally Accepted Accounting Principles contained in our financial statements that are incorporated into this prospectus by reference and should be read in conjunction therewith.

One of our business strategies is to acquire businesses that complement and expand our current business capabilities. Accordingly, we are usually engaged in evaluating potential acquisition candidates. We are frequently engaged in a number of preliminary discussions that may result in one or more substantial acquisitions. These acquisition 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 such transaction may lead to increased volatility in the trading price of our securities.

Moreover, 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.

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. Competition in the advertising agency business depends to a large extent on the client's perception of the quality of an agency's "creative product." 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.

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Moreover, increasing 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 retain existing clients and to attract new clients may, in some cases, be limited by clients' policies on or perceptions of conflicts of interest. These policies can in some cases prevent one agency and, in limited circumstances, different agencies within the same holding company, from performing similar services for competing products or companies. In addition, these perceived conflicts, following an acquisition by 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, after the True North Communications Inc. acquisition and the resulting larger number of clients, there could be a greater likelihood of conflicts with potential new clients in the future. If the combined company fails to maintain existing clients or attract new clients, its business may be materially and adversely impacted.

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 employee and management personnel. Our inability to hire and retain these employees in the future may have a material adverse effect on us.

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, 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.

Our international operations still remain exposed to risks which affect foreign operations of all kinds, such as local legislation, monetary devaluation, exchange control restrictions and unstable political conditions. In addition, international advertising agencies are still subject to ownership restrictions in some countries because they are considered an integral factor in the communications process.

Investors in the notes should evaluate any forward-looking statements and an investment in the notes in light of these important factors.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows the ratios of earnings to fixed charges for us and our consolidated subsidiaries for the periods indicated.

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| | Three Months Ended | | Years Ended Dec | |
|---|-----------------------|--------|-----------------|------|
| | March 31, 2002 | 2001 | 2000 | 1999 |
| Ratio of earnings to fixed charges..... | 2.56x | -- (1) | 4.07x | 3.95 |

(1) For the year ended December 31, 2001, we had a deficiency of earnings to fixed charges. Additional earnings of \$524,188,000 would have been necessary for the year ended December 31, 2001 to provide a one-to-one coverage ratio. The decline in the ratio of earnings to fixed charges for the year ended December 31, 2001 primarily relates to lower income from operations, including restructuring and merger related charges, as compared to prior periods.

In calculating the ratio of earnings to fixed charges, earnings are the sum of earnings before income taxes plus fixed charges. Fixed charges are the sum of interest on indebtedness, amortization of debt discount and that portion of net rental expense deemed representative of the interest component.

CAPITALIZATION

The following table sets forth our short-term debt, long-term debt and stockholders' equity as of March 31, 2002. The data is derived from our unaudited financial statements. You should read this table in conjunction with our consolidated financial statements and related notes and the description of our liquidity and capital resources as of March 31, 2002 incorporated by reference in this prospectus.

| | December 31, 2001 |
|--|--|
| | ----- (unaudited) ----- (in millions) |
| Short-term debt: | |
| Short-term bank borrowings..... | \$ 425.4 |
| Floating Rate Notes..... | 100.0 |
| Long-term debt: | |
| Payable to financial institutions..... | 239.3 |
| Notes--7.25% due 2011..... | 500.0 |
| Notes--7.875%, due 2005..... | 500.0 |
| Convertible Subordinated Notes--1.80%, due 2004..... | 230.4 |
| Convertible Subordinated Notes--1.87%, due 2006..... | 322.1 |
| Zero-Coupon Convertible Senior Notes due 2021..... | 576.7 |

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Stockholders' equity:
 Total stockholders' equity..... 2,040.6

Total capitalization..... \$ 4,934.5
 =====

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.

| Period | NYSE Sale Price | |
|--|-----------------|---------|
| | High | Low |
| 1999: | | |
| First Quarter..... | \$40.00 | \$34.88 |
| Second Quarter..... | 43.31 | 34.59 |
| Third Quarter..... | 44.06 | 36.50 |
| Fourth Quarter..... | 58.06 | 35.75 |
| 2000: | | |
| First Quarter..... | 55.56 | 37.00 |
| Second Quarter..... | 47.44 | 38.00 |
| Third Quarter..... | 44.62 | 33.50 |
| Fourth Quarter..... | 43.75 | 33.06 |
| 2001: | | |
| First Quarter..... | 47.19 | 32.50 |
| Second Quarter..... | 38.85 | 27.79 |
| Third Quarter..... | 30.46 | 19.30 |
| Fourth Quarter..... | 31.00 | 19.50 |
| 2002: | | |
| First Quarter..... | 34.56 | 27.10 |
| Second Quarter (through May 14, 2002)..... | 34.89 | 30.12 |

 The amount of future common stock dividends will depend on earnings, financial condition and other factors, and will be determined by the directors on a quarterly basis. On March 28, 2002, our Board of Directors declared a cash dividend of 9-1/2 cents per share payable on June 17, 2002, to shareholders of record at the close of business on March 30, 2002.

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As of April 29, 2002, there were approximately 17,791 direct holders of our common stock.

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.

INTERPUBLIC

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 in more than 130 countries, we realized worldwide revenue in 2001 of approximately \$6.7 billion, 57% of which represented domestic revenue and 43% of which represented international revenue, after giving effect to our recent acquisition of True North Communications Inc. Our net loss in 2001 was approximately \$505 million.

Advertising and Specialized Marketing and Communications Services Businesses

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 expertise in four broad areas:

- o Advertising, which includes advertising and media management;
- o Marketing Communications, which includes client relationship management, public relations, sales promotion, event marketing, on-line marketing and specialized sectors such as healthcare, diversity and corporate identity;
- o Marketing Intelligence, which includes custom marketing research, brand consultancy and database management; and
- o 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, broadest in scope and leader in size in all of these areas.

We are organized into four global operating groups. Three of these groups, the WorldGroup, the FCB Group and The Partnership, are global marketing communications companies. Each offers a distinctive range of marketing solutions for our clients. Our fourth global operating group is The Advanced Marketing Services Group. This group is focused on growing our current marketing services and marketing intelligence services.

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

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operating efficiencies to our organization.

A brief description of our four global operating groups follows:

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

- o McCann-Erickson Worldwide (advertising),
- o MRM Partners Worldwide (direct marketing),
- o Momentum Worldwide (entertainment, event and promotional marketing),
- o FutureBrand (brand consultancy),
- o Torre Lazur McCann Healthcare Worldwide (healthcare advertising and marketing),
- o Universal McCann Worldwide (media planning and buying),
- o Nationwide Advertising Services (recruitment advertising), and
- o Aligned Agency Group, which includes the following independently branded general advertising agencies: Amster Yard (New York), Gotham (New York), Austin Kelly (Atlanta), Temerlin McClain (Dallas), Hill, Holliday (Boston, New York and San Francisco), Campbell Mithun (Minneapolis), and Avrett Free & Ginsberg (New York).

Weber Shandwick Worldwide is aligned with the WorldGroup to provide its clients with a global public relations capability and to enhance and broaden the WorldGroup's offering to prospective clients.

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

- o ANALYTICi (database marketing),
- o Marketing Drive Worldwide (integrated marketing),
- o R/GA (web design and development),
- o The Hacker Group (customer acquisition direct marketing),
- o FCB Media Services (media planning), and
- o FCB HealthCare (healthcare marketing).

Weber Shandwick Worldwide also is aligned with the FCB Group to provide its clients with a global public relations capability and to enhance and broaden the FCB Group's offering to prospective clients.

In addition, Campbell-Ewald, an independent marketing communications

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company, is affiliated with this group through a global strategic alliance to provide its clients with an international network for implementation of marketing communications programs.

The Partnership, a global, client-driven creative leader, is anchored on the quality advertising reputation of Lowe & Partners Worldwide. The Partnership provides collaboration across a global group of independent networks with creative capabilities across all areas of marketing communications. The partners seek to preserve their independence while creating the ability to interconnect seamlessly to better service clients. Senior Partners include:

- o Lowe & Partners Worldwide (advertising),
- o Draft Worldwide (direct and promotional marketing),
- o Golin/Harris International (public relations), and
- o Initiative Media (media planning and buying).

The Partnership also includes a group of Member Partners, which are independent advertising agencies that will now have more direct access to both global capabilities and increased marketing services. This group includes The Martin Agency, Mullen and Suissa Miller, as well as the following new Member Partners:

- o Bozell,
- o Carmichael Lynch,
- o Deutsch,
- o Howard Merrell & Partners,
- o Tierney Communications,
- o Delaney Lund (minority international partner), and
- o Springer & Jacoby (minority international partner).

The Advanced Marketing Services Group (AMS) is the management center for our specialized and advanced marketing services including:

- o NFO WorldGroup (marketing intelligence services),
- o Jack Morton Worldwide (specialized marketing services including corporate events, meetings and training/learning),
- o New America Strategies Group (multi-cultural marketing and communications), and
- o ISO Healthcare Group (strategic healthcare consulting).

Each of the companies in AMS is linked to one or more of the other three operating groups through affiliate relationships, ensuring access to the best, most innovative ideas and solutions for client communications needs. Additionally, our public relations networks, Weber Shandwick Worldwide, Golin/Harris International and DeVries Public Relations, are based within Advanced Marketing Services' Constituency Management Group, in order to maintain their professional affiliation with our other operating groups. AMS is also charged with expanding our business into new marketing intelligence, services, and communications areas.

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We provide services for clients whose businesses are international in scope as well as for clients whose businesses are restricted to a single country or a small number of countries. Revenue for 2001 and 2000 is presented below by major geographic area:

| | Year Ended December 31, | |
|-----------------------------|-------------------------|---------------|
| | 2001 | 2000 |
| | ----- | |
| | (in millions) | |
| United States..... | \$3,805.8 | \$4,244.2 |
| International | | |
| United Kingdom..... | 679.7 | 604.9 |
| All other Europe..... | 1,161.0 | 1,233.6 |
| Asia Pacific..... | 478.9 | 508.9 |
| Latin America..... | 327.1 | 333.7 |
| Other..... | 274.3 | 257.4 |
| | ----- | |
| Total International..... | 2,921.0 | 2,938.5 |
| | ----- | |
| Total Consolidated..... | \$6,726.8 | \$7,182.7 |
| | ===== | ===== |

Sources of Revenue

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

Like other agencies, we are primarily responsible for paying the media with respect to firm contracts for advertising time or space placed on behalf of our clients. This is a problem only if the client is unable to pay us because of insolvency or bankruptcy. We make serious efforts to reduce the risk from a client's insolvency including carrying out credit clearances, requiring in some cases payment of media in advance, or agreeing with the media that we will be solely liable to pay the media only after the client has paid us for the media charges.

We also receive commissions from clients for planning and supervising work done by outside contractors in the physical preparation of finished print advertisements and the production of television and radio commercials and other forms of advertising. This commission is customarily 17.65% of the outside contractor's net charge, which is the same as 15.0% of the outside contractor's total charges including commission. With the expansion of negotiated fees, the terms on which outstanding contractors' charges are billed are subject to wide variations and even include in some instances the elimination of commissions

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entirely, provided that there are adequate negotiated fees.

We also derive revenue in many other ways, including the planning and placement in media of advertising produced by unrelated advertising agencies; the maintenance of specialized media placement facilities; the creation and publication of brochures, billboards, point of sale materials and direct marketing pieces for clients; the planning and carrying out of specialized marketing research; public relations campaigns; creating and managing special events at which clients' products are featured; and designing and carrying out interactive programs for special uses.

Clients

The five clients that made the largest revenue contribution in 2001 accounted individually for approximately 1.5% to 6.79% of our revenue and in the aggregate accounted for approximately 14% of our revenue. Twenty of our clients accounted for approximately 25% of our revenue. Based on revenue, our largest clients currently include Coca-Cola, General Motors Corporation, Johnson & Johnson, Nestle and Unilever. General Motors Corporation first became a client of one of our agencies in 1916 in the United States. Predecessors of several of the Lintas agencies have supplied advertising services to Unilever since 1893. Our client relationship with Nestle began in 1940 in Argentina. While the loss of the entire business of one of our largest clients could significantly harm our business, we believe that it is very unlikely that the entire business of any of these clients would be lost at the same time, because we represent several different brands or divisions of each of these clients in a number of geographical markets in each case through more than one of our agency systems.

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

Our agencies in many instances have written contracts with their clients. As is customary in the industry, these contracts provide for termination by either party on relatively short notice, usually 90 days but sometimes shorter or longer.

Acquisition Strategy

We pursue acquisitions to complement and enhance our service offerings. In addition, we also seek to acquire businesses similar to our own that expand our geographic scope to better serve new and existing clients. Our acquisitions have historically been funded using stock, cash or a combination of both.

DESCRIPTION OF THE NOTES

The Zero-Coupon Convertible Senior Notes Due 2021 (the "notes") were issued under an indenture dated as of October 20, 2000, between us and The Bank of New York, as trustee (the "trustee"), as supplemented by a supplemental indenture thereto, dated as of December 14, 2001 (as so supplemented, the "indenture"). The indenture has been filed as an exhibit to the registration statement of which this prospectus forms a part.

The following summary of certain provisions of the indenture does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the indenture. Because the following is only

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a summary, it does not contain all information that you may find useful. For further information you should read the indenture and the notes. The form of indenture and notes is available as set forth under "Where You Can Find More Information."

Definitions of certain terms are set forth under the heading "Glossary" at the end of this prospectus. As used in this "Description of the Notes," unless otherwise indicated, the words "we," "us" and "our" refer to The Interpublic Group of Companies, Inc. and its successors and not any of our subsidiaries.

General

The notes:

- o are our unsecured senior obligations and rank equally with all of our other unsecured senior indebtedness;
- o are limited to \$701,960,000 aggregate principal amount at maturity; and
- o will mature on December 14, 2021.

As used in this prospectus, "note" means a note having, upon issuance, a principal amount at maturity of \$1,000. Except under circumstances described under "--Optional Conversion to Semi-Annual Cash Pay Notes Upon Tax Event" and "Contingent Interest," we will not pay cash interest on the notes; rather the notes will accrete to a principal amount of \$1,000 per note upon maturity, representing a yield to maturity of 1.00% per annum.

The notes are redeemable prior to maturity on or after December 14, 2006, as described below, and do not have the benefit of a sinking fund. Principal of the notes will be payable, and the transfer of notes will be registrable, at the office of the trustee.

The notes were originally offered at a substantial discount from their principal amount at maturity. Except as described below, we will not make periodic cash payments of interest on the notes. Each note of \$1,000 principal amount at maturity was issued at an issue price of \$819.14. For United States federal income tax purposes, we will report the accrual of original issue discount at the Comparable Yield of 7.45% under the contingent payment debt regulations while the notes remain outstanding. "Comparable Yield" is defined below under "United States Federal Income Tax Considerations - U.S. Holders - Accrual of Interest on the Notes." The issue date for the notes and the commencement date for the accrual of original issue discount was December 14, 2001.

The notes were issued only in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000 above that amount. No service charge will be made for any registration of transfer or exchange of notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with transfers or exchanges. The notes are represented by one or more global securities registered in the name of a nominee of DTC.

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 pari passu in right of payment with all our existing and future unsecured indebtedness that is not so subordinated. As of December 31, 2001, we had \$548.5 million of subordinated indebtedness outstanding. Because we are a holding

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company, our rights and the rights of our creditors, including the holders of the notes 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, unless we are ourselves a creditor with recognized claims against the subsidiary.

Conversion Rights

Holders may convert notes, in multiples of \$1,000 principal amount at maturity, into our common stock at any time prior to the close of business on December 14, 2021, if the average Sale Price of our common stock for the 20 trading days immediately prior to the conversion date is equal to or greater than a specified percentage, beginning at 120% in the year of issuance and declining 1/2% each year until it reaches 110% at maturity, of the Accreted Value as of the date of conversion, divided by the conversion rate. "Sale Price" and "Accreted Value" are defined below under the heading "Glossary."

On May 14, 2002, the threshold average Sale Price for our common stock that would have allowed conversion of the notes was \$43.19 and the closing Sale Price of our common stock was \$33.02.

The table below shows the threshold average Sale Price for our common stock that would allow conversion of the notes on December 14, 2001 and at later specified dates. The threshold average Sale Price applicable between those dates would reflect the increase in Accreted Value since the next preceding date in the table.

| Date ----- | Accreted Value (1) ----- | Conversion Rate (2) ----- | Specified Percentage (3) ----- |
|------------------------|--------------------------------|---------------------------------|--------------------------------------|
| December 14, 2001..... | 819.14 | 22.8147 | 120% |
| December 14, 2002..... | 827.35 | 22.8147 | 119.5% |
| December 14, 2003..... | 835.65 | 22.8147 | 119% |
| December 14, 2004..... | 844.02 | 22.8147 | 118.5% |
| December 14, 2005..... | 852.48 | 22.8147 | 118% |
| December 14, 2006..... | 861.03 | 22.8147 | 117.5% |
| December 14, 2007..... | 869.66 | 22.8147 | 117% |
| December 14, 2008..... | 878.38 | 22.8147 | 116.5% |
| December 14, 2009..... | 887.19 | 22.8147 | 116% |
| December 14, 2010..... | 896.08 | 22.8147 | 115.5% |
| December 14, 2011..... | 905.06 | 22.8147 | 115% |
| December 14, 2012..... | 914.14 | 22.8147 | 114.5% |
| December 14, 2013..... | 923.30 | 22.8147 | 114% |
| December 14, 2014..... | 932.56 | 22.8147 | 113.5% |
| December 14, 2015..... | 941.91 | 22.8147 | 113% |
| December 14, 2016..... | 951.35 | 22.8147 | 112.5% |
| December 14, 2017..... | 960.89 | 22.8147 | 112% |
| December 14, 2018..... | 970.52 | 22.8147 | 111.5% |
| December 14, 2019..... | 980.25 | 22.8147 | 111% |
| December 14, 2020..... | 990.08 | 22.8147 | 110.5% |
| December 14, 2021..... | 1,000.00 | 22.8147 | 110% |

 Holders may also convert notes into our common stock, regardless of the Sale Price of our common stock, if any of the following three conditions

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applies, in multiples of \$1,000 principal amount at maturity.

Change in Credit Ratings. Holders may convert notes into our common stock at any time after the credit ratings assigned to the notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Group and Fitch IBCA Duff & Phelps are Ba1, BB+ and BB+, respectively, or lower, or the notes are no longer rated by at least two of these ratings services.

Redemption of Notes. If we redeem the notes, holders 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.

Occurrence of Specified Corporate Transactions. Holders may convert notes into our common stock at any time if we elect to:

(1) become a 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, in which case a holder may surrender notes for conversion at any time from and after the date which is 15 days prior to the anticipated effective date for the transaction until 15 days after the actual effective date of the transaction;

(2) distribute to all holders of our common stock 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 Sale Price of our common stock on the day preceding the declaration date for the distribution; or

(3) 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, our common stock at less than the Sale Price at the time of the distribution.

In the case of clause (2) or (3), we must notify the holders of notes at least 20 days prior to the ex-dividend date for the distribution. Once we have given such notice, holders may surrender their 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. 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.

Notes for which a holder has delivered a purchase notice or a Fundamental Change purchase notice requiring us to purchase the notes may be converted only if the notice is withdrawn in accordance with the indenture.

The initial conversion rate is 22.8147 shares of our common stock per note and is subject to adjustment if any of the events described below occurs. The conversion rate will not be adjusted for accrued original issue discount or accrued and unpaid interest, if any.

In lieu of issuing fractional shares, we will pay an amount of cash based on the Sale Price of our common stock on the trading day immediately preceding the conversion date. On conversion of notes, a holder will not receive any cash payment representing accrued original issue discount or accrued and unpaid interest, if any. Our delivery to the holder of the fixed number of shares of our common stock into which the notes are convertible, together with any cash payment for fractional shares, will be deemed:

- o to satisfy our obligation to pay the principal amount at maturity of the notes;

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- o to satisfy any obligation to pay the increase in Accreted Value from December 14, 2001 through the conversion date; and
- o to satisfy any obligation to pay accrued and unpaid interest, if any.

As a result, Accreted Value is deemed to be paid in full rather than canceled, extinguished or forfeited.

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 following the conversion date.

The conversion rate will be adjusted for:

- o dividends or distributions on our common stock payable in our common stock or our other capital stock;
- o subdivisions, combinations or certain reclassifications of our common stock;
- o distributions to all holders of our common stock of certain rights to purchase our common stock for a period expiring within 60 days at less than the Sale Price at the time; and
- o distributions to all holders of our common stock of our assets, debt securities or certain rights to purchase our securities, if these distributions, aggregated on an annual basis, have a per share value exceeding 15% of the Market Price on the day preceding the declaration of the distribution.

No adjustment in the conversion rate will be required unless the adjustment would require a change of at least 1% of the conversion rate then in effect; provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated above, the conversion rate will not be adjusted for the issuance of common stock or any securities convertible into or exchangeable for common stock or carrying the right to purchase any of the foregoing.

No adjustment need be made if holders may participate in the transaction that would otherwise give rise to such an adjustment. In cases where the fair market value of assets, debt securities or certain rights, warrants or options to purchase our securities distributed to shareholders (a) equals or exceeds the Sale Price of our common stock, or (b) the Sale Price exceeds the fair market value of the assets, debt securities or rights, warrants or options so distributed by less than \$1.00, rather than being entitled to an adjustment in the conversion rate, the holder 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, warrants or options comprising the distribution that the holder would have received if the holder had converted the holder's notes immediately prior to the record date for determining the shareholders entitled to receive the distribution. The indenture will permit us to increase the conversion rate from time to time.

If at any time we were to make a distribution of property to our stockholders that would be taxable to the stockholders as a dividend for United States federal income tax purposes and, in accordance with the anti-dilution provisions of the notes, the conversion rate of the notes is increased, such increase might be deemed to be the payment of a taxable dividend to holders of the notes.

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If we are party to a consolidation, merger or binding share exchange or a transfer of all or substantially all of our assets, the right to convert notes into our common stock may be changed into a right to convert notes into the kind and amount of securities, cash or other assets of ours or of another person's which the holder would have received if the holder had converted the holder's notes immediately prior to the transaction.

If we exercise our option to have cash interest accrue on the notes following a Tax Event (as defined below in "--Optional Conversion to Semi-Annual Cash Pay Notes Upon Tax Event"), the holder will be entitled on conversion to receive the same number of shares of our common stock or other property that the holder would have received if we had not exercised this option. In this prospectus, when we refer to the notes as they would be following exercise of our option to have cash interest accrue on the notes following a Tax Event, we call them "Cash Pay Notes."

If we exercise our option to have cash interest accrue on the notes following a Tax Event or are required to pay contingent interest, 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 of the next interest payment date, except for notes to be redeemed on a date within this period or on the next interest payment date, must be accompanied by payment of an amount equal to the contingent interest or interest that the holder is to receive on the notes.

Contingent Interest

Subject to the accrual and record date provisions described below, we will pay contingent interest to the holders of notes during any six-month period from December 14 to June 13 and from June 14 to December 13, beginning with the six-month period beginning December 14, 2006, if the average (the "Average Note Price") of the Note Prices for the Applicable Five Trading Day Period equals 120% or more of the Accreted Value of such notes on the day immediately preceding the relevant six-month period.

The table below shows the threshold Average Note Price that would cause contingent interest to be payable in respect of the six-month period beginning December 14, 2006 and each following six-month period.

| Six-Month Period Beginning | Accreted Value on Reference Day (1) | Threshold Ave Note Price ((120%) |
|-------------------------------|---|--------------------------------------|
| | ----- | ----- |
| December 14, 2006..... | 861.03 | 1,033.24 |
| June 14, 2007..... | 865.34 | 1,038.40 |
| December 14, 2007..... | 869.66 | 1,043.60 |
| June 14, 2008..... | 874.01 | 1,048.81 |
| December 14, 2008..... | 878.38 | 1,054.06 |
| June 14, 2009..... | 882.77 | 1,059.33 |
| December 14, 2009..... | 887.19 | 1,064.62 |
| June 14, 2010..... | 891.62 | 1,069.95 |
| December 14, 2010..... | 869.08 | 1,075.30 |
| June 14, 2011..... | 900.56 | 1,080.67 |
| December 14, 2011..... | 905.06 | 1,086.08 |
| June 14, 2012..... | 909.59 | 1,091.51 |
| December 14, 2012..... | 914.14 | 1,096.96 |
| June 14, 2013..... | 918.71 | 1,102.45 |
| December 14, 2013..... | 923.30 | 1,107.96 |
| June 14, 2014..... | 927.92 | 1,113.50 |

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| | | |
|------------------------|--------|----------|
| December 14, 2014..... | 932.56 | 1,119.07 |
| June 14, 2015..... | 937.22 | 1,124.66 |
| December 14, 2015..... | 941.91 | 1,130.29 |
| June 14, 2016..... | 946.62 | 1,135.94 |
| December 14, 2016..... | 951.35 | 1,141.62 |
| June 14, 2017..... | 956.11 | 1,147.33 |
| December 14, 2017..... | 960.89 | 1,153.06 |
| June 14, 2018..... | 965.69 | 1,158.83 |
| December 14, 2018..... | 970.52 | 1,164.62 |
| June 14, 2019..... | 975.37 | 1,170.45 |
| December 14, 2019..... | 980.25 | 1,176.30 |
| June 14, 2020..... | 985.15 | 1,182.18 |
| December 14, 2020..... | 990.08 | 1,188.09 |
| June 14, 2021..... | 995.03 | 1,194.03 |

We will pay contingent interest only in cash. "Applicable Five Trading Day Period" means the five trading days ending on the second trading day immediately preceding the relevant six-month period, unless we declare a dividend for which the record date falls prior to the first day of a six-month period but the payment date falls within such six-month period, in which case the "Applicable Five Trading Day Period" means the five trading days ending on the second trading day immediately preceding the record date for that dividend.

The amount of contingent interest payable per note in respect of any six-month period will equal the greater of:

(1) cash dividends paid by us per share on our common stock during that six-month period multiplied by the number of shares of our common stock issuable upon conversion of notes at the then applicable conversion rate and

(2) .125% of the Average Note Price for the Applicable Five Trading Day Period.

During any six month period in which we must pay contingent interest:

- o on any payment date for a cash dividend that falls within the relevant six-month period, we will pay contingent interest equal to:
 - (x) the amount of the cash dividend paid in respect of a share of common stock, multiplied by
 - (y) the number of shares of common stock into which a note is convertible;
 - o on any additional payment date for a cash dividend that falls within the relevant six-month period, we will pay additional contingent interest equal to:
 - (x) the amount of the cash dividend paid in respect of a share of common stock, multiplied by
 - (y) the number of shares of common stock into which a note is convertible;
- or, if it is more:
- (x) .125% of the average Note Price for the Applicable Five Trading Day Period that was used to calculate whether contingent interest would be payable during the relevant six-month period, minus

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(y) the amount of contingent interest previously paid in respect of each note during the relevant six-month period;

o on the last day of the six-month period, we will pay contingent interest equal to:

(x) .125% of the average Note Price for the Applicable Five Trading Day Period that was used to calculate whether contingent interest would be payable during the relevant six-month period, minus

(y) the amount of any contingent interest previously paid in respect of each note during the relevant six-month period.

Contingent interest that is payable on the payment date for a cash dividend in respect of our common stock will be payable to holders of notes as of the record date for the related common stock dividend. Contingent interest that is payable on the last day of a six-month period (other than because that happens to be the payment date for a cash dividend in respect of our common stock) will be payable to holders of notes as of the fifteenth day preceding the last day of the relevant six-month period.

Original Issue Discount will continue to accrue at 1.00% per annum whether or not contingent interest is paid, other than for tax purposes. For United States federal income tax purposes, original issue discount will continue to accrue at the Comparable Yield, which we will report as 7.45% under the contingent debt payment regulations, subject to adjustment for actual payments of contingent interest.

The contingent interest feature of the notes is designed to encourage holders to continue holding notes rather than converting them into our common stock, thereby postponing or avoiding equity dilution.

For financial accounting purposes, our obligation to pay contingent interest on the notes will constitute an embedded derivative, the initial value of which is not material to our consolidated financial position. Any material changes in its value will be reflected in our future income statements, in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." We do not believe that such future changes in value will have a significant effect on our future reported results of operations.

"cash dividends" means all cash dividends on our common stock as declared by our board of directors.

The "Note Price" on any date of determination means the average of the secondary market bid quotations per note obtained by the bid solicitation agent under the indenture for \$10 million principal amount at maturity of notes at approximately 4:00 p.m., New York City time, on the determination date from three unaffiliated securities dealers we select, provided that if:

- o at least three such bids are not obtained by the bid solicitation agent, or
- o in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes,

then the Note Price will equal (a) the then applicable conversion rate of the notes multiplied by (b) the average Sale Price of our common stock on the five trading days ending on the determination date.

The bid solicitation agent will initially be the trustee. We may change

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the bid solicitation agent, but the bid solicitation agent will not be our affiliate. The bid solicitation agent will solicit bids from securities dealers that are believed by us to be willing to bid for the notes.

If we determine that holders will be entitled to receive contingent interest for a given six-month period, then on or prior to the start of that six-month period, we will issue a press release and publish the information on our corporate web site or such other reasonable media as we reasonably determine.

Optional Redemption

No sinking fund is provided for the notes. Beginning on December 14, 2006, at our option we may redeem the notes for cash at any time as a whole, or from time to time in part, at a price (the "redemption price") equal to the Accreted Value, plus accrued and unpaid interest, if any. If the notes are converted to Cash Pay Notes following the occurrence of a Tax Event, they will be redeemable at the Restated Principal Amount plus accrued and unpaid interest from the date of the conversion through the redemption date. However, in no event may the notes be redeemed prior to December 14, 2006. We will give holders not less than 30-days' nor more than 60-days' notice of redemption.

The table below shows what the Accreted Value of a note would be on December 14, 2006, at later specified dates prior to maturity and at maturity on December 14, 2021. The Accreted Value, in dollars, of a note redeemed between those dates would include an additional amount reflecting the increase in Accreted Value since the next preceding date in the table.

| Redemption Date ----- | Issue Price(1) ----- | Increase in Value at ----- |
|--------------------------|-------------------------|----------------------------------|
| December 14, 2006..... | \$819.14 | \$ 41.89 |
| December 14, 2007..... | \$819.14 | \$ 50.52 |
| December 14, 2008..... | \$819.14 | \$ 59.24 |
| December 14, 2009..... | \$819.14 | \$ 68.05 |
| December 14, 2010..... | \$819.14 | \$ 76.94 |
| December 14, 2011..... | \$819.14 | \$ 85.92 |
| December 14, 2012..... | \$819.14 | \$ 95.00 |
| December 14, 2013..... | \$819.14 | \$104.16 |
| December 14, 2014..... | \$819.14 | \$113.42 |
| December 14, 2015..... | \$819.14 | \$122.77 |
| December 14, 2016..... | \$819.14 | \$132.21 |
| December 14, 2017..... | \$819.14 | \$141.75 |
| December 14, 2018..... | \$819.14 | \$151.38 |
| December 14, 2019..... | \$819.14 | \$161.11 |
| December 14, 2020..... | \$819.14 | \$170.94 |
| December 14, 2021..... | \$819.14 | \$180.86 |

If less than all of the outstanding notes are to be redeemed, the trustee will select the notes to be redeemed in principal amounts at maturity of \$1,000 or integral multiples thereof. In this case the trustee may select the notes by lot, pro rata or by any other method the trustee considers fair and

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appropriate. If a portion of a holder's notes is selected for partial redemption and the holder converts a portion of the notes, the converted portion will be deemed to be the portion selected for redemption.

Purchase of Notes at the Option of the Holder

On the purchase dates indicated below, we will, at the option of the holder, be required to purchase any outstanding notes for which a written purchase notice has been properly delivered by the holder to the trustee and not withdrawn, subject to specified additional conditions. Holders may submit their notes for purchase to the paying agent at any time from the opening of business on the date that is 30 business days prior to the purchase date until the close of business on the purchase date.

The purchase price of a note, in each case, plus accrued and unpaid interest, if any, will be:

- o \$835.64 per note on December 14, 2003;
- o \$844.02 per note on December 14, 2004;
- o \$852.48 per note on December 14, 2005;
- o \$861.03 per note on December 14, 2006;
- o \$905.06 per note on December 14, 2011; and
- o \$951.35 per note on December 14, 2016.

The foregoing dollar amounts equal the Accreted Value on the respective purchase dates.

If prior to a purchase date the notes have been converted to Cash Pay Notes, the purchase price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of conversion to the purchase date.

We will pay cash for all notes purchased pursuant to the option described above on December 14, 2003. For purchases on or after December 14, 2004, we may, at our option, instead of paying the purchase price in cash, pay all or a portion of the purchase price in shares of our common stock, as long as our common stock is then listed on a national securities exchange or traded on the NASDAQ National Market System. For purchases on or after December 14, 2004, if we elect to pay the purchase price, in whole or in part, in shares of common stock, the number of shares of common stock to be delivered by us will be equal to the portion of the purchase price to be paid in common stock divided by the Market Price of a share of our common stock.

We will be required to give notice to all holders and beneficial owners as required by applicable law on a date not less than 30 business days prior to each purchase date, stating among other things:

- o for purchases on or after December 14, 2004, whether we will pay the purchase price of notes in cash, common stock or a combination of cash and common stock, specifying the percentages of each;
- o for purchases on or after December 14, 2004, if we elect to pay in common stock, the method of calculating the Market Price of the common stock; and
- o the procedures that holders must follow to require us to purchase their notes.

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The purchase notice given by each holder electing to require us to purchase notes shall state:

- o if certificated, the certificate numbers of the holder's notes to be delivered for purchase;
- o the portion of the principal amount at maturity of notes to be purchased, which must be \$1,000 or an integral multiple of \$5,000;
- o for purchases on or after December 14, 2004, if we elect, pursuant to the notice that we are required to give, to pay all or part of the purchase price in common stock, but the purchase price is ultimately to be paid to the holder entirely in cash because any condition to payment of the repurchase price or portion of the purchase price in common stock is not satisfied prior to the close of business on the purchase date, as described below, whether the holder elects:
 - (1) to withdraw the purchase notice as to some or all of the notes to which it relates, or
 - (2) to receive cash in respect of the entire purchase price for all notes or portions of notes subject to such purchase notice; and
- o that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture.

For purchases on or after December 14, 2004, if the holder fails to indicate the holder's choice with respect to the election described in the sixth bullet point above, the holder will be deemed to have elected to receive cash in respect of the entire purchase price for all notes subject to the purchase notice in these circumstances.

Any purchase notice may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the purchase date.

The notice of withdrawal shall state:

- o the principal amount at maturity being withdrawn;
- o if certificated, the certificate numbers of the notes being withdrawn; and
- o the principal amount at maturity of the notes that remain subject to the purchase notice, if any.

In connection with any purchase offer pursuant to these provisions, to the extent applicable we will:

- o comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and
- o file Schedule TO or any other required schedule under the Exchange Act.

Payment of the purchase price for notes for which a purchase notice has been delivered and not validly withdrawn is conditioned upon delivery of the notes, together with necessary endorsements, to the paying agent at any time after delivery of the purchase notice. Payment of the purchase price for the notes will be made promptly following the later of the purchase date or the time of delivery of the notes.

Because the Market Price (as defined below in "Glossary") of the common stock is determined prior to the applicable purchase date, holders of notes bear

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the market risk with respect to the value of the common stock to be received from the date the Market Price is determined to the purchase date. We may pay the purchase price or any portion of the purchase price in common stock only if the information necessary to calculate the Market Price is published in a daily newspaper of national circulation.

Our right to purchase notes, in whole or in part, with common stock for purchases on or after December 14, 2004, is subject to our satisfying various conditions, including:

- o the registration of the common stock under the Securities Act and the Exchange Act, if required; and
- o any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If the conditions are not satisfied with respect to a holder prior to the close of business on the purchase date, we will pay the purchase price of the notes of the holder entirely in cash. We may not change the form or components or percentages of components of consideration to be paid for the notes once we have given the notice that we are required to give to holders of notes, except as described in the first sentence of this paragraph.

If the paying agent holds money or securities sufficient to pay the purchase price of a note on the business day following the purchase date in accordance with the terms of the indenture, then, immediately after the purchase date, the note will cease to be outstanding and will cease to accrete original issue discount, whether or not the note is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the purchase price upon delivery of the note.

Our ability to purchase notes may be limited by the terms of our then existing indebtedness or financing agreements.

No notes may be purchased at the option of holders if there has occurred and is continuing an event of default (as defined below in "--Events of Default"), other than an event of default that is cured by the payment of the purchase price of all the notes.

Fundamental Change Permits Holders to Require Us to Purchase Notes

If a Fundamental Change (as defined below in this section) occurs at any time prior to December 14, 2006, each holder will have the right, at the holder's option, to require us to purchase any or all of the holder's notes. The notes may be purchased in integral multiples of \$1,000 principal amount at maturity. We will purchase the notes at a price equal to the Accreted Value of the notes on the purchase date plus accrued and unpaid interest, if any. See the table under "--Optional Redemption." If, prior to the purchase date, we elect to convert the notes to Cash Pay Notes, the purchase price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of conversion to the purchase date. See "--Optional Conversion to Semi-Annual Cash Pay Notes Upon Tax Event." If a Fundamental Change occurs on or after December 14, 2006, no holder will have a right to require us to purchase any notes, except as described above under "--Purchase of Notes at the Option of the Holders."

We may, at our option, instead of paying the purchase price in cash, pay all or a portion of the purchase price in shares of our common stock, as long as our common stock is then listed on a national securities exchange or traded on the NASDAQ National Market System. If we elect to pay the purchase price, in whole or in part, in shares of common stock, the number of shares of

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common stock to be delivered by us will be equal to the portion of the purchase price to be paid in common stock divided by the Market Price of a share of our common stock.

A "Fundamental Change" will be deemed to have occurred at the time after the original issuance of the notes as any of the following occurs:

(1) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than us, our subsidiaries or our or their employee benefit plans files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate "beneficial owner", as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the voting power of our common equity;

(2) consummation of any share exchange, consolidation or merger of us pursuant to which our common stock will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of our consolidated assets, considered together with our subsidiaries, to any person other than one of our subsidiaries; provided, however, that a transaction where the holders of more than 50% of all classes of our common equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving corporation or transferee immediately after such event shall not be a Fundamental Change; or

(3) Continuing Directors cease to constitute at least a majority of our board of directors.

A Fundamental Change will not be deemed to have occurred, however, if either:

(I) the Sale Price of our common stock for any five trading days within the 10 consecutive trading days ending immediately before the later of the Fundamental Change or the announcement thereof, shall equal or exceed 105% of the Accreted Value as of that date, divided by the conversion rate, or

(II) at least 90% of the consideration in the transaction or transactions constituting the Fundamental Change consists of shares of common stock traded on a national securities exchange or quoted on the Nasdaq Stock Market or which will be so traded or quoted when issued or exchanged in connection with a Fundamental Change (these securities being referred to as "publicly traded securities") and as a result of this transaction or transactions the notes become convertible into such publicly traded securities, excluding cash payments for fractional shares.

On or before the 20th day after the occurrence of a Fundamental Change, we will provide to all holders of the notes and the trustee a notice of the occurrence of the Fundamental Change and of the resulting purchase right. Such notice shall state, among other things:

- o whether we will pay the purchase price of notes in cash, common stock or a combination thereof, specifying the percentages of each;
- o if we elect to pay in common stock, the method of calculating the Market Price of the common stock; and
- o the procedures that holders must follow to require us to purchase their

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notes.

To exercise the purchase right, holders of notes must deliver, on or before the 35th day after the date of our notice of a Fundamental Change, subject to extension to comply with applicable law, the notes to be purchased, duly endorsed for transfer, together with a written purchase notice and the form entitled "Option to Elect Purchase Upon a Fundamental Change" on the reverse side of the notes duly completed, to the paying agent. The purchase notice given by each holder electing to require us to purchase notes shall state:

- o if certificated, the certificate numbers of the holder's notes to be delivered for purchase;
- o the portion of the principal amount at maturity of notes to be purchased, which must be \$1,000 or an integral multiple thereof;
- o in the event we elect, pursuant to the notice that we are required to give, to pay the purchase price in common stock, in whole or in part, but the purchase price is ultimately to be paid to the holder entirely in cash because any condition to payment of the repurchase price or portion of the purchase price in common stock is not satisfied prior to the close of business on the purchase date, as described below, whether the holder elects:
 - (1) to withdraw the purchase notice as to some or all of the notes to which it relates, or
 - (2) to receive cash in respect of the entire purchase price for all notes or portions of notes subject to the purchase notice; and
- o that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture.

If the holder fails to indicate the holder's choice with respect to the election described in the sixth bullet point above, the holder will be deemed to have elected to receive cash in respect of the entire repurchase price for all notes subject to the repurchase notice in these circumstances.

Any purchase notice may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the purchase date. The notice of withdrawal shall state:

- o the principal amount at maturity being withdrawn;
- o if certificated, the certificate numbers of the notes being withdrawn; and
- o the principal amount at maturity of the notes that remain subject to the purchase notice, if any.

We will be required to purchase the notes no later than 35 business days after the occurrence of the relevant Fundamental Change subject to extension to comply with applicable law.

In connection with any purchase offer pursuant to these provisions, to the extent applicable we will:

- o comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act; and
- o file Schedule TO or any other required schedule under the Exchange Act.

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The purchase rights of the holders could discourage a potential acquirer of us. The Fundamental Change purchase feature, however, is not the result of management's knowledge of any specific effort to obtain control of us by any means or part of a plan by management to adopt a series of anti-takeover provisions.

The term Fundamental Change is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to purchase the notes upon a Fundamental Change may not protect holders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

No notes may be purchased at the option of holders upon a Fundamental Change if there has occurred and is continuing an event of default other than an event of default that is cured by the payment of the purchase price of all the notes.

Because the Market Price of the common stock is determined prior to the applicable purchase date, holders of notes bear the market risk with respect to the value of the common stock to be received from the date the Market Price is determined to the purchase date. We may pay the purchase price or any portion of the purchase price in common stock only if the information necessary to calculate the Market Price is published in a daily newspaper of national circulation.

Our right to purchase notes, in whole or in part, with common stock is subject to our satisfying various conditions, including:

- o the registration of the common stock under the Securities Act and the Exchange Act, if required; and
- o any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If those conditions are not satisfied with respect to a holder prior to the close of business on the purchase date, we will pay the purchase price of the notes of the holder entirely in cash. We may not change the form or components or percentages of components of consideration to be paid for the notes once we have given the notice that we are required to give to holders of notes, except as described in the first sentence of this paragraph.

Optional Conversion to Semi-Annual Cash Pay Notes Upon Tax Event

From and after the date of the occurrence of a Tax Event, we will have the option to elect to have cash interest in lieu of future original issue discount accrue on all, and not less than all of, the notes at the rate of 1.00% per year. If we exercise this option to pay cash interest, the principal amount of each note will be restated (the "Restated Principal Amount") and will equal its Accreted Value on the date of the Tax Event or the date on which we exercise the option described in this prospectus, whichever is later (the "Option Exercise Date").

Such interest will accrue from the Option Exercise Date and will be payable in cash semi-annually on the interest payment dates of December 14 and June 14 of each year to holders of record at the close of business on November 30 or May 31 immediately preceding the interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest will initially accrue from the Option Exercise Date and after such date, from the last date to which interest has been paid. If we exercise this option to pay cash interest, the redemption price, purchase price and Fundamental Change purchase price on the notes will be adjusted. However, there

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will be no change in the holder's conversion rights.

A "Tax Event" means that we shall have received an opinion from independent tax counsel experienced in such matters to the effect that, on or after the date of the initial placement of the notes, as a result of:

- (1) any amendment to, or change in, including any announced proposed change in, the laws, rules or regulations of the United States or any political subdivision or taxing authority thereof or therein, or
- (2) any official administrative pronouncement, action or judicial decision interpreting or applying those laws or regulations,

in each case which amendment or change is enacted, promulgated, issued or announced or which proposed change, pronouncement, action or decision is issued or announced, on or after the date of this prospectus, there is more than an insubstantial risk that interest, including interest calculated at the "Comparable Yield," original issue discount or contingent interest, if any, in respect of the notes either:

- o would not be deductible on a current accrual basis, or
- o would not be deductible under any other method,

in either case in whole or in part, by us by reason of deferral, disallowance, or otherwise for United States federal income tax purposes.

The modification of the terms of the notes by us upon a Tax Event, as described above, may alter the timing of income recognition by holders of the notes with respect to the semi-annual payments of interest due on the notes after the Option Exercise Date.

Events of Default

Each of the following constitutes an event of default under the indenture:

- o default in payment of the principal amount at maturity (or if the notes have been converted to Cash Pay Notes following a Tax Event, the Restated Principal Amount), redemption price, purchase price or Fundamental Change purchase price with respect to any notes when that amount becomes due and payable;
- o if additional amounts are owing due to a breach of the Registration Rights Agreement, contingent interest is payable or the notes have been converted to Cash Pay Notes following a Tax Event, the failure to pay the additional amounts or interest due within 30 days of the due date;
- o a failure to comply with any of our other agreements contained in the indenture for a period of 60 days after notice to us by the trustee or to us and the trustee by the holders of at least 25% in principal amount at maturity of the notes;
- o the occurrence of an event of default within the meaning of another mortgage, indenture or debt, instrument under which there may be issued any of our indebtedness, other than the notes, in an amount in excess of \$20,000,000 and which results in the indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and we have not cured the default in payment or the acceleration is not rescinded or annulled in each case within 10 days after written notice to us from trustee or to us and to the trustee from the holders of at least 25% in principal amount at maturity of the notes;

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provided, however, that if, prior to a declaration of acceleration of the maturity of the notes or the entry of judgment in favor of the trustee in a suit pursuant to the indenture, the default has been remedied or cured by us or waived by the holders of the indebtedness, then the event of default will be deemed likewise to have been remedied, cured or waived; and

- o the occurrence of an event of bankruptcy, insolvency or reorganization with respect to us or any of our subsidiaries that meet thresholds set out in the indenture. A subsidiary meets these thresholds if:
 - o our investment in and advances to the subsidiary, including indirectly through other subsidiaries, exceed ten percent of our total consolidated assets as of the end of the most recent completed fiscal year;
 - o our proportionate share of the total assets, including indirectly through other subsidiaries, and after intercompany elimination, of the subsidiary exceeds ten percent of our total consolidated assets as of the end of the most recent completed fiscal year; or
 - o our equity in the income from continuing operations of the subsidiary, including indirectly through other subsidiaries, calculated before income taxes, extraordinary items and cumulative effect of changes in accounting principles, exceeds ten percent of our total consolidated income calculated on the same basis as of the end of the most recent completed fiscal year.

No event of default with respect to a series of our debt securities other than the notes, except as to the occurrence of an event involving bankruptcy, insolvency or reorganization with respect to us, necessarily constitutes an event of default with respect to the notes.

In general, the indenture obligates the trustee to give notice of a default with respect to the notes to the holders of those notes. The trustee may withhold notice of any default, except a default in payment on any notes, if the trustee determines it is in the best interest of the holders of the notes to do so.

If there is a continuing event of default, the trustee or the holders of at least 25% in principal amount at maturity of the notes may require us to repay immediately the issue price of the notes plus the original issue discount on the notes accrued through the date of such declaration (or, if the notes have been converted to Cash Pay Notes, the Restated Principal Amount plus accrued and unpaid interest) on all notes. In the case of an event of default resulting from events of bankruptcy, insolvency or reorganization with respect to us (but not our subsidiaries), the issue price of the notes plus the original issue discount on the notes accrued through the date of such declaration on all notes will become immediately payable without any act on the part of the trustee or any holder of notes. The holders of a majority in principal amount at maturity of the notes may rescind our obligation to accelerate repayment and may waive past defaults if

- o all existing events of default, other than the nonpayment of the accelerated amounts, have been cured or are being waived,
- o any interest that has become due on overdue amounts, other than by virtue of acceleration, has been paid,
- o the rescission would not conflict with any judgement or decree of a competent court, and
- o all payments due the trustee have been made,

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except that they may not waive:

- o a default in payment of the principal amount at maturity (or if the notes have been converted to Cash Pay Notes following a Tax Event, the Restated Principal Amount), redemption price, purchase price or Fundamental Change purchase price with respect to any notes when that amount becomes due and payable,
- o a default in the payment of additional amounts or interest due within 30 days of the due date (if additional amounts are owing due to a breach of the Registration Rights Agreement, contingent interest is payable or the notes have been converted to Cash Pay Notes following a Tax Event),
- o a default with respect to a provision of the indenture which cannot be amended without the consent of each holder affected by the amendment or
- o a default which constitutes a failure to convert any notes in accordance with its terms and the terms of the indenture.

Under the terms of the indenture, the trustee may refuse to enforce the indenture or the notes unless it first receives satisfactory security or indemnity from the holders of notes. Subject to limitations specified in the indenture, the holders of a majority in principal amount at maturity of the notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

No holder of notes has any right to institute any proceeding, judicial or otherwise, with respect to the indenture or for the appointment of a receiver or trustee, or for any other remedy under the indenture unless:

- o the holder has previously given to the trustee written notice of a continuing event of default with respect to the notes, and
- o the holders of at least 25% in principal amount at maturity of the notes have made written request, and offered indemnity reasonably satisfactory to the trustee to institute such proceeding as trustee, and the trustee has not received from the holders of a majority in principal amount of the notes a direction inconsistent with the request and has failed to institute the proceeding within 60 days.

Notwithstanding the foregoing, the holder of any notes has an absolute and unconditional right to receive payment of the principal of and interest and premium, if any, on the notes on or after the due dates expressed in the notes and to institute suit for the enforcement of any such payment.

We are required to furnish to the trustee annually a statement by some of our officers as to whether or not we, to their knowledge, are in default in the performance or observance of any of the terms, provisions and conditions of the indenture and, if so, specifying all the known defaults.

Modification and Waiver

The indenture permits us and the trustee to amend the indenture without the consent of the holders of notes:

- o to evidence the succession of another corporation and the assumption of our covenants under the indenture and the notes;
- o to add to our covenants or to the events of default or to make other changes which would not adversely affect in any material respect the holder

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of any outstanding notes;

- o to cure any ambiguity, defect or inconsistency;
- o to add or change any of the provisions of the indenture to the extent necessary to permit or facilitate the issuance of securities in bearer form;
- o to secure the securities or add guarantees with respect to any or all of the securities;
- o to establish the form or terms of securities of any series;
- o to evidence and provide for the acceptance of an appointment by a successor trustee with respect to one or more series of the securities and to change any provision of the indenture to accommodate the appointment;
- o to make any change that does not materially adversely affect the interests of the securities holders; and
- o to provide for uncertificated securities in addition to or in place of certificated securities.

The indenture also permits us and the trustee, with the consent of the holders of a majority in principal amount at maturity of the notes voting as a class, to add any provisions to or change or eliminate any of the provisions of the indenture or to modify the rights of the holders of notes, provided, however, that, without the consent of the holder of each of the notes so affected, no such amendment may:

- o reduce the principal amount at maturity, Restated Principal Amount or issue price, or extend the stated maturity, of any notes;
- o reduce the redemption price, purchase price or Fundamental Change purchase price of any notes;
- o make any change that adversely affects the right to convert any notes;
- o except as otherwise provided in this prospectus and in the indenture, alter the manner or rate of accrual of original issue discount or interest on any notes, reduce the rate of interest upon the occurrence of a Tax Event, or extend the time for payment of original issue discount or interest, if any, on any notes;
- o reduce the amount of principal payable upon acceleration of maturity;
- o change the place of payment where, or the currency or currency unit in which, the notes are payable;
- o reduce the percentage in principal amount at maturity of affected notes the consent of whose holders is required for amendment of the indenture or for waiver of compliance with some provisions of the indenture or for waiver of some defaults;
- o change our obligation with respect to the redemption provisions of the indenture in a manner adverse to the holder; or
- o modify the provisions relating to waiver of some defaults or any of the provisions relating to amendment of the indenture except to increase the percentage required for consent or to provide that some other provisions of the indenture may not be modified or waived.

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The holders of a majority in principal amount at maturity of the outstanding notes may waive compliance by us with certain restrictive provisions of the indenture. The holders of a majority in principal amount at maturity of the outstanding notes may also waive certain past defaults under the indenture. See "--Events of Default."

Consolidation, Merger and Sale of Assets

We may not consolidate or merge with or into any other person, including any other entity, or convey, transfer or lease all or substantially all of our properties and assets to any person or group of affiliated persons unless:

- o we are the continuing corporation or the person, if other than us, formed by such consolidation or with which or into which we are merged or the person to which all or substantially all our properties and assets are conveyed, transferred or leased is a corporation organized and existing under the laws of the United States, any of its states or the District of Columbia and expressly assumes our obligations under the notes and the indenture; and
- o immediately after giving effect to the transaction, there is no default and no event of default under the indenture.

If we consolidate with or merge into any other corporation or convey, transfer or lease all or substantially all of our property and assets as described in the preceding paragraph, the successor corporation shall succeed to and be substituted for us, and may exercise our rights and powers under the indenture, and after any such contemplated transaction, except in the case of a lease, we will be relieved of all obligations and covenants under the indenture and the notes.

Although these types of transactions are permitted under the indenture, certain of the foregoing transactions occurring on or prior to December 14, 2006 could constitute a Fundamental Change (as defined below) permitting each holder to require us to purchase the notes of such holder as described above.

Discharge of the Indenture

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding notes or by depositing with the trustee, the paying agent or the conversion agent, if applicable, after the notes have become due and payable, whether at stated maturity, or any redemption date, or any purchase date, or a Fundamental Change purchase date, or upon conversion or otherwise, cash or shares of common stock sufficient to pay all of the outstanding notes and paying all other sums payable under the indenture by us. Such discharge is subject to terms contained in the indenture.

Limitation of Claims in Bankruptcy

If a bankruptcy proceeding is commenced in respect of us, the claim of the holder of a note is, under Title 11 of the United States Code, limited to the issue price of the note plus that portion of the original issue discount that has accreted from the date of issue to the commencement of the proceeding.

Regarding the Trustee

The indenture provides that, except during the continuance of an event of default, the trustee will perform only those duties as are specifically set forth in the indenture. During the existence of an event of default, the trustee will exercise those rights and powers vested in it under the indenture and use

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the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of that person's own affairs.

The indenture and provisions of the Trust Indenture Act that will be incorporated by reference therein upon the effectiveness of the shelf registration statement of which this prospectus is a part contain limitations on the rights of the trustee, should it become one of our creditors, to obtain payment of claims in some cases or to realize on certain property received by it in respect of any such claim as security or otherwise. The trustee is permitted to engage in other transactions with us or any of our affiliates; provided, however, that if it acquires any conflicting interest (as defined in the indenture or in the Trust Indenture Act), it must eliminate the conflict or resign.

The trustee is a lender under our credit facility and in that respect will receive repayment of amounts outstanding under the facility from the net proceeds of the offering. The trustee under the indenture is also the trustee under other indentures relating to certain of our outstanding indebtedness. The trustee and its affiliates have performed banking, investment banking, custodial and advisory services for us from time to time for which it and they have received customary fees and expenses.

Calculations in Respect of Notes

We or our agents will be responsible for making all calculations called for under the notes. These calculations include, but are not limited to, determination of the market prices of the notes and of the common stock and amounts of interest and contingent interest, if any, on the notes. We or our agents will make all these calculations in good faith and, absent manifest error, our and their calculations will be final and binding on holders of notes. We or our agents will provide a schedule of these calculations to the trustee, and the trustee is entitled to conclusively rely upon the accuracy of these calculations without independent verification.

Governing Law

The indenture and the notes are governed by, and construed in accordance with, the law of the State of New York.

Book Entry, Delivery and Form

The notes are evidenced by fully registered global notes (the "global notes"). The global notes were deposited on December 14, 2001 on behalf of The Depository Trust Company, or DTC, and registered in the name of Cede & Co., as nominee of DTC. Upon resale of the notes in accordance with the registration statement of which this prospectus forms a part, beneficial interests in the global notes will be transferred from one or more restricted global securities to one or more unrestricted global securities. Owners of beneficial interests in the notes represented by the global notes will hold their interests pursuant to the procedures and practices of DTC. As a result, beneficial interests in any such securities will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants and any such interest may not be exchanged for certificated securities, except in limited circumstances. Owners of beneficial interests must exercise any rights in respect of their interests, including any right to convert or require purchase of their interests in the notes, in accordance with the procedures and practices of DTC.

So long as Cede & Co, as nominee of DTC, is the registered owner of any notes, Cede & Co. will be considered the sole owner or holder of the notes outstanding under the indenture. Except as provided below, owners of notes will not be entitled to have notes registered in their names, will not receive or be

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entitled to receive physical delivery of notes in definitive form, and will not be considered the holders thereof under the indenture for any purpose, including with respect to the giving of any directions, instructions or approvals to the trustee under the indenture. As a result, the ability of a person having a beneficial interest in notes represented by the global notes to pledge the interest to persons or entities that do not participate in DTC's system or to otherwise take actions in respect of the interest may be affected by the lack of a physical certificate evidencing the interest. You should be aware that the laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer the notes may be limited.

DTC is a limited-purpose trust company which was created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. Participants include securities brokers and dealers (including the Initial Purchasers), banks and trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies (collectively, the "Indirect Participants") that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants.

Neither we nor the trustee, the paying agent or the registrar for the notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those notes.

Payments in respect of the principal, premium, if any, and interest on any notes registered in the name of Cede & Co. on the applicable record date will be payable by the trustee to or at the direction of Cede & Co. in its capacity as the registered holder under the indenture. Under the terms of the indenture, we and the trustee may treat the persons in whose names the notes, including the global notes, are registered as the owners thereof for the purpose of receiving the payments and for any and all other purposes whatsoever. Consequently, neither we nor the trustee has or will have any responsibility or liability for the payment of the amounts to beneficial owners of notes (including principal, premium, if any, and interest).

We believe, however, that it is currently the policy of DTC to immediately credit the accounts of the relevant Participants with the payment, in amounts proportionate to their respective holdings in principal amount at maturity of beneficial interests in the relevant security as shown on the records of DTC. Payments by DTC's Participants and Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practice and will be the responsibility of DTC's Participants or Indirect Participants.

As long as the notes are represented by one or more global notes, DTC's nominee will be the holder of the notes and therefore will be the only entity that can exercise a right to repayment or repurchase of the notes. See "Purchase of Notes at the Option of the Holder," and "Fundamental Change Permits Holders to Require Us to Purchase Notes." Notice by Participants or Indirect Participants or by owners of beneficial interests in a global note held through the Participants or Indirect Participants of the exercise of the option to require purchase or conversion of beneficial interests in notes represented by a global note must be transmitted to DTC in accordance with its procedures on a form required by DTC and provided to Participants. In order to ensure that DTC's nominee will timely exercise a right to purchase or conversion with respect to particular notes, the beneficial owner of the notes must instruct the broker or

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the Participant or Indirect Participant through which it holds an interest in the notes to notify DTC of its desire to exercise a right to purchase or conversion. Different firms have cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other Participant or Indirect Participant through which it holds an interest in notes in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to DTC. We will not be liable for any delay in delivery of notices of the exercise of the option to elect purchase or conversion.

If DTC is at any time unwilling to continue as depositary and a successor depositary is not appointed by us within 90 days, we will issue definitive notes in exchange for the global notes.

Same-Day Settlement and Payment

The indenture requires that payments in respect of the notes (including principal, premium, if any, and interest) be made by wire transfer of immediately available funds to the accounts specified by Cede & Co.

Transfer and Exchange

A holder may transfer or exchange the notes in accordance with the procedures set forth in the indenture. The registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and to pay any taxes and fees required by law or permitted by the indenture. The registrar for the notes is not required to transfer or exchange any notes selected for redemption. Also, the registrar is not required to transfer or exchange any notes for a period of 15 days before a selection of the notes to be redeemed.

The registered holder of a note will be treated as the owner of it for all purposes.

DESCRIPTION OF COMMON STOCK

General

The Interpublic Group of Companies, Inc. is incorporated in the State of Delaware. The terms of our common stock are therefore subject to Delaware law, including the Delaware General Corporation Law and the common and constitutional law of Delaware. Our certificate of incorporation and by-laws are filed as exhibits to the registration statement of which this prospectus forms a part and we encourage you to read them.

We are authorized to issue up to 550 million shares of common stock with a par value of \$0.10 per share. As of March 31, 2002, there were 380,640,853 shares of common stock outstanding. Our common stock is traded on the New York Stock Exchange under the symbol "IPG."

Voting Rights

Each share of common stock is entitled to one vote, and a majority of the votes cast with respect to a matter will be sufficient to authorize action upon that matter. Directors are elected by a majority of the votes cast. Stockholders do not have the right to cumulate their votes in the election of directors. For that reason, holders of a majority of the shares of common stock

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entitled to vote in any election of directors may elect all of the directors standing for election.

No Preemptive or Conversion Rights

Our common stock will not entitle its holders to any preemption, redemption, conversion or other subscription rights.

Assets Upon Dissolution

In the event of liquidation, holders of common stock would be entitled to receive proportionately any assets legally available for distribution to our shareholders with respect to shares held by them, subject to any prior or equal rights of any of our preferred stock then outstanding.

Distributions

Holders of common stock will be entitled to receive ratably the dividends or distributions that our board of directors may declare out of funds legally available for these payments. The payment of distributions by us is subject to the restrictions of Delaware law applicable to the declaration of distributions by a corporation. Under Delaware law, a corporation may not pay a dividend out of net profits if the capital stock of the corporation is less than the stated amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of the corporation's assets. In addition, the payment of distributions to shareholders is subject to any prior or equal rights of outstanding preferred stock.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

General

This is a summary of the United States federal income tax consequences relevant to holders of notes, and where noted, the common stock issuable upon a conversion of the notes. This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular investor, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of investors or that are generally assumed to be known by investors. All references to "holders" (including U.S. Holders and Non-U.S. Holders) are to beneficial owners of notes. The discussion below deals only with notes held as capital assets and does not purport to deal with persons in special tax situations, including, for example, financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, tax exempt entities, persons holding notes in a tax-deferred or tax-advantaged account, or persons holding notes as a hedge against currency risks, as a position in a "straddle" or as part of a "hedging" or "conversion" transaction for tax purposes.

Except where specifically indicated below, we do not address all of the tax consequences that may be relevant to a holder. In particular, we do not address:

- o the United States federal income tax consequences to shareholders in, or partners or beneficiaries of, an entity that is a holder of notes;
- o the United States federal estate, gift or alternative minimum tax consequences of the purchase, ownership or disposition of notes;

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- o persons who hold the notes whose functional currency is not the United States dollar;
- o any state, local or foreign tax consequences of the purchase, ownership or disposition of notes; or
- o any federal, state, local or foreign tax consequences of owning or disposing of the common stock.

Persons considering the purchase of notes should consult their own tax advisors concerning the application of the United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the notes arising under the laws of any other taxing jurisdiction.

This summary is based upon laws, regulations, rulings and decisions now in effect all of which are subject to change (including retroactive changes in effective dates) or possible differing interpretations. No statutory, administrative or judicial authority directly addresses the treatment of the notes or instruments similar to the notes for United States federal income tax purposes. No rulings have been sought or are expected to be sought from the Internal Revenue Service (which we refer to as the IRS) with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. As a result, no assurance can be given that the IRS will agree with the tax characterizations and the tax consequences described below.

We urge prospective investors to consult their own tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the notes and the common stock in light of their own particular circumstances, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States federal or other tax laws.

Classification of the Notes

Our counsel, Cleary, Gottlieb, Steen & Hamilton, has provided us with an opinion that the notes will be treated as indebtedness for United States federal income tax purposes and that the notes will be subject to the special regulations governing contingent payment debt instruments (which we refer to as the CPDI regulations). Moreover, pursuant to the terms of the indenture, we and each holder of notes agree, for United States federal income tax purposes, to treat the notes as debt instruments that are subject to the CPDI regulations with a "Comparable Yield" calculated in the manner described below.

U.S. Holders

The following discussion is a summary of United States federal income tax consequences that will apply to you if you are a citizen or resident of the United States or a domestic corporation or a person who is otherwise subject to United States federal income tax on a net income basis in respect of the notes (a "U.S. Holder").

Accrual of Interest on the Notes

Pursuant to the CPDI regulations, U.S. Holders of notes are required to accrue interest income on notes, in the amounts described below, regardless of whether the U.S. Holder uses the cash or accrual method of tax accounting. Accordingly, U.S. Holders may be required to include interest in taxable income in each year in excess of the accruals on the notes for non-tax purposes and in excess of any contingent interest payments actually received in that year.

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The CPDI regulations provide that a U.S. Holder must accrue an amount of ordinary interest income, as original issue discount for United States federal income tax purposes, for each accrual period prior to and including the maturity date of the notes that equals:

- (1) the product of (i) the adjusted issue price (as defined below) of the notes as of the beginning of the accrual period; and (ii) the Comparable Yield to maturity (as defined below) of the notes, adjusted for the length of the accrual period;
- (2) divided by the number of days in the accrual period; and
- (3) multiplied by the number of days during the accrual period that the U.S. Holder held the notes.

The issue price of the notes is the first price at which a substantial amount of the notes was sold to the public, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The adjusted issue price of a note is its issue price increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below, and decreased by the projected amount of any payments previously made with respect to the notes.

The term "Comparable Yield" means the annual yield we would pay, as of the initial issue date (December 14, 2001), on a fixed-rate nonconvertible debt security with no contingent payments, but with terms and conditions otherwise comparable to those of the notes. We have determined that the Comparable Yield for the notes is an annual rate of 7.45%, compounded semiannually.

The CPDI regulations require that we provide to U.S. Holders, solely for United States federal income tax purposes, a schedule of the projected amounts of payments, which we refer to as projected payments, on the notes. These payments set forth on the schedule must produce total return on the notes equal to the Comparable Yield. The projected payment schedule includes estimates for certain contingent interest payments and an estimate for a payment at maturity taking into account the fair market value of the common stock that might be paid upon a conversion of the notes.

Pursuant to the terms of the indenture, each holder of notes has agreed to use the Comparable Yield and the schedule of projected payments as described above in determining its interest accruals, and the adjustments thereto described below, in respect of the notes. This Comparable Yield and the schedule of projected payments will be set forth in the indenture. You may also obtain the projected payment schedule by submitting a written request for the information to the address set forth under "Where You Can Find More Information."

The Comparable Yield and the schedule of projected payments are not determined for any purpose other than for the determination of a holder's interest accruals and adjustments thereof in respect of the notes for United States federal income tax purposes and do not constitute a projection or representation regarding the actual amounts payable on the notes.

Amounts treated as interest under the CPDI regulations are treated as original issue discount for all purposes of the Code.

Adjustments to Interest Accruals on the Notes

If, during any taxable year, a U.S. Holder receives actual payments with respect to the notes that in the aggregate exceed the total amount of

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projected payments for that taxable year, the U.S. Holder will incur a "net positive adjustment" under the CPDI regulations equal to the amount of the excess. The U.S. Holder will treat a "net positive adjustment" as additional interest income. For this purpose, the payments in a taxable year include the fair market value of our common stock received in that year.

If a U.S. Holder receives in a taxable year actual payments with respect to the notes that in the aggregate were less than the amount of projected payments for that taxable year, the U.S. Holder will incur a "net negative adjustment" under the CPDI regulations equal to the amount of the deficit. This adjustment will (a) reduce the U.S. Holder's interest income on the notes for that taxable year, and (b) to the extent of any excess after the application of (a), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the notes during prior taxable years, reduced to the extent that the interest was offset by prior net negative adjustments. Any negative adjustment in excess of the amount described in (a) and (b) will be carried forward, as a negative adjustment to offset future interest income in respect of the notes or to reduce the amount realized on a sale, exchange or retirement of the notes.

Sale, Exchange, Conversion or Redemption

Upon the sale or exchange of a note, or the redemption of a note for cash, a U.S. Holder generally will recognize gain or loss. As described above, our calculation of the Comparable Yield and the schedule of projected payments for the notes includes the receipt of stock upon conversion as a contingent payment with respect to the notes. Accordingly, we intend to treat the receipt of our common stock by a U.S. Holder upon the conversion of a note, or upon the redemption of a note where we elect to pay in common stock, as a payment under the CPDI regulations. As described above, holders have agreed to be bound by our determination of the Comparable Yield and the schedule of projected payments.

The amount of gain or loss on a taxable sale, exchange, conversion or redemption will be equal to the difference between (a) the amount of cash plus the fair market value of any other property received by the U.S. Holder, including the fair market value of any of our common stock received, and (b) the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note will generally be equal to the U.S. Holder's original purchase price for the note, increased by any interest income previously accrued by the U.S. Holder (determined without regard to any adjustments to interest accruals described above), and decreased by the amount of any projected payments that have been previously scheduled to be made in respect of the note (without regard to the actual amount paid). Gain recognized upon a sale, exchange, conversion or redemption of a note will generally be treated as ordinary interest income; any loss will be ordinary loss to the extent of interest previously included in income, and as to any remainder, capital loss (which will be long-term if the note is held for more than one year). The deductibility of net capital losses is subject to limitations.

A U.S. Holder's tax basis in our common stock received upon a conversion of a note or upon a U.S. Holder's exercise of a put right that we elect to pay in common stock will equal the then current fair market value of that common stock. The U.S. Holder's holding period for the common stock received will commence on the day immediately following the date of conversion or redemption.

Purchasers of Notes at a price other than the adjusted issue price

If you purchase a note in the secondary market for an amount that differs from the adjusted issue price of the notes at the time of purchase, you will be required to accrue interest income on the note in accordance with the Comparable Yield even if market conditions have changed since the date of

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issuance. The rules for accruing bond premium, acquisition premium and market discount will not apply. Instead, you must reasonably determine whether the difference between the purchase price for a note and the adjusted issue price of a note is attributable to a change in expectations as to the contingent amounts potentially payable in respect of the notes, a change in interest rates since the notes were issued, or both, and reasonably allocate the difference accordingly.

If the purchase price of a note is less than its adjusted issue price, a positive adjustment will result, increasing the amount of interest that you would otherwise accrue and include in income each year, and the amount of ordinary income (or decreasing the amount of ordinary loss) recognized upon redemption or maturity by the amounts allocated to each of interest and projected payment schedule. If the purchase price is more than the adjusted issue price of a note, a negative adjustment will result, decreasing the amount of interest that you must include in income each year, and the amount of ordinary income (or increasing the amount of ordinary loss) recognized upon redemption or maturity by the amounts allocated to each of interest and projected payment schedule. To the extent that an adjustment is attributable to a change in interest rates, it must be reasonably allocated to the daily portions of interest over the remaining term of the notes. Any positive or negative adjustment that you are required to make if you purchase your notes at a price other than the adjusted issue price will increase or decrease, respectively, your tax basis in the notes.

Certain United States holders will receive Forms 1099-OID reporting interest accruals on their notes. Those forms will not, however, reflect the effect of any positive or negative adjustments resulting from your purchase of a note in the secondary market at a price that differs from its adjusted issue price on the date of purchase. You are urged to consult your tax advisor as to whether, and how, the adjustments should be made to the amounts reported on any Form 1099-OID.

Constructive Dividends

If at any time we were to make a distribution of property to our stockholders that would be taxable to the stockholders as a dividend for United States federal income tax purposes and, in accordance with the anti-dilution provisions of the notes, the conversion rate of the notes is increased, such increase might be deemed to be the payment of a taxable dividend to holders of the notes.

For example, an increase in the conversion rate in the event of distributions of our evidences of indebtedness or our assets or an increase in the event of an extraordinary cash dividend would generally result in deemed dividend treatment to holders of the notes, but generally an increase in the event of stock dividends or the distribution of rights to subscribe for common stock will not.

Tax Event

The modification of the terms of the notes by us upon a Tax Event as described in "Description of Notes--Optional Conversion to Semiannual Cash Pay Upon Tax Event," could possibly alter the timing and amount of income recognition by the holders with respect to the semiannual payments of interest due after the option exercise date.

Backup Withholding Tax and Information Reporting

Payments of principal, premium, if any, and interest (including original issue discount) on, and the proceeds of dispositions of, the notes may be subject to information reporting and United States federal backup withholding

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tax if the U.S. Holder thereof fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable United States information reporting or certification requirements. Any amounts so withheld will be allowed as a credit against the U.S. Holder's United States federal income tax liability.

Non-U.S. Holders

The following is a summary of United States federal tax consequences that will apply to you if you are a Non-U.S. Holder of the notes or shares of common stock. The term "Non-U.S. Holder" means a beneficial owner of a note that is not a U.S. Holder.

Non-U.S. Holders should consult their own tax advisors to determine the United States federal, state, local and foreign tax consequences that may be relevant to them.

Payments with respect to the Notes

Payments of contingent interest made to Non-U.S. Holders that are based on the cash dividends paid by us will not be exempt from United States federal income or withholding tax and, therefore, Non-U.S. Holders will be subject to withholding on the payments of contingent interest at a rate of 30%, subject to reduction by an applicable treaty or upon the receipt of a Form W-8ECI (or successor form) from a Non-U.S. Holder claiming that the payments are effectively connected with the conduct of a United States trade or business (or, where a tax treaty applies, are attributable to a United States permanent establishment).

All other payments on the notes made to a Non-U.S. Holder, including a payment in common stock pursuant to a conversion, and any gain realized on a sale or exchange of the notes (other than gain attributable to accrued contingent interest payments), will be exempt from United States income or withholding tax, provided that:

- (i) Non-U.S. Holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, and is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership;
- (ii) the beneficial owner of a note certifies on IRS Form W-8BEN (or successor form), under penalties of perjury, that it is not a United States person and provides its name and address or otherwise satisfies applicable documentation requirements;
- (iii) the payments and gain are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States, and
- (iv) the notes and common stock are actively traded within the meaning of section 871(h)(4)(C)(v)(1) of the Code (which, for these purposes and subject to certain exceptions, includes trading on the NYSE).

If a Non-U.S. Holder of the notes is engaged in a trade or business in the United States, and if interest on the notes is effectively connected with the conduct of that trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, will generally be subject to regular United States federal income tax on interest and on any gain realized on the sale, exchange, conversion or redemption of the notes in the

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same manner as if it were a U.S. Holder. In lieu of the certificate described in the preceding paragraph, such a Non-U.S. Holder will be required to provide to the withholding agent a properly executed IRS Form W-8ECI (or successor form) in order to claim an exemption from withholding tax. In addition, if such a Non-U.S. Holder is a foreign corporation, the Holder may be subject to a branch profits tax equal to 30% (or a lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

Payments on Common Stock and constructive dividends

Any dividends paid to you with respect to the shares of common stock (and any deemed dividends resulting from certain adjustments, or failure to make adjustments, to the number of shares of common stock to be issued upon conversion, see "Constructive Dividends" above) will be subject to withholding tax at a 30% rate or a lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business within the United States and, where a tax treaty applies, are attributable to a United States permanent establishment, are not subject to the withholding tax, but instead are subject to United States federal income tax on a net income basis applicable graduated individual or corporate rates. Certain certification and disclosure requirements must be complied with in order for effectively connected income to be exempt from withholding tax. Any such effectively connected dividends received by a foreign corporation may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or a lower rate as may be specified by an applicable income tax treaty.

Sale, Exchange or Redemption of Shares of Common Stock

Any gain realized upon the sale, exchange, or redemption of a share of common stock generally will not be subject to United States federal income tax unless:

- o That gain is effectively connected with the conduct of a trade or business in the United States by you, or
- o You are an individual who is present in the United States for 183 days or more in the taxable year of that disposition and certain other conditions are met.

United States Federal Estate Tax

Notes held by a Non-U.S. Holder individual at the time of death will not be includible in the decedent's taxable estate for United States federal estate tax purposes (except to the extent a portion of the value of the notes is appropriately attributable to payments on the notes that are based on our dividends), provided that the holder or beneficial owner did not at the time of death actually or constructively own 10% or more of the combined voting power of all of our classes of stock entitled to vote, and provided that, at the time of death, payments with respect to the notes (including original issue discount) would not have been effectively connected with the conduct by the holder of a trade or business within the United States. If you are an individual, your common stock will be subject to United States estate tax when you die unless you are entitled to the benefits of an estate tax treaty.

Backup Withholding Tax and Information Reporting

In general, if you are a Non-U.S. Holder you will not be subject to backup withholding and information reporting with respect to payments made by us with respect to the notes if you have provided us with an IRS Form W-8BEN described above and we do not have actual knowledge or reason to know that you are a U.S. person. In addition, no backup withholding will be required regarding the

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proceeds of the sale of notes made within the United States or conducted through certain United States financial intermediaries if the payor receives the statement described above and does not have actual knowledge or reason to know that you are a United States person or you otherwise establish an exemption.

SELLING SECURITYHOLDERS

The notes were originally issued by us and sold to Salomon Smith Barney Inc., J.P. Morgan Securities Inc., HSBC Securities (USA) Inc., Morgan Stanley & Co. Incorporated, Barclays Capital, Inc., Robertson Stephens, Inc. and SunTrust Capital Markets, Inc. (the "Initial Purchasers") and resold by the Initial Purchasers in transactions exempt from the registration requirements of the Securities Act to persons reasonably believed by the Initial Purchasers to be "qualified institutional buyers" as defined by Rule 144A under the Securities Act and outside the United States to non-United States persons in accordance with Regulation S under the Securities Act. The selling securityholders, including their transferees, pledgees, donees, assignees or successors, may from time to time offer and sell pursuant to this prospectus any or all of the notes listed below and the shares of common stock issued upon conversion of the notes.

Selling securityholders may be deemed to be "underwriters" as defined in the Securities Act of 1933, as amended. Any profits realized by the selling securityholders may be deemed to be underwriting commissions.

The table below sets forth the name of each selling securityholder, the principal amount at maturity of notes that each selling securityholder may offer pursuant to this prospectus and the number of shares of common stock into which those notes are convertible. Unless set forth below, to the best of our knowledge, none of the selling securityholders has, or within the past three years has had, any material relationship with us or any of our predecessors or affiliates or beneficially owns in excess of 1% of our outstanding common stock.

We have prepared the table below based on information given to us by the selling securityholders on or prior to May 11, 2002. However, any or all of the notes or shares of common stock listed below may be offered for sale pursuant to this prospectus by the selling securityholders from time to time. Accordingly, no estimate can be given as to the amounts of notes or shares of common stock that will be held by the selling securityholders upon consummation of any sales. In addition, the selling securityholders listed in the table below may have acquired, sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of their notes since the date as of which the information in the table is presented.

Information about the selling securityholders may change over time. Any changed information will be set forth in prospectus supplements to this prospectus. From time to time, additional information concerning ownership of the notes and shares of common stock may rest with certain holders of the notes not named in the table below and of whom we are unaware.

| Aggregate Principal Amount at Maturity of | Percentage of Notes | Number of Shares of Common Stock That May be |
|--|------------------------|---|
|--|------------------------|---|

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| Name ----- | Notes That May be Sold ----- | Outstanding ----- | Sold(1) ----- |
|---|---------------------------------|----------------------|------------------|
| Absolute Return Fund Ltd. | 95,000 | * | 2,167 |
| Aftra Health Fund | 375,000 | * | 8,556 |
| Aid Association for Lutherans, as successor to Lutheran Brotherhood(6) | 3,000,000 | * | 68,444 |
| Aloha Airlines Non-Pilots Pension Trust | 115,000 | * | 2,635 |
| Aloha Pilots Retirement Trust | 65,000 | * | 1,483 |
| Argent Classic Convertible Arbitrage Fund (Bermuda) Ltd | 2,500,000 | * | 72,036 |
| Argent Classic Convertible Arbitrage Fund L.P.(5) | 1,500,000 | * | 43,222 |
| Argent LowLev Convertible Arbitrage Fund, LLC | 1,000,000 | * | 22,815 |
| Argent LowLev Convertible Arbitrage Fund Ltd. | 10,000,000 | 1.42% | 228,147 |
| Aristeia International Limited | 13,340,000 | 1.90% | 304,348 |
| Aristeia Trading, LLC(5) | 3,600,000 | * | 82,132 |
| Bank Austria Cayman Islands, Ltd | 1,000,000 | * | 22,815 |
| BNP Paribas London Branch USD Converts | 42,000,000 | 5.98% | 958,217 |
| C & H Sugar Company, Inc. | 155,000 | * | 3,536 |
| CC Investments, LDC(6) | 4,250,000 | * | 96,962 |
| Chrysler Corporation Master Retirement Trust | 4,980,000 | * | 113,617 |
| Citicorp Life Insurance Company - Corporate(6) | 39,000 | * | 889 |
| CSFB Convertible & Quantitative Strategies LTD | 1,500,000 | * | 43,222 |
| Delta Air Lines Master Trust (c/o Oaktree Capital Management, LLC) | 1,280,000 | * | 29,203 |
| Delta Pilots D&S Trust (c/o Oaktree Capital Management LLC) | 625,000 | * | 14,259 |
| Deutsche Banc Alex Brown Inc. (5) | 163,000,000 | 23.22% | 3,718,796 |
| Drury University | 45,000 | * | 1,027 |
| Gaia Offshore Master Fund Ltd. | 6,500,000 | * | 148,295 |
| GDO Equity Arbitrage Master Fund | 9,000,000 | 1.28% | 205,332 |
| Global Bermuda Limited Partnership | 2,000,000 | * | 45,629 |
| Goldman Sachs and Company(5) | 7,000,000 | * | 159,702 |
| Goldman, Sachs & Co. Profit Sharing Master Trust(6) | 109,000 | * | 2,487 |
| Hamilton Multi-Strategy Master Fund | 5,000,000 | * | 114,073 |
| Hawaiian Airlines Employees | 50,000 | * | 1,141 |

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| | | | |
|---|------------|-------|---------|
| Pension Plan-IAM | | | |
| Hawaiian Airlines Pension Plan for Salaried Employees | 10,000 | * | 228 |
| Hawaiian Airlines Pilots Retirement Plan | 100,000 | * | 2,281 |
| HBK Master Fund L.P. | 15,000,000 | 2.14% | 342,220 |
| HFR TQA Master Trust | 500,000 | * | 11,407 |
| Highbridge International | 16,750,000 | 2.39% | 382,146 |
| LLC(6) | | | |
| Innovest Finanzdienstleistungs AG | 600,000 | * | 13,688 |
| JMG Convertible Investments, LP(5) | 1,500,000 | * | 34,222 |
| JMG Triton Offshore Fund, Ltd. | 1,500,000 | * | 34,222 |
| JP Morgan Securities, Inc.(5) | 17,095,000 | 2.44% | 390,017 |
| Lakeshore International, Ltd. | 8,000,000 | 1.14% | 182,518 |
| LDG Limited | 700,000 | * | 15,970 |
| Lexington (IMA) Limited | 893,000 | * | 20,374 |
| Lyxor Master Fund | 1,000,000 | | |
| Lyxor Master Fund Ref: Argent/LowLev CB | 1,000,000 | * | 22,815 |
| MAG Mutual Insurance Company | 175,000 | * | 3,992 |
| Mainstay Convertible Fund(6) | 4,920,000 | * | 112,248 |
| Mainstay VP Convertible Portfolio(6) | 1,500,000 | * | 34,222 |
| Managed Assets Trust(6) | 400,000 | * | 9,125 |
| Medical Liability Mutual | 17,125,000 | 2.44% | 390,701 |
| Insurance Company | | | |
| Microsoft Corporation | 1,635,000 | * | 37,302 |
| Motion Picture Industry Health Plan-Active Member Fund | 390,000 | * | 8,898 |
| Motion Picture Industry Health Plan-Retiree Member Fund | 185,000 | * | 4,221 |
| National Benefit Life Insurance Company(6) | 23,000 | * | 524 |
| NCMIC Insurance Company | 225,000 | * | 5,133 |
| New York Life Insurance Company(5)(6) | 5,295,000 | * | 120,803 |
| New York Life Insurance Company(5)(6) | 2,250,000 | * | 1,333 |
| New York Life Separate Account #7(6) | 660,000 | * | 15,058 |
| Nicholas Applegate Investment Grade Convertible Fund | 10,000 | * | 228 |
| NMS Services (Cayman) Inc.(6) | 20,000,000 | 2.85% | 576,294 |
| OCM Convertible Trust | 2,750,000 | * | 62,740 |
| Ohio Insurance Company | 950,000 | * | 21,673 |
| OZ Convertible Master Fund, Ltd | 1,186,000 | * | 27,058 |
| OZ Mac 13 Ltd. | 99,000 | * | 2,239 |
| OZ Master Fund, Ltd. | 23,118,000 | 3.29% | 527,430 |

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| | | | |
|--|------------|-------|-----------|
| Partner Reinsurance Company Ltd | 675,000 | * | 15,400 |
| Primerica Life Insurance Company(6) | 904,000 | * | 20,624 |
| Primex | 150,000 | * | 3,422 |
| Princeton Insurance Company | 3,250,000 | * | 74,147 |
| Professional Liability Insurance Company of America | 100,000 | * | 2,281 |
| Qwest Occupational Health Trust | 120,000 | * | 2,738 |
| RCG Halifax Master Fund, Ltd. | 500,000 | * | 11,407 |
| RCG Latitude Master Fund Ltd. | 2,500,000 | * | 57,037 |
| RCG Multi Strategy, LP | 1,000,000 | * | 22,814 |
| S.A.C. Capital Associates, LLC | 22,250,000 | 3.20% | 507,627 |
| Southern Farm Bureau Life Insurance | 2,500,000 | * | 57,036 |
| Starvest Managed Portfolio | 70,000 | * | 1,597 |
| State Employee's Retirement Fund of the State of Delaware | 1,860,000 | * | 42,435 |
| State of Florida Division of Treasury | 3,250,000 | * | 74,147 |
| State of Oregon/SAIF Corporation | 3,700,000 | * | 84,414 |
| TCW Group, Inc. | 2,500,000 | * | 57,036 |
| Teachers Insurance and Annuity Association The Reciprocal of America | 13,000,000 | 1.85% | 296,591 |
| The Travelers Indemnity Company(6) | 350,000 | * | 7,985 |
| The Travelers Insurance Company - Life(6) | 2,186,000 | * | 49,872 |
| The Travelers Insurance Company - Separate Account TLAC(6) | 1,652,000 | * | 36,586 |
| The Travelers Life and Annuity Company(6) | 85,000 | * | 1,939 |
| TQA Master Fund, Ltd. | 111,000 | * | 2,532 |
| TQA Master Plus Fund, Ltd. | 3,850,000 | * | 87,836 |
| Travelers Series Trust Convertible Bond Portfolio(6) | 1,000,000 | * | 22,814 |
| Tribeca Investments L.L.C | 600,000 | * | 13,688 |
| UFJ Investments Asia Ltd. | 12,500,000 | 1.78% | 285,184 |
| UBS AG London Branch(5) | 9,000,000 | * | 205,332 |
| UBS Warburg LLC(5) | 15,000,000 | 2.14% | 342,220 |
| Wilmington Trust Company as Owner Trustee for the Forrestal Funding Master Trust | 16,250,000 | 2.31% | 370,738 |
| | 64,810,000 | 9.23% | 1,478,621 |

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| | | | |
|--|-------------|-------|------------|
| Wolverine Trading LP(5) | 6,500,000 | * | 148,295 |
| Zazove Hedged Convertible | 1,500,000 | * | 34,222 |
| Fund L.P. | | | |
| Zurich Institutional | 2,250,000 | * | 51,333 |
| Benchmarks Master Fund Ltd | | | |
| All other holders of notes or future transferees, pledgees, donees, assignees or successors | | | |
| of any holders(3) (4) | 76,320,000 | 10.87 | 1,616,179 |
| | ----- | ----- | ----- |
| Total | 701,960,000 | 100 | 16,015,006 |
| | ===== | === | ===== |

* Less than one percent (1%).

- (1) Assumes conversion of all of the holder's notes at a conversion rate of 22.8147 shares of common stock per \$1,000 principal amount at maturity of the notes. This conversion rate is subject to adjustment, however, as described under "Description of the Notes--Conversion rights." As a result, the number of shares of common stock issuable upon conversion of the notes may increase or decrease in the future.
- (2) Calculated based on Rule 13d-3(d) (1) (i) of the Exchange Act, using 380,640,853 shares of common stock outstanding as of March 31, 2002. In calculating this amount for each holder, we treated as outstanding the number of shares of common stock issuable upon conversion of all of that holder's notes, but we did not assume conversion of any other holder's notes.
- (3) Information about other selling securityholders will be set forth in prospectus supplements, if required.
- (4) Assumes that any other holders of notes, or any future pledgees, donees, assignees, transferees or successors of or from any other holders of notes, do not beneficially own any shares of common stock other than the common stock issuable upon conversion of the notes at the initial conversion rate.
- (5) This selling securityholder is a broker-dealer.
- (6) This selling securityholder is an affiliate of a broker-dealer.

PLAN OF DISTRIBUTION

We are registering the notes and shares of common stock covered by this prospectus to permit holders to conduct public secondary trading of these securities from time to time after the date of this prospectus. We have agreed, among other things, to bear all expenses, other than underwriting discounts and selling commissions, in connection with the registration and sale of the notes

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and the shares of common stock covered by this prospectus.

We will not receive any of the proceeds from the offering of notes or the shares of common stock by the selling securityholders. We have been advised by the selling securityholders that the selling securityholders may sell all or a portion of the notes and shares of common stock beneficially owned by them and offered hereby from time to time:

- o directly; or
- o through underwriters, broker-dealers or agents, who may receive compensation in the form of underwriting discounts or commissions or agent's commissions from the selling securityholders or from the purchasers of the notes and common stock for whom they may act as agent.

The notes and the common stock may be sold from time to time in one or more transactions at:

- o fixed prices;
- o prevailing market prices at the time of sale;
- o varying prices determined at the time of sale; or
- o negotiated prices.

These prices will be determined by the holders of the securities or by agreement between these holders and underwriters or dealers who may receive fees or commissions in connection with the sale. The aggregate proceeds to the selling securityholders from the sale of the notes or shares of common stock offered by them hereby will be the purchase price of the notes or shares of common stock less discounts and commissions, if any.

The sales described in the preceding paragraph may be effected in transactions:

- o on any national securities exchange or quotation service on which the notes and common stock may be listed or quoted at the time of sale, including the NYSE in the case of the common stock;
- o in the over-the-counter market; or
- o through the writing of options.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade.

In connection with the sales of the notes and the shares of common stock or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the notes and the shares of common stock, short and deliver notes and the shares of common stock to close out the short positions, or loan or pledge notes and the shares of common stock to broker-dealers that in turn may sell the notes and the shares of common stock.

To our knowledge, there are currently no plans, arrangements or understandings between any selling securityholders and any underwriter, broker-dealer or agent regarding the sale of the notes and the shares of common stock by the selling securityholders. Selling securityholders may not sell any, or may not sell all, of the notes and the shares of common stock offered by them pursuant to this prospectus. In addition, we cannot assure you that a selling

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securityholder will not transfer, devise or gift the notes and the shares of common stock by other means not described in this prospectus. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus.

The outstanding shares of common stock are listed for trading on the NYSE under the symbol "IPG."

The selling securityholders and any broker and any broker-dealers, agents or underwriters that participate with the selling securityholders in the distribution of the notes or the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act. In this case, any commissions received by these broker-dealers, agents or underwriters and any profit on the resale of the notes or the shares of common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. In addition, any profits realized by the selling securityholders may be deemed to be underwriting commissions.

Each of the selling securityholders that is an affiliate of a registered broker-dealer has represented to us, and by its use of this prospectus repeats such representation to you, that it purchased its notes in the ordinary course of business and at the time of such purchase had no direct or indirect agreements or understandings with any person to distribute such notes or common shares issuable upon conversion of such notes.

The notes were issued and sold in December 2001 in transactions exempt from the registration requirements of the Securities Act to persons reasonably believed by the Initial Purchasers to be "qualified institutional buyers," as defined by Rule 144A under the Securities Act, and outside the United States to non-United States persons in accordance with Regulation S under the Securities Act. We have agreed to indemnify each selling securityholder (including the Initial Purchasers), and each selling securityholder's directors, officers, employees, representatives, agents, and each person, if any, who controls that selling securityholder within the meaning of either the Securities Act or the Exchange Act, and each selling securityholder (including the Initial Purchasers) has agreed to indemnify us, our directors, officers, employees, representatives, agents, and each person, if any, who controls us within the meaning of either the Securities Act or the Exchange Act, against specified liabilities arising under the Securities Act, the Exchange Act or other applicable law.

The selling securityholders and any other person participating in a distribution will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the notes and the underlying shares of common stock by the selling securityholders and any such other person. In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the notes and the underlying shares of common stock to engage in market-making activities with respect to the particular notes and the underlying shares of common stock being distributed for a period of up to five business days prior to the commencement of the distribution. This may affect the marketability of the notes and the underlying shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the notes and the underlying shares of common stock.

We will use our reasonable efforts to keep the registration statement of which this prospectus is a part effective until the earliest of:

- o the time when the notes and the underlying shares of common stock can be sold pursuant to Rule 144 under the Securities Act or any successor provision;

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- o the expiration of the holding period applicable to the notes and the underlying shares of common stock held by persons that are not our affiliates under Rule 144(k) under the Securities Act or any successor provision; and
- o the date on which all notes and the underlying shares of common stock are disposed of in accordance with the registration statement to which this prospectus relates.

We will be permitted to suspend the effectiveness of the shelf registration statement and the use of this prospectus during specified periods (not to exceed 120 days in the aggregate in any 12 month period) in specified circumstances, including circumstances relating to pending corporate developments. We need not specify the nature of the event giving rise to a suspension in any notice to holders of the notes of the existence of such a suspension. In these cases, we may prohibit offers and sales of notes and shares of common stock pursuant to the registration statement to which this prospectus relates.

VALIDITY OF SECURITIES

The validity of the notes offered hereby and the shares of common stock issuable upon conversion of the notes has been passed upon for Interpublic by Nicholas J. Camera, Esq., Senior Vice President, General Counsel and Secretary of Interpublic.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference to Interpublic's Annual Report on Form 10-K (Exhibit 13), except as they relate to NFO Worldwide, Inc. for the year ended December 31, 1999, Deutsch, Inc. and subsidiary and affiliates as of and for the two year period ended December 31, 2000, and True North Communications Inc. as of and for the two year period ended December 31, 2000, have been audited by PricewaterhouseCoopers LLP, independent accountants, and, insofar as they relate NFO Worldwide, Inc., Deutsch, Inc. and subsidiary and affiliates, and True North Communications Inc., by Arthur Andersen LLP, J.H. Cohn LLP, and Arthur Andersen LLP, respectively, independent accountants, whose reports thereon have been incorporated in this prospectus. The financial statements have been incorporated in reliance on the reports of these independent accountants given on the authority of these firms as experts in accounting and auditing.

GLOSSARY OF DEFINED TERMS

For your convenient reference in reading this prospectus, the definitions of certain terms used in this prospectus are set forth in the glossary below.

| Defined Term | Definition |
|--------------|------------|
|--------------|------------|

| | |
|---------------------|-------------------------------|
| Accreted Value..... | At any date of determination: |
|---------------------|-------------------------------|

(1) if the notes have not been converted to Cash

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Pay Notes, the sum of:

(x) the initial offering price of each note, plus

(y) the portion of the excess of the principal amount of each note over the initial offering price which shall have been amortized by us in accordance with GAAP through such date, on a daily basis and compounded semi-annually on each December 14 and June 14 at the rate of 1.00% per annum from December 14, 2001 through the date of determination computed on the basis of a 360-day year of twelve 30-day months, and

(2) if the notes have been converted to Cash Pay Notes, the Restated Principal Amount.

Applicable Five Trading Day

Period.....For purposes of determining whether contingent interest will be paid in respect of the notes during any six-month period, the five trading days ending on the second trading day immediately preceding the relevant six-month period, unless we declare a dividend for which the record date falls prior to the first day of a six-month period but the payment date falls within such six-month period, in which case the "Applicable Five Trading Day Period" means the five trading days ending on the second trading day immediately preceding the record date for that dividend.

Average Note Price.....The average of the Note Prices for the Applicable Five Trading Day period.

Comparable Yield.....The annual yield we would pay, as of the initial issue date (December 14, 2001), on a fixed-rate nonconvertible debt security with no contingent payments, but with terms and conditions otherwise comparable to those of the notes.

Continuing Director.....A director who either was a member of our board of directors on December 14, 2001 or who becomes a director of Interpublic subsequent to that date and whose election, or nomination for election by our stockholders, is duly approved by a majority of the Continuing Directors on the board of directors of Interpublic at the time of the approval, either by a specific vote or by approval of the proxy statement issued by Interpublic on behalf of the entire board of directors of Interpublic in which the individual is named as nominee for director.

Fundamental Change.....Whenever any of the following has occurred at any time after the original issuance of the notes:

- o A "person" or "group" within the meaning of

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Section 13(d) of the Exchange Act (other than us, our subsidiaries or our or their employee benefit plans) files a Schedule TO (or any schedule, form or report under the Exchange Act) disclosing that such person or group has become the direct or indirect ultimate "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of our Common Equity representing more than 50% of the voting power of our Common Equity;

- o Consummation of any share exchange, consolidation or merger of us pursuant to which our common stock will be converted into cash, securities or other property or any sale, lease or other transfer (in one transaction or a series of transactions) of all or substantially all of our consolidated assets (considered together with our subsidiaries) to any person (other than one of our subsidiaries); provided, however, that a transaction where the holders of more than 50% of all classes of our Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee immediately after such event shall not be a Fundamental Change; or
- o Continuing Directors cease to constitute at least a majority of our board of directors.

A Fundamental Change will not be deemed to have occurred, however, if either:

- o the Sale Price of our common stock for any five trading days within the 10 consecutive trading days ending immediately before the later of the Fundamental Change or the announcement thereof, shall equal or exceed 105% of the Accreted Value as of that date, divided by the conversion rate, or
- o at least 90% of the consideration in the transaction or transactions constituting the Fundamental Change consists of shares of common stock traded on a national securities exchange or quoted on the Nasdaq Stock Market (or which will be so traded or quoted when issued or exchanged in connection with a Fundamental Change) (these securities being referred to as "publicly traded securities") and as a result of this transaction or transactions the notes become convertible into such publicly traded securities (excluding cash payments for fractional shares).

Initial Purchasers.....Salomon Smith Barney Inc., J.P. Morgan Securities Inc., HSBC Securities (USA) Inc., Morgan Stanley & Co. Incorporated, Barclays Capital, In., Robertson Stephens, Inc. and SunTrust Capital markets, Inc., the broker dealers that acted as initial purchasers

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when the notes were originally issued.

Market Price.....As of any date, the average of the Sale Prices of our common stock for the 20 trading-day period ending on the third business day prior to that date, appropriately adjusted to take into account the occurrence, during the period beginning on the first of such trading days during the 20 trading day period and ending on that date, of certain events with respect to our common stock that would result in an adjustment of the conversion rate.

Non-U.S. Holder.....A beneficial owner of a note that is not a U.S. Holder.

Note Price.....The average of the secondary market bid quotations per note obtained by the bid solicitation agent under the indenture for \$10 million principal amount at maturity of notes at approximately 4:00 p.m., new York City time, on the determination date from three unaffiliated securities dealers we select, provided that if:

- o at least three such bids are not obtained by the bid solicitation agent, or
- o in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes,

then the Note Price will equal (a) the then applicable conversion rate of the notes multiplied by (b) the average Sale Price of our common stock on the five trading days ending on the determination date.

Option Exercise Date.....The later of:

- (1) the date upon which a Tax Event occurs or
- (2) the date upon which we exercise the option to elect to have cash interest in lieu of future original issue discount on the notes following a Tax Event.

Restated Principal Amount...The principal amount of each note if we exercise the option to elect to have cash interest in lieu of future original issue discount accrue on the notes following a Tax Event.

Sale Price.....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 ask prices) on a given date as reported in composite transactions for the principal United States securities exchange on which our common stock is traded or, if our common stock is not listed on a United States national or regional securities

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exchange, as reported on the Nasdaq Stock Market.

Tax Event.....Whenever we shall have received an opinion from independent tax counsel experienced in such matters to the effect that, on or after the date of the initial placement of the notes, as a result of:

- o any amendment to, or change in, including any announced proposed change in, the laws, rules or regulations of the United States or any political subdivision or taxing authority thereof or therein, or
- o any official administrative pronouncement, action or judicial decision interpreting or applying those laws or regulations,

in each case which amendment or change is enacted, promulgated, issued or announced or which proposed change, pronouncement, action or decision is issued or announced, on or after the date of this prospectus, there is more than an insubstantial risk that interest, including interest calculated at the "comparable yield," original issue discount or contingent interest, if any, in respect of the notes either:

- o would not be deductible on a current accrual basis, or
- o would not be deductible under any other method,

in either case in whole or in part, by us, by reason of deferral, disallowance, or otherwise, for United States federal income tax purposes.

U.S. Holder.....A citizen or resident of the United States or a domestic corporation or a person who is otherwise subject to United States federal income basis in respect of the notes.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

Interpublic is paying all of the selling securityholders' expenses related to this offering, except the selling securityholders will pay any applicable underwriting and broker's commissions and expenses. The following table sets forth the approximate amount of fees and expenses payable by Interpublic in connection with this registration statement and the distribution of the notes and shares of common stock registered hereby. All of the amounts shown are estimates except the SEC registration fee.

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| | |
|--------------------------------------|-----------|
| SEC registration fee..... | \$54,086 |
| Accountant's Fees and Expenses..... | \$100,000 |
| Attorneys' Fees and Expenses..... | \$175,000 |
| Printing and engraving expenses..... | \$5,000 |
| | ----- |
| Total..... | \$334,086 |
| | ===== |

Item 15. Indemnification of Directors and Officers.

Section 145 of Title 8 of the General Corporation Law of the State of Delaware ("GCL") gives a corporation power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, provided that the director, officer, employee or agent acted in good faith and in a manner reasonably believed to be in or not opposed by the best interests of the corporation, and, with respect to any criminal action or proceeding, provided that the director, officer, employee or agent had no reasonable cause to believe his or her conduct was unlawful. The same Section also gives a corporation power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which the person shall have been adjudged to be liable to the corporation, unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses which the Court of Chancery or such other court shall deem proper. Section 145 of the GCL further provides that, to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any such action, suit or proceeding, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

The Registrant's by-laws contain specific authority for indemnification by the Registrant of current and former directors, officers, employees or agents of the Registrant on terms that have been derived from Section 145 of Title 8 of the GCL.

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Item 16. Exhibits.

The following is a list of all exhibits filed as a part of this registration statement on Form S-3, including those incorporated in this registration statement by reference.

| Exhibit Number ----- | Description of Exhibits ----- |
|----------------------------|--|
| 4.1*** | Restated Certificate of Incorporation of the Registrant, as amended (incorporated by reference to Exhibit 3.1(i) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 (File Number 001-06686; Film Number 1585503)) |
| 4.2*** | Bylaws of the Registrant (incorporated by reference to Exhibit 3.1(ii) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 (File Number 001-06686; Film Number 1585503)) |
| 4.3*** | Senior Debt Indenture dated as of October 20, 2000 between the Registrant and The Bank of New York, as Trustee (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated October 24, 2000 (File Number 001-06686; Film Number 744846)) |
| 4.4*** | Second Supplemental Indenture dated as of December 14, 2001 between the Registrant and The Bank of New York, as Trustee |
| 4.5*** | Form of Zero-Coupon Convertible Senior Notes Due 2021 (included in Exhibit 4.4) |
| 4.6*** | Registration Rights Agreement dated as of December 14, 2001 between the Registrant and Salomon Smith Barney Inc., as representative of the initial purchasers named therein. |
| 5.1* | Opinion of Nicholas J. Camera, Esq., Senior Vice President, General Counsel and Secretary of the Registrant |
| 8.1*** | Opinion of Cleary, Gottlieb, Steen & Hamilton as to certain U.S. federal income tax matters |
| 12.1* | Statement of Computation of Ratio of Earnings to Fixed Charges |
| 23.5* | Consent of Nicholas J. Camera, Esq., Senior Vice President, General Counsel and Secretary of the Registrant (included in Exhibit 5.1) |
| 23.6*** | Consent of Cleary, Gottlieb, Steen & Hamilton (included in Exhibit 8.1) |
| 23.7*** | Consent of PricewaterhouseCoopers LLP |
| 23.8*** | Consent of Arthur Andersen LLP (with respect to NFO Worldwide, Inc.) |
| 23.9*** | Consent of Arthur Andersen LLP (with respect to True North Communications Inc.) |
| 23.10*** | Consent of J.H. Cohn LLP |
| 24.1*** | Power of Attorney |
| 25.1*** | Statement of Eligibility on Form T-1 under the Trust Indenture Act of 1939, as amended, of The Bank of New York under the Indenture |

* Filed herewith. The version of this exhibit filed with this amendment replaces the version originally filed.

** Filed herewith.

*** Previously filed.

Item 17. Undertakings.

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(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a Fundamental Change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to the information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered in this prospectus, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering; and

(4) That, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered in this prospectus, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to its articles, bylaws or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by the director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate

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jurisdiction the question whether the indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement amendment (number three) to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on May 15, 2002.

THE INTERPUBLIC GROUP OF
COMPANIES, INC.

By: /s/ Nicholas J. Camera

Name: Nicholas J. Camera
Title: Senior Vice President, General Counsel
and Secretary

Pursuant to the requirements of the Securities Act of 1933, this registration statement amendment (number three) has been signed by the following persons in the capacities on May 15, 2002.

| | Title ----- |
|-------------------------|---|
| * ----- | Executive Vice President, Chief |
| Sean F. Orr | Financial Officer (Principal Financial Officer) and Director Chairman of the Board, President |
| * ----- | |
| John J. Dooner, Jr. | and Chief Executive Officer (Principal Executive Officer) Vice President and Controller |
| * ----- | |
| Richard P. Sneider, Jr. | (Principal Accounting Officer) Director |
| * ----- | |
| Frank J. Borelli | Director |
| * ----- | |
| Reginald K. Brack | Director |
| * ----- | |
| Jill M. Considine | Director |
| * ----- | |
| H. John Greeniaus | |

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*

Richard A. Goldstein
*

J. Phillip Samper

Director
Director

* By: /s/ Nicholas J. Camera

Nicholas J. Camera
Attorney-in Fact

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