

INTERPUBLIC GROUP OF COMPANIES INC

Form 424B3

September 10, 2003

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Filed Pursuant to Rule 424(b)(3)

Registration No. 333-106255

PROSPECTUS

**\$800,000,000**

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

**4.50% Convertible Senior Notes Due 2023**

**and**

**Common Stock Issuable upon Conversion of the Notes**

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

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

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

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

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Require Us to Purchase Notes, you may require us to purchase your notes at a price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest. We may choose to pay the purchase price for any notes that you require us to so purchase in cash, in shares of our common stock or any combination of cash and stock.

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

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

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

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

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

**The date of this prospectus is September 10, 2003**

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

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**SUMMARY**

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

Interpublic is a group of advertising and specialized marketing and communication services companies that together represent one of the largest resources of marketing and advertising expertise in the world. With offices and other affiliations in more than 130 countries, we had revenues of approximately \$5.7 billion and net income of approximately \$99.5 million in 2002.

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

Advertising, which includes advertising and media management;

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

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

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

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

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

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



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**The Offering**

Issuer	The Interpublic Group of Companies, Inc., a Delaware corporation.
Securities Offered	\$800,000,000 principal amount of 4.50% Convertible Senior Notes due 2023.
Issue Price	Each note was issued at a price of \$1,000 per note.
Maturity	March 15, 2023, unless earlier redeemed, repurchased or converted.
Interest	4.50% per year on the principal amount, payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2003. We will pay contingent interest in the circumstances described below.
Contingent Interest	<p>If we pay cash dividends on our common stock, we will pay contingent interest per note in an amount equal to 100% of the per share cash dividend paid on our common stock multiplied by the number of shares of common stock issuable upon conversion of a note.</p> <p>Any contingent interest will accrue and be payable to holders of notes as of the record date for the related common stock dividend and will be paid on the payment date of the related common stock dividend.</p>
Conversion Rights	<p>You may convert your notes prior to March 15, 2023 under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>(1) if the average of the last reported sale prices of our common stock for the 20 trading days immediately prior to the conversion date is greater than or equal to a specified percentage, beginning at 120% and declining ½% each year until it reaches 110% at maturity, of the conversion price per share of common stock on that conversion date; or</li> <li>(2) if the notes have been called for redemption; or</li> <li>(3) upon the occurrence of corporate transactions described under Description of the Notes Conversion Rights Conversion upon Specified Corporate Transactions; or</li> <li>(4) if the credit ratings assigned to the notes by any two of Moody's Investors Service, Inc., Standard &amp; Poor's Ratings Services and Fitch Ratings are below Ba2, BB and BB, respectively, or the notes are no longer rated by at least two of these ratings agencies.</li> </ol>

You will not receive any cash payment for interest, including contingent interest, accrued to the conversion date. Notes called for redemption may be surrendered for conversion until the close of business on the business day prior to the redemption date.

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

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On a consolidated basis, we had \$2,716.6 million of debt outstanding as of June 30, 2003, none of which was secured debt and \$573.0 million of which was subordinated debt. Of the \$2,716.6 million, our subsidiaries had \$114.5 million of indebtedness outstanding as of June 30, 2003.

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

United States Federal Income Tax Considerations

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

Use of Proceeds

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

Book-Entry Form

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

Trading

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



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

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

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

\* For the six months ended June 30, 2003 and the year ended December 31, 2001, we had a deficiency of earnings to fixed charges. Results as reported would have required additional earnings of \$6.5 million for the six months ended June 30, 2003 and \$586.4 million for the year ended December 31, 2001, respectively, to provide a one-to-one coverage ratio for those periods. The decline in the ratio of earnings to fixed charges subsequent to 2000 is due to lower income from operations, including restructuring- and merger-related charges (in 2001) and impairment charges (in 2001, 2002 and 2003), as compared to prior periods.

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**RISK FACTORS**

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

**Risks Related to the Company**

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

An unfavorable economic and uncertain global political environment has resulted in reduced demand for our services. During past recessionary periods, our clients have looked to their advertising and marketing budgets for the quickest cuts in connection with implementation of their cost controls. In 2002, our worldwide revenues declined 9.7% as compared with 2001. In the first half of 2003, our revenues increased by 0.2% from the six months ended June 30, 2002, as the benefit of higher foreign exchange rates masked a revenue decline of 3.8% on a constant currency basis. We anticipate for the remainder of 2003 continued weakness in demand for advertising and marketing services. If the economy remains weak, or weakens further, or in the event of adverse political or economic developments, including in connection with hostilities in the Middle East or elsewhere or terrorist attacks or in connection with major epidemics such as severe acute respiratory syndrome, or SARS, our results of operations are likely to be further adversely affected.

*We may be required to recognize additional impairment charges.*

We periodically evaluate the realizability of all of our long-lived assets (including goodwill and fixed assets) and investments. As of June 30, 2003 we had approximately \$3.4 billion of intangibles on our balance sheet and approximately \$352 million in investments in less-than-majority-owned affiliates. Future events, including strategic decisions we make, could cause us to conclude that impairment indicators exist and that the asset values associated with these asset categories may have become impaired. Any resulting impairment loss would have an adverse impact on our reported earnings in the period in which the charge is recognized.

In 2002, we recorded impairment charges of \$127.1 million (\$89.7 million, net of tax), including \$33.0 million of fixed asset and capital expenditure write-offs, \$82.1 million of goodwill impairment and \$12.0 million to record the fair value of an associated put option, related to Motorsports, one of the operations of The Interpublic Sports & Entertainment Group. The remaining book value of long-lived assets relating to Motorsports was \$58.1 million as of June 30, 2003 and may be subject to further impairment charges depending upon the results of our exploration of strategic alternatives. In addition, Motorsports is contractually required to upgrade and improve some of its existing facilities over the next two years. The estimated capital expenditures relating to these operations that are currently considered impaired amount to approximately \$18 million and will be subject to impairment charges as incurred.

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

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The revolving credit facilities allow for up to \$70 million of non-cash, non-recurring impairment charges (of which, as of June 30, 2003, we have recorded \$22.1 million) relating to the remaining book value of Motorsports and for unlimited impairment charges relating to capital expenditures made since January 1, 2003 on behalf of Motorsports. Any charges in excess of the \$70 million limit, or the recording of additional impairment charges not related to Motorsports, would be taken into account in determining whether we are in compliance with the financial covenants of our revolving credit facilities.

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

We are executing a restructuring program to reduce costs permanently through further headcount reductions and real estate consolidation. We currently expect to incur approximately \$200 million of charges in connection with the restructuring program. Some of these charges will be incurred in periods ending after September 30, 2003. There is no guarantee that the timing and ultimate amount of charges we record, and the savings we ultimately realize, will not differ from what we currently expect.

The restructuring and related costs could adversely affect our financial condition and result in a violation of the financial covenants of our revolving credit facilities, which could trigger a default under those facilities and adversely affect our liquidity. The revolving credit facilities allow for up to \$200 million of restructuring charges (of which up to \$175 million may be cash charges) to be recorded in our financial statements through the fiscal quarter ending September 30, 2003. As of June 30, 2003, we have recorded \$94.4 million of restructuring charges (of which \$88.6 million were cash charges). Any charges in excess of these limits, or the recording of restructuring charges in periods after September 30, 2003, would be taken into account in determining whether we are in compliance with the financial covenants of our revolving credit facilities.

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

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

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

As of June 30, 2003, we had approximately \$81.5 million outstanding under \$795.4 million in uncommitted lines of credit. These borrowings are repayable upon demand. We use amounts available under the lines of credit, together with cash flow from operations and cash on hand, to fund our working capital needs. If we lose all or a substantial portion of these lines of credit, we will be required to seek other sources of liquidity. If we are unable to replace these sources of liquidity, for example through access to the capital markets, our ability to fund our working capital needs will be adversely affected.

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

In the fourth quarter of 2002, we announced that we had identified total charges of \$181.3 million related to prior periods from January 1, 1997 through June 30, 2002 and restated our financial statements for these periods. Furthermore, on March 6, 2003, we announced that we had identified total charges of \$165.7 million related to prior periods from January 1, 1997 through September 30, 2002, including amounts related

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to impairment charges and other adjustments with respect to Motorsports. We have since restated our financial statements for those periods. In addition, we were first informed in the third quarter of 2002 by our independent auditors that they had identified a material weakness (as defined under standards established by the American Institute of Certified Public Accountants) relating to the processing and monitoring of intracompany transactions. Concurrently with, and in response to, the restatement of our financial statements filed with the SEC in

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December 2002, we identified various changes to our accounting and internal control structure that we believed were necessary to help ensure that accounting errors, such as those underlying our restatements, do not arise in the future. Although we have implemented many of these changes, and we and our management have concluded that, taking into account these changes to date, our disclosure controls and procedures are effective to provide reasonable assurance of achieving their control objectives, some of the measures are still in the process of being implemented. If, notwithstanding this reasonable assurance, further restatements were to occur or other accounting-related problems emerge, we could face additional litigation exposure and greater scrutiny from the SEC in connection with the SEC investigation currently taking place. Any future restatements or other accounting-related problems may adversely affect our financial condition and would also likely negatively impact the market value of the notes and the price of our common stock.

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

Shortly after we first announced, in August 2002, the restatement of our previously reported earnings, thirteen federal securities purported class actions were filed against us and eight of our present and former directors and officers by a purported class of purchasers of our stock. These lawsuits allege false and misleading statements to shareholders, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of internal financial controls, which allegedly resulted in an overstatement of our financial results during the period in question. Since that time, these lawsuits have been consolidated in the Southern District of New York and, in February 2003, we moved to dismiss the consolidated amended complaint. On May 29, 2003, our motion to dismiss was denied as to us and granted, in part, as to the present and former directors and officers named in the lawsuit. On June 30, 2003, we filed an answer to the consolidated amended complaint. We intend to continue to deny all allegations and defend ourselves against these claims vigorously. Two purported class actions were also filed in state court by a purported class of former shareholders of True North Communications, Inc., who exchanged their shares of True North for the shares of our common stock in connection with our acquisition of True North in June 2001. These two lawsuits allege that we and the present and former directors and officers named in the lawsuits failed to disclose the existence of additional charges that should have been expensed and the lack of adequate internal financial controls. On June 18, 2003, we moved to dismiss these lawsuits. In addition to these lawsuits, we are defending a shareholders' derivative suit alleging a breach of fiduciary duty to our shareholders. The derivative action is now before the United States District Court for the Southern District of New York, and, on August 12, 2003, we moved to dismiss that complaint. Plaintiffs in all of these lawsuits seek unspecified damages. The outcomes of these proceedings are uncertain and their final resolution could have a material impact on our financial position, cash flows or results of operation.

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

Following our announcement in August 2002 of the restatement of our financial results for the periods from 1996 to June 2002, we were informed by the SEC that it was conducting an informal inquiry into the matters surrounding the restatement. In January 2003 we were informed by the SEC that it had issued a formal order of investigation with respect to these matters. While we are cooperating fully with the investigation, adverse developments in connection with the investigation, including any expansion of the scope of their investigation, could negatively impact the market value of the notes and our stock price and could divert the efforts and attention of our management team from our ordinary business operations.

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

The current terms of our two revolving credit facilities with syndicates of banks restrict our ability to (1) make cash acquisitions or investments in excess of \$100 million annually, (2) declare or pay dividends or repurchase shares of common stock in excess of \$25 million annually and (3) make capital expenditures in



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excess of \$175 million annually. They also limit the ability of our domestic subsidiaries to incur additional debt. Our future earnings performance will determine the permitted levels of share buybacks and dividend payments (currently the permitted level of dividend payments and share buybacks is \$25 million). All limitations on dividend payments and share buybacks expire when earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the credit facilities, exceed \$1.3 billion for four consecutive quarters. No dividend was paid in the first half of 2003. Our future dividend policy will be determined on a quarter-by-quarter basis, will depend on earnings, financial condition, capital requirements and other factors and will be subject to the restrictions under the amended revolving credit facilities.

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

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

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

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

*We compete for clients in a highly competitive industry.*

The advertising agency and other marketing communications and marketing services businesses are highly competitive. Our agencies and media services must compete with other agencies and with other providers of creative or media services which are not themselves advertising agencies, in order to maintain existing client relationships and to obtain new clients. The client's perception of the quality of an agency's creative product, our reputation and the agency's reputation are, to a large extent, factors in determining our competitive position in the advertising agency business. An agency's ability to serve clients, particularly large international clients, on a broad geographic basis is also an important competitive consideration. On the other hand, because an agency's principal asset is its people, freedom of entry into the business is almost unlimited and quite small agencies are, on occasion, able to take all or some portion of a client's account from a much larger competitor.

Size may limit an agency's potential for securing new business, because many clients prefer not to be represented by an agency that represents a competitor. Also, clients frequently wish to have different products represented by different agencies. Our ability to attract new clients and to retain existing clients may, in some cases, be limited by clients' policies on or perceptions of conflicts of interest. These policies can, in some cases, prevent one agency and, in limited circumstances, different agencies within the same holding company, from performing similar services for competing products or companies. In addition, these perceived conflicts, following an acquisition by us of an agency or company, can result in clients terminating their relationship with us or reducing the number or scope of projects for which they retain those agencies. Moreover, as a result of the True North acquisition and the resulting larger number of clients, we face a greater likelihood of conflicts with potential new clients in the future.



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

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

Employees, including creative, research, media, account and practice group specialists, and their skills and relationships with clients, are among our most important assets. An important aspect of our competitiveness is

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our ability to retain key employee and management personnel. Compensation for these key personnel is an essential factor in attracting and retaining them and there can be no assurances that we will offer a level of compensation sufficient to attract and retain these key personnel. If we fail to hire and retain a sufficient number of these key employees, we may not be able to compete effectively.

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

Advertising and marketing communications businesses are subject to government regulation, both domestic and foreign. There has been an increasing tendency in the United States on the part of advertisers to resort to the courts and industry and self-regulatory bodies to challenge comparative advertising on the grounds that the advertising is false and deceptive. Through the years, there has been a continuing expansion of specific rules, prohibitions, media restrictions, labeling disclosures and warning requirements with respect to the advertising for certain products. Representatives within government bodies, both domestic and foreign, continue to initiate proposals to ban the advertising of specific products and to impose taxes on or deny deductions for advertising which, if successful, may have an adverse effect on advertising expenditures and consequently our revenues.

*International business risks could adversely affect our operations.*

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

### **Risks Related to the Notes**

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

We expect that the market price of our notes will be significantly affected by the market price of our common stock. This may result in greater volatility in the market price of the notes than would be expected for nonconvertible debt securities. From the beginning of 2002 to September 5, 2003, the reported high and low sales prices for our common stock ranged from a low of \$7.20 per share to a high of \$34.89 per share. The market price of our common stock will likely continue to fluctuate in response to factors including the following, many of which are beyond our control:

quarterly fluctuations in our operating and financial results;

changes in financial estimates and recommendations by financial analysts;

changes in the ratings of our notes or other securities;

developments related to litigation or investigations involving us;

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

dispositions, acquisitions and financings; and

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

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

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

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

our ratings with major credit rating agencies;

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

the overall condition of the financial and credit markets.

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

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

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

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

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

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

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

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

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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 room located at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>, and at the offices of the New York Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, you should call (212) 656-5060.

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

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

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 (Film Number 03703335) and June 30, 2003 (Film Number 03845132); and

Our Current Reports on Form 8-K or 8-K/A (other than information furnished under Items 9 or 12 of Form 8-K) filed January 16, 2003 (Film Number 03515791), January 17, 2003 (Film Number 03518395), February 12, 2003 (Film Number 03555480), February 28, 2003 (Film Number 03586341), March 7, 2003 (Film Number 03596574), March 7, 2003 (Film Number 03596932), March 11, 2003 (Film Number 03599801), March 18, 2003 (Film Number 03607631), April 9, 2003 (Film Number 03643899), May 8, 2003 (Film Number 03688534), May 14, 2003 (Film Number 03699562), June 18, 2003 (Film Number 03748904), July 2, 2003 (Film Number 03772329), July 24, 2003 (Film Number 03800476), August 12, 2003 (Film Number 03838236), August 14, 2003 (Film Number 03843258), August 20, 2003 (Film Number 03858341), September 9, 2003 (Film Number 03887907) and September 10, 2003 (Film Number 03889049).

You may request a copy of these filings and of the form of the indenture, notes and registration rights agreement at no cost, by writing or telephoning 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

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

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**SPECIAL NOTE REGARDING FORWARD-LOOKING**

**STATEMENTS AND OTHER FACTORS**

This document contains forward-looking statements. Our representatives may also make forward-looking statements orally from time to time. Statements in this document that are not historical facts, including statements about our beliefs and expectations, particularly regarding recent business and economic trends, the impact of litigation, dispositions, impairment charges, the integration of acquisitions and restructuring costs, constitute forward-looking statements. These statements are based on current plans, estimates and projections and are subject to change based on a number of factors, including those outlined in this section. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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

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

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

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

In addition, our representatives may from time to time refer to *pro forma* financial information, including information before taking into account specified items. Because *pro forma* financial information by its very nature departs from traditional accounting conventions, this information should not be viewed as a substitute for the information we prepare in accordance with GAAP, including the balance sheets and statements of income and cash flow contained in our quarterly and annual reports filed with the SEC on Forms 10-Q and 10-K.

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





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

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

	<b>Six Months Ended June 30,</b>	<b>Years Ended December 31,</b>				
	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Ratio of earnings to fixed charges	*	1.73x	*	3.91x	3.80x	4.25x

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

\* For the six months ended June 30, 2003 and the year ended December 31, 2001, we had a deficiency of earnings to fixed charges. Results as reported would have required additional earnings of \$6.5 million for the six months ended June 30, 2003 and \$586.4 million for the year ended December 31, 2001, respectively, to provide a one-to-one coverage ratio for those periods. The decline in the ratio of earnings to fixed charges subsequent to 2000 is due to lower income from operations, including restructuring- and merger-related charges (in 2001) and impairment charges (in 2001, 2002 and 2003), as compared to prior periods.

**Table of Contents****CAPITALIZATION**

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

	<b>June 30, 2003</b>
	<b>(unaudited)</b>
	<b>(in millions)</b>
<b>Short-term debt:</b>	
Loans payable	\$ 128.5
Zero-Coupon Convertible Senior Notes due 2021	1.0
<b>Long-term debt:</b>	
Payable to financial institutions	186.2
Notes 7.25%, due 2011	500.0
Notes 7.875%, due 2005	527.9
Convertible Subordinated Notes 1.80%, due 2004	240.0
Convertible Subordinated Notes 1.87%, due 2006	333.0
4.50% Convertible Senior Notes due 2023	800.0
<b>Stockholders' equity:</b>	
Total stockholders' equity	2,225.5
<b>Total capitalization</b>	<b>\$ 4,942.1</b>

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

Our common stock is listed and traded on the New York Stock Exchange ( NYSE ) under the symbol IPG. The following table provides, for the calendar quarters indicated, the high and low closing sales prices per share on the NYSE for the periods shown below as reported on the NYSE and dividends per share paid during those periods. The last reported sale price for our common stock on the NYSE on September 5, 2003 was \$15.41 per share.

Period	NYSE Sale Price		Dividends on Common Stock
	High	Low	
<b>2000:</b>			
First Quarter	\$ 55.56	\$ 37.00	\$.085
Second Quarter	48.25	38.00	.095
Third Quarter	44.62	33.50	.095
Fourth Quarter	43.75	33.06	.095
<b>2001:</b>			
First Quarter	47.19	32.50	.095
Second Quarter	38.85	27.79	.095
Third Quarter	30.46	19.30	.095
Fourth Quarter	31.00	19.50	.095
<b>2002:</b>			
First Quarter	34.56	27.20	.095
Second Quarter	34.89	23.51	.095
Third Quarter	24.67	13.40	.095
Fourth Quarter	17.05	11.25	.095(1)
<b>2003:</b>			
First Quarter	15.38	8.01	(1)
Second Quarter	14.55	9.30	(1)
Third Quarter (through September 5, 2003)	15.44	12.94	(1)

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

As of September 5, 2003, there were approximately 21,958 registered holders of our common stock.

**Dividend Policy**

No dividend was paid in the first half of 2003. Our future dividend policy will be determined on a quarter-by-quarter basis and will depend on earnings, financial condition, capital requirements and other factors. It will also be subject to the restrictions under the amended revolving credit facilities with syndicates of banks, which limit our ability to declare or pay dividends. Under these facilities, our future earnings performance will determine the permitted levels of dividend payments (currently the permitted level of dividend payments and share buybacks is \$25 million) and all limitations on dividend payments expire when earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the credit facilities, exceed \$1.3 billion for four consecutive quarters.



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**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.

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**INTERPUBLIC**

Interpublic is a group of advertising and specialized marketing and communication services companies that together represent one of the largest resources of advertising and marketing expertise in the world. With offices and other affiliations in more than 130 countries, we had revenues of approximately \$5.7 billion and net income of approximately \$99.5 million in 2002.

**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 and marketing expertise in three broad areas:

Advertising, which includes advertising and media management;

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

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

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

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

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

A brief description of our current four global operating groups follows:

**McCann-Erickson WorldGroup** was founded on the global strength and quality of McCann, one of the world's leading advertising agencies. It includes companies spanning advertising, media, customer relationship management, events, sales promotion, public relations, on-line marketing communications and healthcare communications. Launched in late 1997, McCann-Erickson WorldGroup has expanded rapidly to become one of

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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. McCann-Erickson WorldGroup includes the following companies:

McCann-Erickson Worldwide (advertising),

Universal McCann Worldwide (media planning and buying),

MRM Partners Worldwide (direct marketing and customer relationship management),

Momentum Worldwide (entertainment, event and promotional marketing), and

Torre Lazur McCann Healthcare Worldwide (healthcare advertising and marketing).



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

FCBi (direct and digital marketing),

Marketing Drive Worldwide (integrated promotional marketing),

R/GA (web design and development),

FCB HealthCare (healthcare marketing), and

The Hacker Group (customer acquisition direct marketing).

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

Lowe & Partners Worldwide (advertising),

Lowe Healthcare Worldwide (healthcare marketing),

Draft (direct and promotional marketing),

Zipatoni (promotional marketing),

Mullen (advertising), and

Dailey & Associates (advertising).

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

Octagon (sports marketing),

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Motorsports,

Jack Morton Worldwide, and

Entertainment PR (Bragman Nyman Cafarelli and PMK/HBH).

**Independent Agencies.** Interpublic also includes a group of leading stand-alone companies that provide their clients with a full range of advertising and/or marketing communications services and partner with our global operating groups as needed. These include:

Campbell Ewald,

Deutsch,

Hill Holliday,

The Martin Agency,

Carmichael-Lynch,

Gotham,

MAGNA Global (advertising media negotiations and television program development),

Weber Shandwick Worldwide, Golin/Harris International and DeVries Public Relations (public relations), and

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Initiative Media (media planning and buying).

In addition to domestic operations, we provide services for clients whose business is international in scope as well as for clients whose business is restricted to a single country or a small number of countries. Revenue for 2002 and 2001 is presented below by major geographic area:

	<b>Year Ended December 31,</b>	
	<b>2002</b>	<b>2001</b>
	<b>(in millions)</b>	
United States	\$ 3,313.6	\$ 3,708.0
International		
United Kingdom	584.5	615.8
All other Europe	986.8	1,024.6
Asia Pacific	384.7	439.0
Latin America	266.4	345.6
Other	201.5	219.7
<b>Total International</b>	<b>2,423.9</b>	<b>2,644.7</b>
<b>Total Consolidated</b>	<b>\$ 5,737.5</b>	<b>\$ 6,352.7</b>

**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. Many 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. Our practice generally is to pay media charges only once we have received funds from our clients, and in some instances we agree 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 make serious efforts to reduce the risk from a client's nonpayment including by generally carrying out credit clearances and requiring in some cases payment of media in advance.

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

wide variations and even include, in some instances, the replacement of commissions with negotiated flat fees.

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

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**Clients**

The five clients that made the largest revenue contribution in 2002 accounted individually for approximately 1.8% to 8.1% of our revenue and in the aggregate accounted for approximately 16.4% of our revenue. Twenty of our clients accounted for approximately 29% of our revenue. Based on revenue, as of December 31, 2002, our largest clients included Coca-Cola, General Motors Corporation, Johnson & Johnson, Nestle and Unilever. While the loss of the entire business of one of our largest clients might have a material adverse effect upon 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 have written contracts with many of 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. In 2002, however, 21% of revenue was derived from clients that had been associated with one or more of our agencies or their predecessors for 20 or more years.

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### **DESCRIPTION OF THE NOTES**

We issued the notes under an indenture dated as of October 20, 2000, between us and The Bank of New York, as trustee, as supplemented by a supplemental indenture thereto, dated as of March 13, 2003. In this description, we refer to the indenture as so supplemented as the indenture.

The following description summarizes the material provisions of the indenture and the notes. For further information you should read the indenture and the notes. The indenture and form of notes are available as set forth under Where You Can Find More Information.

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

#### **General**

The notes are our unsecured obligations, are limited to an aggregate principal amount of \$800,000,000 and were initially offered at a price to investors of \$1,000 per note. The notes will mature on March 15, 2023.

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

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

#### **Interest**

The notes accrue interest at a rate of 4.50% per year from March 13, 2003 or from the most recent interest payment date to which interest has been paid or duly provided, payable semiannually in arrears on March 15 and September 15 of each year, beginning September 15, 2003. The notes were issued only in denominations of \$1,000 principal amount and integral multiples of \$1,000 principal amount.

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

### **Contingent Interest**

If we pay cash dividends on our common stock, we will pay contingent interest per outstanding note in an amount equal to 100% of the per share cash dividend paid on our common stock multiplied by the number of shares of common stock issuable upon conversion of a note. We will pay contingent interest only in cash.

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Contingent interest in respect of a cash dividend on our common stock will be paid to the person in whose name a note is registered at the close of business on the record date for the related common stock dividend. The contingent interest will be paid on the payment date for the related common stock dividend.

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 these future changes in value will have a significant effect on our future reported results of operations.

Cash dividends are regular, fixed, annual, quarterly or other periodic cash dividends as declared by our board of directors as part of our dividend payment practice or stated cash dividend policy, whether publicly announced or not, and do not include any other dividends or distributions (for example, any dividends designated by our board of directors as extraordinary, special or otherwise nonrecurring).

In the event we are required to pay contingent interest, we will publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on our Web site or through another public medium we may use at that time.

## **Ranking**

The notes are our general unsecured obligations and rank senior in right of payment to all our existing and future indebtedness that is, by its terms, expressly subordinated in right of payment to the notes. The notes rank equally in right of payment with all our existing and future unsecured indebtedness that is not so subordinated. Because we are a holding company, our rights and the rights of our creditors, including the holders of the notes offered in this prospectus, to participate in the assets of any subsidiary during its liquidation or reorganization, will be subject to the prior claims of the subsidiary's creditors, except to the extent that we are ourselves a creditor with recognized claims against the subsidiary. Furthermore, on August 15, 2003 a number of our U.S. subsidiaries guaranteed our two revolving credit facilities with syndicates of banks. The claims of the beneficiaries of this guaranty will have priority, with respect to the assets and earnings of these subsidiaries, over claims of our direct creditors, including holders of the notes.

On a consolidated basis, we had \$2,716.6 million of debt outstanding as of June 30, 2003, none of which was secured debt and \$573.0 million of which was subordinated debt. Of the \$2,716.6 million, our subsidiaries had \$114.5 million of indebtedness outstanding as of June 30, 2003. Our revolving credit facilities with syndicates of banks contain financial covenants and restrict our domestic subsidiaries' ability to incur additional debt.

## **Optional Redemption**

No sinking fund is provided for the notes. Prior to March 15, 2008, the notes will not be redeemable. On or after March 15, 2008, we may redeem for cash all or part of the notes at any time, upon not less than 30 nor more than 60 days' notice before the redemption date by mail to the trustee, the paying agent and each holder of notes, for a price equal to 100% of the principal amount of the notes to be redeemed plus any accrued and unpaid interest, including contingent interest, to the redemption date.



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

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

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

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

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

## **Conversion Rights**

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

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

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

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

If you have already delivered a purchase notice as described under either Purchase of Notes by Us at the Option of the Holder or Fundamental Change Permits Holders to Require Us to Purchase Notes with respect to a note, however, you may not surrender that note for conversion until you have withdrawn the notice in accordance with the indenture.

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

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

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

### ***Conversion Upon Satisfaction of Sale Price Condition***

You may surrender any of your notes for conversion into shares of our common stock if the average of the last reported sale prices of our common stock for the 20 trading days immediately prior to the conversion date is greater than or equal to a specified percentage, beginning at 120% and declining  $\frac{1}{2}\%$  each year until it reaches 110% at maturity, of the conversion price per share of common stock on that conversion date.

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

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

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

### ***Conversion Upon Redemption***

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

### ***Conversion Upon Specified Corporate Transactions***

If we elect to:

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

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

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

In addition, if we are party to a consolidation, merger or binding share exchange pursuant to which our common stock would be converted into cash or property other than securities, you may surrender notes for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual effective date of the transaction. If we engage in reclassifications or effect changes of our common stock or are a party to a consolidation, merger, binding share exchange or transfer of all or substantially all of our assets pursuant to which our common stock is converted into cash, securities or other property, then at the effective time of the transaction, the right to convert a note into common stock will be changed into a right to convert it into the kind and amount of cash, securities or other property which you would have received if you had converted your notes immediately prior to the transaction. If we engage in any transaction described in the preceding sentence, the conversion rate will not be adjusted. If the transaction also constitutes a Fundamental Change, as defined below, you can require us to purchase all or a portion of your notes as described under Fundamental Change Permits Holders to Require Us to Purchase Notes.

### ***Conversion Upon Credit Ratings Event***

You may convert notes into our common stock at any time after the credit ratings assigned to the notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings are lower than Ba2, BB and BB, respectively, or the notes are no longer rated by at least two of these ratings services.

### ***Conversion Rate Adjustments***

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

- (1) the payment of dividends and other distributions on our common stock payable exclusively in shares of our common stock or our other capital stock;
- (2) the issuance to all holders of our common stock of rights or warrants that allow the holders to purchase shares of our common stock for a period expiring within 60 days from the date of issuance of the rights or warrants at less than the market price on the record date for the determination of stockholders entitled to receive the rights or warrants;
- (3) subdivisions, combinations, or reclassifications of our common stock; and
- (4) distributions to all holders of our common stock of our assets, debt securities or rights or warrants to purchase our securities, if these distributions, aggregated on a rolling twelve-month basis, have a per share value exceeding 15% of the market price of our common stock on the trading day immediately preceding the declaration of the distribution. In cases where (a) the fair market value per share of common stock of the assets, debt securities or rights or warrants to purchase our securities distributed to stockholders equals or exceeds the market price of our common stock on the record date for the determination of stockholders entitled to receive the

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distribution, or (b) the market price exceeds the fair market value per share of common stock of the assets, debt securities or rights or warrants so distributed by less than \$1.00, rather than being entitled to an adjustment in the conversion rate, you will be entitled to receive upon conversion, in addition to the shares of our common stock, the kind and amount of assets, debt securities or rights or warrants comprising the distribution that you would have received if you had converted your notes immediately prior to the record date for determining the stockholders entitled to receive the distribution.

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In addition to these adjustments, we may increase the conversion rate as our board of directors considers advisable to avoid or diminish any income tax to holders of our common stock or rights to purchase our common stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. We may also, from time to time, to the extent permitted by applicable law, increase the conversion rate by any amount for any period of at least 20 days if our board of directors has determined that the increase would be in our best interests. If our board of directors makes this determination, it will be conclusive. We will give you at least 15 days notice of these increases in the conversion rate.

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

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, the increase might be deemed to be the payment of a taxable dividend to holders of the notes.

No adjustment to the conversion rate need be made if holders may participate in the transaction that would otherwise give rise to an adjustment, so long as the distributed assets or securities the holders would receive upon conversion of the notes, if convertible, exchangeable, or exercisable, are convertible, exchangeable or exercisable, as applicable, without any loss of rights or privileges for a period of at least 60 days following conversion of the notes.

The applicable conversion price will not be adjusted:

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

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

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

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

for accrued and unpaid interest, including contingent interest.

No adjustment in the applicable conversion price will be required unless the adjustment would require an increase or decrease of at least 1% of the applicable conversion price. If the adjustment is not made because the adjustment does not change the applicable conversion price by more



than 1%, then the adjustment that is not made will be carried forward and taken into account in any future adjustment.

***Purchase of Notes by Us at the Option of the Holder***

You have the right to require us to purchase your notes on March 15, 2008, March 15, 2013 and March 15, 2018 (each, a purchase date ). We will be required to purchase any outstanding notes for which you deliver a

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written purchase notice to the paying agent. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 20 business days prior to the relevant purchase date until the close of business on the fifth business day prior to the purchase date. If the purchase notice is given and withdrawn during that period, we will not be obligated to purchase the related notes. Also, our ability to satisfy our purchase obligations may be affected by the factors described in Risk Factors under the caption We may not have the ability to raise the funds necessary to purchase the notes upon a fundamental change or other purchase date, as required by the indenture governing the notes.

The purchase price payable will be equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, including contingent interest, to the relevant purchase date.

Any notes purchased by us on March 15, 2008 will be paid for in cash. For the March 15, 2013 and March 15, 2018 purchase dates, we may choose to pay the purchase price in cash or shares of our common stock or a combination of cash and shares of our common stock, provided that we will pay any accrued and unpaid interest, including contingent interest, in cash. For a discussion of the United States federal income tax treatment of a holder receiving cash, shares of common stock or any combination of cash and shares, see United States Federal Income Tax Considerations.

On or before the 20th business day prior to each purchase date, we will provide to the trustee, the paying agent and to all holders of the notes at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, a notice stating, among other things:

whether we will pay the purchase price of the notes in cash, in shares of our common stock, or any combination of cash and shares, specifying the percentages of each;

if we elect to pay with shares of our common stock for either the March 15, 2013 or March 15, 2018 purchase date, the method of calculating the market price of our common stock; and

the procedures that holders must follow to require us to purchase their notes.

Simultaneously with providing the notice, we will publish a notice containing this information in a newspaper of general circulation in the City of New York or publish the information on our Web site or through another public medium we may use at that time.

A notice electing to require us to purchase your notes must state:

if certificated notes have been issued, the certificate numbers of the notes, or if not certificated, your notice must comply with appropriate DTC procedures;

the portion of the principal amount of notes to be purchased, in integral multiples of \$1,000;

that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture; and

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for the March 15, 2013 and March 15, 2018 purchase dates, in the event we elect, pursuant to the notice that we are required to give, to pay the purchase price in shares of our common stock, in whole or in part, but the purchase price is ultimately to be paid to you entirely in cash because any of the conditions to payment of the purchase price or portion of the purchase price in shares of our common stock is not satisfied prior to the close of business on the last business day prior to the purchase date, whether you elect:

- (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.

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If you fail to indicate your choice with respect to the election described in the final bullet point above, you 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.

No notes may be purchased at your option 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 the notes.

You may withdraw any purchase notice in whole or in part 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 must state:

the principal amount of the withdrawn notes;

if certificated notes have been issued, the certificate numbers of the withdrawn notes, or if not certificated, your notice must comply with appropriate DTC procedures; and

any principal amount that remains subject to the purchase notice.

If we elect, for either the March 15, 2013 or March 15, 2018 purchase date, to pay the purchase price, in whole or in part, in shares of our common stock, we will pay cash based on the market price of our common stock for all fractional shares.

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.

Because the market price of our common stock is determined prior to the applicable purchase date, you will bear the market risk with respect to the value of our common stock to be received from the date the market price is determined to the purchase date.

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

our providing timely written notice, as described above, of our election to purchase all or part of the notes with our common stock;

our common stock then being listed on a national securities exchange or quoted on the Nasdaq National Market;

information necessary to calculate the market price of our common stock being published in a daily newspaper of national circulation;

registration of the common stock under the Securities Act and the Exchange Act, if required; and

our obtaining any necessary qualification or registration under applicable state securities law or the availability of an exemption from qualification and registration.

If those conditions are not satisfied with respect to you prior to the close of business on the purchase date, we will pay the purchase price of your notes 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.

Upon determination of the actual number of shares of our common stock to be paid upon redemption of the notes, we will publish a notice containing this information in a newspaper of general circulation in the City of New York or publish the information on our Web site or through another public medium we may use at that time.

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You must either effect book-entry transfer or deliver the notes, together with necessary endorsements, to the office of the paying agent after delivery of the purchase notice to receive payment of the purchase price. You will receive payment promptly following the later of the purchase date or the time of book-entry transfer or the delivery of the notes. If the paying agent holds money or securities sufficient to pay the purchase price of the notes on the business day following the purchase date, then:

the notes will cease to be outstanding and interest, including contingent interest, will cease to accrue (whether or not book-entry transfer of the notes is made or whether or not the note is delivered to the paying agent); and

all other rights of the holders will terminate (other than the right to receive the purchase price upon delivery or transfer of 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 March 15, 2008, you will have the right, at your option, to require us to purchase any or all of your notes, or any portion of the principal amount of those notes, that is equal to \$1,000 or an integral multiple of \$1,000. The price we are required to pay is equal to 100% of the principal amount of the notes to be purchased plus accrued and unpaid interest, including contingent interest, to the Fundamental Change purchase date. If a Fundamental Change occurs on or after March 15, 2008, you will not have a right to require us to purchase any notes, except as described under Purchase of Notes by Us at the Option of the Holder.

We may, at our option, instead of paying the Fundamental Change purchase price in cash, pay all or a portion of the Fundamental Change purchase price in shares of our common stock, as long as the conditions described in this sub-section are met, provided that we will pay any accrued and unpaid interest, including contingent interest, in cash. If we elect to pay the Fundamental Change 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 Fundamental Change purchase price to be paid in common stock divided by the market price of a share of our common stock. For a discussion of the United States federal income tax treatment of a holder receiving cash, shares of common stock or any combination of cash and shares, see United States Federal Income Tax Considerations.

A Fundamental Change will be deemed to have occurred at the time after the notes are originally issued that 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 the 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 the consolidated assets of us and our subsidiaries, taken as a whole, 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 the transaction own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving corporation or transferee immediately after the 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 last reported 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 of

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the Fundamental Change, equals or exceeds 105% of the conversion price per share of common stock in effect on each of those trading days, or

- (II) at least 90% of the consideration, excluding cash payments for fractional shares, 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 National 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 any of these publicly traded securities, excluding cash payments for fractional shares.

Continuing director means a director who either was a member of our board of directors on March 10, 2003 or who becomes a director of ours subsequent to that date and whose election, appointment or nomination for election by our stockholders, is duly approved by a majority of the continuing directors on our board of directors at the time of that approval, either by a specific vote or by approval of the proxy statement issued by us on behalf of our entire board of directors in which that individual is named as nominee for director.

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 and paying agent a notice of the occurrence of the Fundamental Change and of the resulting purchase right. That notice shall state, among other things:

whether we will pay the Fundamental Change purchase price of notes in cash, common stock or a combination of cash and stock, specifying the percentages of each;

if we elect to pay in common stock, the method of calculating the market price of the common stock; and

the procedures that holders must follow to require us to purchase their notes.

Simultaneously with providing the notice, we will publish a notice containing this information in a newspaper of general circulation in the City of New York or publish the information on our Web site or through another public medium we may use at that time.

To exercise the purchase right, you 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 Form of Fundamental Change Purchase Notice on the reverse side of the notes duly completed, to the paying agent. Your purchase notice must state:

if certificated, the certificate numbers of your notes to be delivered for purchase;

the portion of the principal amount of notes to be purchased, which must be \$1,000 or an integral multiple of \$1,000;

in the event we elect, pursuant to the notice that we are required to give, to pay the Fundamental Change purchase price in common stock, in whole or in part, but the Fundamental Change purchase price is ultimately to be paid to you entirely in cash because any condition to payment of the Fundamental Change purchase price or portion of the Fundamental Change purchase price in common stock is not satisfied prior to the close of business on the Fundamental Change purchase date, whether you elect:



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- (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 Fundamental Change purchase price for all notes or portions of notes subject to the purchase notice; and

that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture.

