INTERPUBLIC GROUP OF COMPANIES, INC.
Form S-4
April 18, 2007
Table of Contents

As filed with the Securities and Exchange Commission on April 18, 2007

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

THE INTERPUBLIC GROUP OF COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	7311	13-1024020
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1114 Avenue of the Americas

New York, New York 10036

(212) 704-1200

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

Nicholas J. Camera, Esq.

Senior Vice President, General Counsel and Secretary

The Interpublic Group of Companies, Inc.

1114 Avenue of the Americas

New York, New York 10036

Nicolas Grabar, Esq.

Cleary Gottlieb Steen & Hamilton LLP

One Liberty Plaza

New York, New York 10006

(212) 225-2000

(212) 704-1200

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

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

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered**	**Proposed maximum offering price per unit**	**Proposed maximum aggregate offering price (1)**	**Amount of registration fee (2)**
Floating Rate Notes due 2010	$ 250,000,000	100%	$ 250,000,000	$ 7,675

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act.
(2) Calculated pursuant to Rule 457(f) under the Securities Act.

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

Table of Contents

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

SUBJECT TO COMPLETION, DATED APRIL 18, 2007

PRELIMINARY PROSPECTUS

THE INTERPUBLIC GROUP OF COMPANIES, INC.

Offer to Exchange any and all of our outstanding unregistered Floating Rate Notes due 2010

for $250,000,000 aggregate principal amount of our new Floating Rate Notes due 2010

that have been registered under the Securities Act of 1933

Terms of the Exchange Offer

We are offering to exchange any and all our outstanding Floating Rate Notes due 2010 that were issued on December 8, 2006 (the old notes) for an equal amount of new Floating Rate Notes 2010 (the new notes).

The exchange offer expires at 5:00 p.m., New York City time, on , 2007, unless extended.

Tenders of old notes may be withdrawn at any time prior to the expiration of the exchange offer.

All old notes that are validly tendered and not validly withdrawn will be exchanged.

The exchange of old notes for new notes generally will not be a taxable exchange for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the new notes to be issued in the exchange offer are substantially the same as the terms of the old notes, except that the offer of the new notes is registered under the Securities Act of 1933, as amended (the Securities Act), and the new notes have no transfer restrictions, rights to additional interest or registration rights.

The new notes will not be listed on any securities exchange. A public market for the new notes may not develop, which could make selling the new notes difficult.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. See Plan of Distribution.

Investing in the new notes to be issued in the exchange offer involves certain risks. See Risk Factors beginning on page 6.

We are not making an offer to exchange notes in any jurisdiction where the offer is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2007.

Table of Contents

TABLE OF CONTENTS

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

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934, as amended (the Exchange Act). We have also filed with the SEC a registration statement on Form S-4, which you can access on the SEC s Internet site at http://www.sec.gov, to register the new notes. This prospectus, which forms part of the registration statement, does not contain all of the information included in that registration statement. For further information about us and the new notes offered in this prospectus, you should refer to the registration statement and its exhibits. You may read and copy any materials we file with the SEC at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials may also be obtained from the SEC at prescribed rates by writing to the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

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

- our Annual Report on Form 10-K for the year ended December 31, 2006; and
- our Proxy Statement for the annual meeting of stockholders to be held on May 24, 2007.

Copies of these filings may be obtained at no cost by writing or calling us at the following address and telephone number:

The Interpublic Group of Companies, Inc.

Attn: Nicholas J. Camera, Secretary

1114 Avenue of the Americas

New York, New York 10036

(212) 704-1200

To obtain timely delivery of any copies of filings requested, please write or call us no later than five business days before the expiration date of the exchange offer.

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

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Statements in this prospectus that are not historical facts, including statements about management s beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in the section entitled Risk Factors in this prospectus. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following:

- risks arising from material weaknesses in our internal control over financial reporting, including material weaknesses in our control environment;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- potential adverse developments in connection with the ongoing SEC investigation;
- potential downgrades in the credit ratings of our securities;
- risks associated with the effects of global, national and regional economic and political conditions, including fluctuations in economic growth rates, interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors and the additional risk factors outlined in more detail in the section entitled Risk Factors in this prospectus.

Table of Contents

SUMMARY

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

The Interpublic Group of Companies, Inc.

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

Corporate Information

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

Table of Contents

Summary of the Exchange Offer

Background	On December 8, 2006 we issued $250,000,000 aggregate principal amount of old notes in exchange for previously outstanding securities. In connection with that exchange, we entered into a registration rights agreement in which we agreed, among other things, to complete this exchange offer. Under the terms of the exchange offer, you are entitled to exchange old notes for new notes evidencing the same indebtedness and with substantially similar terms. You should read the discussion under the heading Description of the New Notes for further information regarding the new notes.
The Exchange Offer	We are offering to exchange, for each $1,000 aggregate principal amount of our old notes validly tendered and accepted, $1,000 aggregate principal amount of our new notes.
	We will not pay any accrued and unpaid interest on the old notes that we acquire in the exchange offer. Instead, interest on the new notes will accrue from , 2007, the date on which we made the most recent interest payment on the old notes.
	As of the date of this prospectus, $250,000,000 aggregate principal amount of the old notes are outstanding.
Denominations of New Notes	Tendering holders of old notes must tender old notes in integral multiples of $1,000. New notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2007, unless we extend or terminate the exchange offer in which case the expiration date will mean the latest date and time to which we extend the exchange offer.
Settlement Date	The settlement date of the exchange offer will be as soon as practicable after the expiration date of the exchange offer.
Withdrawal of Tenders	Tenders of old notes may be withdrawn at any time prior to the expiration of the exchange offer.
Conditions to the Exchange Offer	Our obligation to consummate the exchange offer is subject to certain customary conditions, which we may assert or waive. See Description of the Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering	To participate in the exchange offer, you must follow the automatic tender offer program, or ATOP, procedures established by The Depository Trust Company, or DTC, for tendering old notes held in book-entry form. The ATOP procedures require that the exchange agent receive, prior to the expiration date of the exchange offer, a

Table of Contents

computer-generated message known as an agent s message that is transmitted through ATOP and that DTC confirm that:

- DTC has received instructions to exchange your old notes; and
- you agree to be bound by the terms of the letter of transmittal.

For more details, please read Description of the Exchange Offer Terms of the Exchange Offer and Description of the Exchange Offer Procedures for Tendering. Any holder electing to have old notes exchanged pursuant to this exchange offer must properly tender your old notes prior to the close of business on the expiration date. All old notes validly tendered and not properly withdrawn will be accepted for exchange. Old notes may be exchanged only in integral multiples of $1,000.

Consequences of Failure to Exchange If we complete the exchange offer and you do not participate in it, then:

- your old notes will continue to be subject to the existing restrictions upon their transfer;
- we will have no further obligation to provide for the registration under the Securities Act of those old notes except under certain limited circumstances; and
- the liquidity of the market for your old notes could be adversely affected.

Taxation The exchange pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Consequences in this prospectus.

Use of Proceeds We will not receive any cash proceeds from the issuance of the new notes in this exchange offer.

Exchange Agent and Information Agent Global Bondholder Services Corporation is the exchange agent and the information agent for the exchange offer.

Table of Contents

Summary of the New Notes

Issuer	The Interpublic Group of Companies, Inc.
Securities Offered	U.S. $250,000,000 aggregate principal amount of Floating Rate Notes due 2010.
Maturity Date	November 15, 2010.
Interest Rate	The new notes will bear interest at a floating rate. The interest rate on the new notes for each interest period will be a per annum rate equal to three-month LIBOR plus 200 basis points, calculated as described under Description of the New Notes. Interest on the new notes will accrue from , 2007, the date on which we made the most recent interest payment on the old notes.
Interest Payment Dates	Interest on the new notes will be payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning , 2007. If any interest payment date is not a business day, then payment of interest will be made on the next succeeding business day, except that if such business day is in the next succeeding calendar month, such interest payment will be the immediately preceding business day.
Ranking	The new notes are our general obligations and are not secured by any collateral. Your right to payment under the new 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 public debt and any revolving credit facilities;
- senior to the rights of creditors under debt expressly subordinated to the new notes; and
- effectively subordinated to the rights of our subsidiaries creditors.

On a consolidated basis, we had $2,331.5 million of debt outstanding as of December 31, 2006, none of which was secured or subordinated debt.

Our subsidiaries had $116.1 million of indebtedness outstanding as of December 31, 2006.

Sinking Fund	None.

Form and Denomination	The new notes will be issued in fully-registered form. The new notes will be represented by one or more global notes, deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., DTC s nominee. Beneficial interests in the global notes will be shown on, and any transfers will be effective only through, records maintained by DTC and its participants.

4

Table of Contents

The new notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof.

Covenants	The indenture governing the new notes limits our ability to incur certain liens and to conduct certain sale and leaseback transactions. In addition, we may not merge or consolidate into or with another corporation or sell substantially all our assets unless certain conditions are met. These covenants are subject to important exceptions and qualifications described under Description of the New Notes Covenants.
Events of Default	For a discussion of events that will permit acceleration of the payment of the principal of and accrued interest on the new notes, see Description of the New Notes Events of Default.
Absence of a Public Market	The new notes are new securities for which there currently is no market and we cannot assure you that any market for the new notes will develop or be sustained.
Listing	We do not intend to list the new notes on any securities exchange.
Governing Law	The new notes and the indenture will be governed by, and construed in accordance with, the laws of the State of New York.
Book-Entry Depository	DTC
Trustee	U.S. Bank National Association
Further Issues	We may from time to time, without notice to or the consent of the holders of the new notes, create and issue further notes ranking equally and ratably with the new notes in all respects, so that such further notes shall be consolidated and form a single series with the new notes and shall have the same terms as to status, redemption or otherwise as the new notes.
Risk Factors	You should refer to the section entitled Risk Factors for a discussion of material risks you should carefully consider before deciding to invest in the new notes.

Table of Contents

RISK FACTORS

You should carefully consider the risks described below, together with all the other information included or incorporated by reference in this prospectus, before deciding to participate in the exchange offer and to invest in the new notes. See also Cautionary Statement Regarding Forward-Looking Statements in this prospectus.

Risks Related to Our Business

We have numerous material weaknesses in our internal control over financial reporting and extensive work remaining to remediate these weaknesses.

We have identified numerous material weaknesses in our internal control over financial reporting, and our internal control over financial reporting was not effective as of December 31, 2006. For a detailed description of these material weaknesses, see Item 8, Management s Assessment of Internal Control Over Financial Reporting, in our Annual Report on Form 10-K for the year ended December 31, 2006. Each of our material weaknesses results in more than a remote likelihood that a material misstatement will not be prevented or detected. Given the extensive material weaknesses identified, there is a risk of errors not being prevented or detected, which could require us to restate our financial statements in the future. Any such restatements could result in or contribute to regulatory actions or civil litigation, ratings downgrades, negative publicity or difficulties in attracting or retaining key clients, employees and management personnel.

We incurred significant professional fees and other expenses in 2006 to prepare our consolidated financial statements and to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, in particular as a result of the extent of the deficiencies in our internal control over financial reporting and the extensive additional work and resources required to obtain reasonable assurance regarding the reliability of our financial statements. The cost of this work will continue to be significant in 2007 and beyond.

Because of our decentralized structure and our many disparate accounting systems of varying quality and sophistication, we have extensive work remaining to remediate our material weaknesses in internal control over financial reporting. We have developed a work plan with the goal of remediating all of the identified material weaknesses by the time we file our Annual Report on Form 10-K for the year ending December 31, 2007. There can be no assurance, however, as to when the remediation plan will be fully implemented and all the material weaknesses remediated. Until our remediation is completed, there will also continue to be a risk that we will be unable to file future periodic reports with the SEC in a timely manner and that a default could result under the indentures governing our debt securities, under any of our credit facilities or under any credit facilities of our subsidiaries.

Ongoing SEC investigations regarding our accounting restatements could adversely affect us.

The SEC opened a formal investigation in response to the restatement we first announced in August 2002 and the investigation expanded to encompass the restatement we presented in our Annual Report on Form 10-K for the year ended December 31, 2004 that we filed in September 2005 (the 2005 Restatement). In particular, since we filed our 2004 Annual Report on Form 10-K, we have received subpoenas from the SEC relating to matters addressed in our 2005 Restatement. We have also responded to inquiries from the SEC staff concerning the restatement of the first three quarters of 2005 that we made in our Annual Report on Form 10-K for the year ended December 31, 2005. We continue to cooperate with the investigation. We expect that the investigation will result in monetary liability, but because the investigation is ongoing, in particular with respect to the 2005 Restatement, we cannot reasonably estimate the amount, range of amounts or timing of a resolution. Accordingly, we have not yet established any accounting provision relating to these matters. Adverse developments in connection with the investigation, including any expansion of the scope of the investigation, could also negatively impact us and could divert the efforts and attention of our management team from our ordinary business operations.

Table of Contents

We operate in a highly competitive industry.

The marketing communications business is highly competitive. Our agencies and media services must compete with other agencies, and with other providers of creative or media services, in order to maintain existing client relationships and to win new clients. The client s perception of the quality of an agency s creative work, our reputation and the agencies reputations are important factors in determining our competitive position. 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 a small agency is, on occasion, able to take all or some portion of a client s account from a much larger competitor.

Many companies put their advertising and marketing communications business up for competitive review from time to time. We have won and lost client accounts in the past as a result of such periodic competitions. Our ability to attract new clients and to retain existing clients may also, in some cases, be limited by clients policies or perceptions about conflicts of interest. These policies can, in some cases, prevent one agency, or even different agencies under our ownership, from performing similar services for competing products or companies.

We may lose or fail to attract and retain key employees and management personnel.

Employees, including creative, research, media, account and practice group specialists, and their skills and relationships with clients, are among our most important assets. An important aspect of our competitiveness is our ability to attract and retain key employees and management personnel. Our ability to do so is influenced by a variety of factors, including the compensation we award, and could be adversely affected by our recent financial or market performance.

As a marketing services company, our revenues are highly susceptible to declines as a result of unfavorable economic conditions.

Economic downturns often more severely affect the marketing services industry than other industries. In the past, some clients have responded to weak economic performance in any region where we operate by reducing their marketing budgets, which are generally discretionary in nature and easier to reduce in the short-term than other expenses related to operations. This pattern may recur in the future.

Downgrades of our credit ratings could adversely affect us.

As of the date of this prospectus, our long-term debt is rated Ba3 with stable outlook by Moody s Investors Service, Inc., B with positive outlook by Standard & Poor s Ratings Services and B with negative outlook by Fitch Ratings. It is possible that our credit ratings will be reduced further. Ratings downgrades or comparatively weak ratings can adversely affect us, because ratings are an important factor influencing our ability to access capital. Our clients and vendors may also consider our credit profile when negotiating contract terms, and if they were to change the terms on which they deal with us, it could have a significant adverse effect on our liquidity.

Our liquidity profile could be adversely affected.

In previous years, we have experienced operating losses and weak operating cash flow. Until our margins consistently improve in connection with our turnaround, cash generation from operations could be challenged in certain periods. This could have a negative impact on our liquidity in future years and could lead us to seek new or additional sources of liquidity to fund our working capital needs. There can be no guarantee that we would be able to access any new sources of liquidity on commercially reasonable terms or at all. If we were unable to do so, our liquidity position could be adversely affected.

Table of Contents

If some of our clients experience financial distress, their weakened financial position could negatively affect our own financial position and results.

We have a large and diverse client base, and at any given time, one or more of our clients may experience financial distress, file for bankruptcy protection or go out of business. If any client with whom we have a substantial amount of business experiences financial difficulty, it could delay or jeopardize the collection of accounts receivable, may result in significant reductions in services provided by us and may have a material adverse effect on our financial position, results of operations and liquidity. For a description of our client base, see Item 1, Business Clients in our Annual Report on Form 10-K for the year ended December 31, 2006.

International business risks could adversely affect our operations.

International revenues represent a significant portion of our revenues, approximately 44% in 2006. Our international operations are exposed to risks that affect foreign operations of all kinds, including 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. In addition, because a significant portion of our business is denominated in currencies other than the U.S. dollar, such as the Euro, Pound Sterling, Canadian Dollar, Brazilian Real, Japanese Yen and South African Rand, fluctuations in exchange rates between the U.S. dollar and such currencies may materially affect our financial results.

In 2006 and prior years, we recognized impairment charges and increased our deferred tax valuation allowances, and we may be required to record additional charges in the future related to these matters.

We evaluate all of our long-lived assets (including goodwill, other intangible assets and fixed assets), investments and deferred tax assets for possible impairment or realizability at least annually and whenever there is an indication of impairment or lack of realizability. If certain criteria are met, we are required to record an impairment charge or valuation allowance. In the past, we have recorded substantial amounts of goodwill, investment and other impairment charges, and have been required to establish substantial valuation allowances with respect to deferred tax assets and loss carry-forwards.

As of December 31, 2006, we have substantial amounts of long-lived assets, investments and deferred tax assets on our Consolidated Balance Sheet. Future events, including our financial performance and strategic decisions, could cause us to conclude that further impairment indicators exist and that the asset values associated with long-lived assets, investments and deferred tax assets 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.

We may not be able to meet our performance targets and milestones.

From time to time, we communicate to the market certain targets and milestones for our financial and operating performance including, but not limited to, the areas of revenue growth, operating expense reduction and operating margin growth. These targets and milestones are intended to provide metrics against which to evaluate our performance, but they should not be understood as predictions or guidance about our expected performance. Our ability to meet any target or milestone is subject to inherent risks and uncertainties, and we caution investors against placing undue reliance on them. See Cautionary Statement Regarding Forward-Looking Statements in this prospectus.

We are subject to regulations and other governmental scrutiny that could restrict our activities or negatively impact our revenues.

Our industry is subject to government regulation and other governmental action, both domestic and foreign. There has been an increasing tendency on the part of advertisers and consumer groups to challenge advertising through legislation, regulation, the courts or otherwise, for example on the grounds that the advertising is false and deceptive or injurious to public welfare. 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.

Risks Related to the New Notes

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

The market price of the new 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 new notes. In addition, credit rating agencies continually revise their ratings for companies that they follow, including us. See Downgrades of our credit ratings could adversely affect us. A negative change in our credit rating could have an adverse effect on the market price of the new notes.

We are a holding company and the new 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 new 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 new notes.

An active trading market may not develop for the new notes, and you may not be able to resell your new notes.

The new notes are new securities and no market exists where you can resell them. We do not intend to apply for listing of the new notes on any securities exchange or for quotation of the new notes on any automated dealer quotation system. We cannot assure you that any market for the new notes will develop or be sustained. If an active market does not develop or is not sustained, the market price and liquidity of the new notes may be adversely affected. As a result, your ability to resell the new notes may be limited.

The new notes do not restrict our ability to incur additional debt or to take other action that could negatively impact holders of the new notes.

We are not restricted under the terms of the indenture and the new notes from incurring additional indebtedness or securing indebtedness. In addition, the new notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt, secure existing or future debt and take a number of other actions that are not limited by the terms of the indenture and the new notes could have the effect of diminishing our ability to make payments on the new notes when due. In addition, we are not restricted from repurchasing subordinated indebtedness or common stock under the terms of the indenture and the new notes.

Table of Contents

Consequences of Failure to Exchange Old Notes

The exchange offer will result in reduced liquidity for the old notes that are not exchanged.

The trading market for old notes that are not exchanged could become more limited than the existing trading market for the old notes and could cease to exist altogether due to the reduction in the principal amount of the old notes outstanding upon consummation of the exchange offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the old notes. If a market for old notes that are not exchanged exists or develops, the old notes may trade at a discount to the price at which they would trade if the principal amount outstanding were not reduced. There can, however, be no assurance that an active market in the old notes will exist, develop or be maintained, or as to the prices at which the old notes may trade, after the exchange offer is consummated.

Risks Relating to the Exchange Offer

The consummation of the exchange offer may not occur.

We are not obligated to complete the exchange offer under certain circumstances. See Description of the Exchange Offer Conditions to the Exchange Offer. Even if the exchange offer is completed, it may not be completed on the schedule described in this prospectus. Accordingly, holders participating in the exchange offer may have to wait longer than expected to receive their new notes, during which time those holders of old notes will not be able to effect transfers of their old notes tendered in the exchange offer.

You may be required to deliver prospectuses and comply with other requirements in connection with any resale of the new notes.

If you tender your old notes for the purpose of participating in a distribution of the new notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the new notes. In addition, if you are a broker-dealer that receives new notes for your own account in exchange for old notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of such new notes.

Table of Contents

CAPITALIZATION

The following table sets forth our consolidated short-term debt, long-term debt and stockholders equity as of December 31, 2006. The data are derived from our consolidated financial statements. Completion of the exchange offer will not change the amount of debt outstanding or otherwise affect capitalization.

	December 31, 2006 (in millions)
Short-term debt:	
Loans payable	$ 82.9
Long-term debt:	
Floating Rate Senior Unsecured Notes due 2010	$ 239.9
5.40% Senior Unsecured Notes due 2009	249.8
7.25% Senior Unsecured Notes due 2011	499.3
6.25% Senior Unsecured Notes due 2014	350.2
4.50% Convertible Senior Notes due 2023	400.0
4.25% Convertible Senior Notes due 2023	475.2
Other notes payable and capitalized leases	34.2
Stockholders equity:	
Total stockholders equity	$ 1,940.6
Total capitalization	$ 4,272.1

11

Table of Contents

SELECTED FINANCIAL DATA

The following tables present summary consolidated financial information and other data for the periods indicated. We derived the data set forth below for the years ended December 31, 2006, 2005 and 2004 and the balance sheet data as of December 31, 2006 and 2005 from our audited consolidated financial statements, which are incorporated herein by reference. This information is only a summary and should be read together with the financial information incorporated by reference in this prospectus, copies of which can be obtained free of charge. See Where You Can Find More Information on page ii.

	Year Ended December 31,				
	2006	2005	2004	2003	2002
	(amounts in millions, except per share amounts)				
Statement of Operations Data:					
Revenue	$ 6,190.8	$ 6,274.3	$ 6,387.0	$ 6,161.7	$ 6,059.1
Salaries and related expenses	3,944.1	3,999.1	3,733.0	3,501.4	3,397.1
Office and general expenses	2,079.0	2,288.1	2,250.4	2,225.3	2,248.3
Restructuring and other reorganization-related charges (reversals)	34.5	(7.3)	62.2	172.9	7.9
Long-lived asset impairment and other charges	27.2	98.6	322.2	294.0	130.0
Motorsports contract termination costs			113.6		
Operating income (loss)	106.0	(104.2)	(94.4)	(31.9)	275.8
Total (expenses) and other income					