

Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

TRUE NORTH COMMUNICATIONS INC

Form 425

March 20, 2001

Filed by The Interpublic Group of Companies, Inc. Pursuant to Rule 425 under the Securities Act of 1933 deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of 1934

Subject Company: True North Communications Inc.  
Commission File No. 1-5029

CAUTIONARY STATEMENT

This document contains forward-looking statements. Statements that are not historical fact, including statements about Interpublic's beliefs and expectations constitute forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and Interpublic undertakes no obligation to update publicly any of them in light of new information or future events.

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

Another important factor is Interpublic's acquisition strategy. One of Interpublic's business strategies is to acquire businesses that complement and expand its current business capabilities. Accordingly, Interpublic is usually engaged in evaluating potential acquisition candidates. Interpublic is currently engaged in a number of preliminary discussions that may result in one or more substantial acquisitions. These acquisition opportunities require confidentiality and from time to time give rise to bidding scenarios that require quick responses by Interpublic. Although there is uncertainty that any of these discussions will result in definitive agreements or the completion of any transactions, the announcement of any such transaction may lead to increased volatility in the trading price of the shares of Interpublic.

Moreover, the success of recent or contemplated future acquisitions will depend on the effective integration of newly-acquired businesses into Interpublic's current activities. Important factors for integration include realization of anticipated synergies and the ability to retain new personnel and clients.

Investors should evaluate any statements in light of these important factors.

The Interpublic Group of Companies, Inc. and True North Communications Inc. will be filing a proxy statement/prospectus and other relevant documents concerning the proposed transaction with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ON THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain the document free of charge at the SEC's website ([www.sec.gov/EDGAR](http://www.sec.gov/EDGAR)), or at the SEC's public reference room located at 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

1-800-SEC-0330 for further information about the public reference room. In addition, documents filed with the SEC by Interpublic and True North may be obtained free of charge by contacting The Interpublic Group of Companies, Inc., 1271 Avenue of the Americas, New York, NY, 10020, Attn: Investor Relations (tel: 212-399-8057), or True North Communications Inc. at 101 East Erie Street, Chicago, IL, 60611, Attn: Corporate Communications (tel: 312-425-6500). INVESTORS SHOULD READ THE PROXY STATEMENT/PROSPECTUS CAREFULLY WHEN IT BECOMES AVAILABLE BEFORE MAKING ANY VOTING OR INVESTMENT DECISION. True North and certain other persons referred to below may be deemed to be participants in the solicitation of proxies of True North's stockholders to approve and adopt the merger agreement with Interpublic. The participants in this solicitation may include the directors and executive officers of True North, who may have an interest in the transaction as a result of holding shares or options of True North. A detailed list of the names and interests of True North's directors and executive officers, and of their ownership interests in True North, is contained in True North's proxy statement for its 2000 Annual Meeting, which may be obtained without charge at the SEC's website (www.sec.gov).

THE FOLLOWING IS THE TRANSCRIPT OF A TELECONFERENCE CALL HELD ON MARCH 19, 2001 AND PLACED ON THE INTERPUBLIC GROUP OF COMPANIES, INC.'S WEBSITE ON MARCH 20, 2001

Teleconference transcript 20 March 2001 The Interpublic Group of Companies, Inc. [Logo]

McCANN ERICKSON, INC.  
Host: Sean Orr  
March 19, 2001/10:00 a.m. CST  
Page 1

McCANN ERICKSON, INC.

March 19, 2001  
10:00 a.m. CST

Moderator Ladies and gentlemen, thank you for standing by. Welcome to the Interpublic True North Merger announcement call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. As a reminder, this conference is being recorded.

I would now like to turn the conference over to Senior Vice President of Investor Relations, Ms. Susan Watson. Please go ahead.

S. Watson Thank you, operator. Good morning, everyone, and thank you for joining us. We're delighted you could be with us to hear some very exciting news about Interpublic and True North Communications. A few hours ago, we announced the transaction that will unite our companies to create the world's largest marketing communications company. For purposes of this call, we will assume that you have all read

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

the release. The release is available on our Web site, [www.interpublic.com](http://www.interpublic.com). At the Web site, you'll also find a slide deck giving lots of detail about both companies and the transaction.

Today's call is being recorded for future access. You can access the replay on our Web site or by dialing 800-475-6701 in the US, or 320-365-3844 internationally. The telephone replay will begin at 3:00 p.m. Eastern Time today and will be available for 24 hours. It will be available indefinitely at our Web site.

Rather than read the cautionary statement, I will refer you to the press release, which is also available on major news services or to our filings at the SEC to review the Safe Harbor language with regard to forward-looking statements.

With me this morning to discuss today's news are John Dooner, Chairman and CEO of Interpublic; Sean Orr, Chief Financial Officer of Interpublic; David Bell, Chairman and CEO of True North Communications; Brendan Ryan, CEO of FCB Worldwide; also with us this morning is Kevin Smith, the CFO of True North to help us with questions. Now it's my pleasure to introduce John Dooner.

J. Dooner

Thanks, Susan. Sean will take us through the details of the transaction. That'll be followed by some comments by David and myself and Brendan.

I just want to start and say from the outset that we are extraordinarily delighted. True North has great clients, they have great people, and I think as I spoke to many of you who are on this call, we're able to deliver against a promise of delivering an accretive deal. So let me have Sean take us through the details of the transaction and then we'll hear a little bit from David and Brendan and myself, and we'll certainly open up to any questions and comments that you would have.

S. Orr

Thank you, John. Good morning, everybody. I'd just like to walk through the core elements of the transaction to begin with. First of all, the transaction structure is a stock per stock merger of Interpublic and True North. The transaction involves a fixed exchange ratio of 1.14 shares of Interpublic for each share of True North. And I will repeat that because I understand that at least one news service had it transpositioned in the number that it put out, and that is the fixed exchange ratio is 1.14 shares of Interpublic for each share of True North, and there will be no collar. That ratio will remain fixed.

Reusing values from close of business last Friday that equated to \$40.24 per True North share based upon our closing price of \$35.30. Now those numbers will continue to float between now and the time of closing. But again, using those values, we're talking about a transaction of approximately \$2.1 billion in equity value. The pro forma ownership will be 84.5% from Interpublic shareholders and 15.5% for True North shareholders. The expected accounting treatment will be a pooling of interests transaction and it is expected to be a tax-free reorganization.

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

We won't go through all of the elements of deal protection, but there is a break up fee of \$80 million that has been agreed to. Now the intention is to have both David Bell and Brendan Ryan nominated for election to Interpublic's board of directors and we expect that the transaction will close sometime during the summer.

In terms of the financial impact of the transaction, I'll walk through some highlights. On a pro forma combined basis, 2000 net revenues would be \$7.2 billion, and pro forma operating income would be more than \$1 billion. This transaction will be accretive to GAAP earnings in 2001, 2002 and going forward. And in making that statement, we have taken into account True North's change in accounting for goodwill amortization and the new accelerated time tables they're using for their goodwill amortization, and we've also taken into account some of the recent accounting decisions taken up in the fourth quarter by Modem Media, as well.

In modeling this transaction, we anticipate annual cost savings in excess of \$25 million from eliminating obvious corporate overhead redundancies in putting two holding companies' structures together. This estimate of \$25 million or more only takes into account these obvious structural overhead redundancies. Some might call them low hanging fruit, and do not include any other operational efficiencies or improvements that we think we may fairly anticipate as we go forward. These synergies also do not take into account some of the other new growth opportunities that will arise from putting the two organizations together and I'm sure that David and John have more to say about that in a moment.

On a pro forma basis, our reported revenue for 2001 will show double-digit revenue growth, and that is including the Chrysler revenue numbers in both 2000 and 2001. So in other words, notwithstanding the loss of Chrysler revenue, the combined organizations will report double-digit revenue growth in 2001. Without Chrysler, which will not be the way the companies report, but was the way that we at Interpublic had to look at the economics of the transaction. If you take Chrysler out of both years, the revenue growth would be in the 15% range.

Two thousand one pro forma EPS will be within the previously announced \$1.65 to \$1.70 range. We do expect accretion in the current year. We don't think it's going to be significant enough to cause us to change our earnings guidance, as the synergies that we described will not be in place for the full year. As we look forward, the combined businesses we believe will continue to be able to deliver the double-digit top line growth and double-digit EPS growth going forward. That has been the ongoing long-term Interpublic objective.

I would like to just spend a moment commenting on Modem Media. It is an investment in another public company that True North is carrying. True North owns 44.6% of the Modem Media stock. But in the grand scheme of things, that investment and Modem Media's contribution to the overall economics of either True North or Interpublic is a small piece of the puzzle. We have been impressed so far with our

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

exposure to Modem Media management and we applaud their current emphasis on cash management and cash flow performance, and their focus on managing the company to a cash profit positive position.

We applaud what they did at the end of the year in terms of dealing with their goodwill issues, which take a big goodwill burden out of their P&L picture going forward, which was their main obstacle to achieving profitability. And even though we are encouraged by what we hear from management in terms of its current situation and objectives, we are not assuming any profit contribution from Modem Media in any of our modeling, nor are we obligated to provide any ongoing cash funding to Modem Media. And we look forward as a company to getting to know their management team better as we go forward.

One last comment is on the potential for client conflict. Number one, the most important point to be made is that the primary agency asset, Foote, Cone & Belding, will continue to operate as a separate, stand-alone agency. So therefore, by keeping it as a separate, stand-alone identity, we will not be creating any new conflict from that perspective.

In our discussions with clients about the issue of conflict, we are continuing to hear growing tolerance for the whole issue of conflict as the industry consolidates. But notwithstanding the above, we feel that the models that we have built provide us ample allowance for revenue loss from client conflict before we have any risk of accounting dilution. So with that summary of the financial impact of the transaction, I'll turn it back over to John.

J. Dooner

Sean, thanks. David would like to say a couple of comments and I'm sure they're going to be very positive. But again, one of the things as you put a company together, you look to find a culture that can really work and fight the fight. And I have to tell you that we've had a few months to get to know True North and their key people better, and that just grew over time in terms of our respect and our sensitivity towards them really being an incredible fit with ourselves. I go back with David quite a few years in the industry as competitors, but also as two people that try to contribute to the overall field, as well. Later on, I'll have Brendan give you some understanding of how long he and I go back, but let me pass it on to David now to give you some of his thoughts.

D. Bell

Thanks, John. You're right; we're going to say exciting things because our management team is really pumped. As you know, after our third quarter conference call, we said that True North would consider a strategic combination if we were sure that it would benefit our clients, our people and our shareholders. And our planned coming together with Interpublic today does just that.

This combination is the logical next step for us to build on and accelerate the building of our agency brands. We believe that this coming together will also accelerate the success that we've had in the last two years in strengthening our financial fundamentals, both in terms of organic growth and operating margin. It will be our focus to accomplish that by

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

helping our clients take advantage of an enormously expanded array of tools that Interpublic has to help our clients drive their businesses.

Some of you know that at True North we've had a major collaboration effort to extend our service to our clients and it has worked well for us, and this coming together simply turbo-charges that effort. And frankly, we believe that there are number of important new business opportunities that have chosen to wait to see what the next step for True North will be, and we believe this coming together will open doors for True North agencies.

From our standpoint, what will make this merger work extraordinarily well are two fundamental things. The first is a like-minded management who share an absolutely common vision for the future of our business and for the future of the Interpublic Group, and who believe strongly in the best ways to provide integrated solutions for the clients. This is also, as John mentioned, a management group that will operate together in an open, candid and honest environment to make things happen for our clients and for our shareholders.

Secondly, this will work because the True North management team and its people are committed to making it work. Committed to being part of the future of Interpublic and to do the transition and the integration with skill and success. We've done successful mergers and integration before, we fully intend to do it very successfully with Interpublic, and that can only run down to the benefit of the shareholders.

J. Dooner

Thanks, David. Brendan, maybe you can share a couple of comments from the perspective of Foote Cone and what you can expect out of this new relationship.

B. Ryan

Terrific. I sent a memo out to our 8,000 employees this morning and I said that this is terrific for FCB as an agency, terrific for our clients, and terrific for all of our people, and I really mean it. It's just an outstanding event for us.

A couple of things; one, now we become part of the number one company in our industry. Number one is good; big is good. Number two, it dramatically improves our media offering to our clients almost instantly. Number three, it gives us access to an excellent range of services that's broadened beyond what we had at True North, but enables us to continue collaboration of philosophy. There are giant global clients housed within Interpublic, which in a world of consolidation on the client's side as well, it's a good thing to be connected with a company, which is connected to them. Then, lastly, it gives us a better, stronger currency in terms of the stock of Interpublic to reward our people with and to use in making further acquisitions as we build out FCB.

You put all that together, it's absolutely a can't miss deal. But then there's the most important piece of all, which to me are people. There are a lot of people in this business and frankly, I don't want to work for all of them.

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

I really want to work here. John and I, as he was alluding, go way back. Actually, when I was an annoying little product manager at General Foods as a client, I had an even more annoying, even more junior media guy at Gray Advertising working on our business, named John Dooner. So we go back. As I said in my memo to everybody at FCB, 30 years ago, no we didn't meet in kindergarten but we actually met in business, and we share a philosophy about this business, we share an attitude, and it is a fact that things begin at the top and it permeates the entire organization. So with John as a prototype of the people at Interpublic, and I know an awful lot of them over the years, it's just a tremendous fit with the guys from True North, the people from FCB. It couldn't be a better day for us. It really couldn't.

J. Dooner Thanks, Brendan. I think it'd be appropriate now if we would open it up to the questions.

Moderator Ladies and gentlemen, our first question comes from the line of David McMurray at Credit Suisse First Boston. Please go ahead.

D. McMurray Thanks. Hi, I had a couple of questions. Sean, you touched briefly on the client conflict issue. I was wondering if you could tell us roughly how many clients have been contacted so far and maybe talk about a couple of particulars, such as Coke with Tropicana, S.C. Johnson, and Unilever, etc.?

S. Orr David, I'm a finance guy. These guys don't let me talk to clients. I'm going to let John answer that question.

J. Dooner David, how are you? This is John Dooner. We have talked to the major clients and understandably, you're going to get a wait and see attitude. I did get a positive response from Coca-Cola and their recognition that the world has changed and that, indeed, as consolidation continues to go that more tolerance is something that could be expected. With that said, as I think you heard Sean say, we will monitor that over time. We have taken into account to some extent in the financial models, but I'm actually encouraged to be very honest as to the response I'm getting at this point. Let me ask David to respond to some of the calls he's made to his clients.

D. Bell Yes, David, we're sorry we're not at your conference. I think you probably know the reason why. What we would like to say about this is that as we have considered this and as Sean indicated, the fact that FCB remains a strong stand-alone agency and the fact that the Interpublic Group literally pioneered the holding company structure and how to maintain the walls of confidentiality, we think bodes very well because that's exactly where we're moving.

I have called S.C. Johnson, whose primary concern as you would hope is their team, their agency, their relationship with us, how it moves forward, and frankly, how comfortable we are, and we have assured them that we're extraordinarily comfortable. Also, calls were made to MaxiLee, Unilever, Quaker, and Chase. So we've done a good job with that and the response at this point in time is understandably you would expect them to wait and see, but I have to say, and I've seen this in recent years, there is a movement towards

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

tolerance for the very obvious reasons that I mentioned. And also many of these clients recognize that companies like Interpublic are able to provide a significant range of marketing competencies that they really do want to have as arrows in their quiver.

- D. Bell David, only one other thing. This is David Bell again. I think it's important to indicate that we are merging holding companies, and in reality holding companies don't have clients. The brands within the holding companies do. This is not like an FCB/Bozell merger or Lowe/Lintus merger.
- D. McCarthy Great. Thanks. And to that point, just on the operation of the True North companies going forward, you were fairly clear on FCB. I just wanted to clarify that BSMG and Marketing Drive and FCBI, all those will remain tightly linked to the FCB Agency?
- J. Dooner The FCB will be developing its platform as an independent network, probably accelerating a group, if you will, entity with integrated marketing competence around the world; however, at this time, we're looking at each one of these entities separately and recognize that they've grown separately. So at this point, we're not prepared to talk about any further integration than exists today.
- D. McMurray Great. Thanks. And just a final question on the management of True North coming over, could you tell me about how far down the list you are trying to lock up the management and how you're going about doing that?
- J. Dooner Well, first off, I have to make sure Brendan buys that media plan I tried to sell him 30 years ago and then hopefully we'll get him locked up. I had a very rare opportunity to talk to the top management group yesterday. And I have to tell you that it starts there. At that meeting, we shared our points of view about life and our philosophy about the business, and cultural attitudes we have. It was a lot of like-mindedness that bode very well. Obviously, going forward and working with individuals, our human resource people will be very hard at work ensuring that the key people that we want to go forward are going to be going forward.
- D. Bell I think there's a common air at True North management among our agency heads and our group that this is not a kind of transaction to exit, that this is a transaction that can take us to the next step in the building of our businesses and servicing our clients. And that's the permeating attitude, which we believe will bode very well for the future.
- J. Dooner Yes. As a matter of fact, and David, I guess we're spending more time with you than most, but one of the things that was clear in this transaction I think, that as you look at it financially, you'll realize that both bodies put their hats in the same ring. Realizing that if they work collectively, the benefits of building the Interpublic share will be shared by everyone. So you really see that attitude coming through loud and clear, and that's something you want to see.



## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

D. McMurray Great. Thanks very much.

Moderator The next question comes from the line of Laura Fine at Merrill Lynch. Ms. Fine, your line is open.

L. Fine Great. Thank you. A couple of questions. Just following up on Dave's question, specifically, could you discuss any potential management contracts you might have with Brendan and David Bell and maybe a couple of other key people? Whether you've been able to get them, specifically, to commit to a certain amount of time? And then I guess my big question in all this is trying to understand the timing from both companies' point of view. It feels like True North is selling at the moment of highest uncertainty at a price that seems fairly low. And I guess from Interpublic's perspective, it seems like the price is very attractive. But at a time when investors are still concerned about the resources you need to devote to...and do you have the ability to then devote resources to True North as well? So if you could comment on the timing, management contracts, and then I'll have another follow up question.

J. Dooner We're in discussions with David and Brendan, and maybe I should have Brendan and David talk with regards to this.

D. Bell Laura, we want you to keep your True North jacket as a historical memento.

There will be, and basically are no contract issues with me. I've signed on to be an Interpublic employee and to bust our pick to make this work. It's not going to be an issue, period.

B. Ryan John, I'm the same. I want to be here. It's a good deal, and in talking to our senior guys around the world this morning and today, there is tremendous enthusiasm for this and knock on wood, but I really don't anticipate any defections. I think, in fact, this is going to enable us to better keep our people.

J. Dooner I don't think you should assume that there will be major defections...

B. Ryan No, there won't.

J. Dooner ...there really won't.

L. Fine No, I wasn't assuming it. I'm actually very comfortable with that. I was just curious if there was anything done to make sure that people stayed.

D. Bell Yes. As a matter of fact, Interpublic has been very forthright and open, and their human resource people have addressed any concerns that we've had, both conceptually and in specificity.

B. Ryan I'm particularly glad to hear you raise this issue, Laura, and I'm glad John's listening. Very nice, thank you.

J. Dooner I particularly want to thank you Laura, and you will see that immediate plan as well.

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

The other question you asked is a reasonable question, and that is resources of the transition group and relative to other needs we need to do in terms of giving attention. I think what you're seeing in the transition team, or if you step back and see the depth in management that we're gaining from this merger, it offers Interpublic greater strength with that depth of management. I think that allows us, if you will, to attack any issues stronger than probably ever before. In the specific case of the True North acquisition, David, working with two of our key executives here at Interpublic, Barry Linsky and Bruce Nelson, as well as with Kevin Smith in the financial area with some guidance from Sean and myself; that's a pretty powerful transition team and these are people that actually do things.

As it relates to making sure that my foot is where it needs to be, and I think we have an understanding of where that is, that foot is not moving very far from that. And if anything, I would hope to show, and we've demonstrated as a company of some continued success in those companies as well. So I think with this, we're blessed with the greater depth in management, allowing us to really aggressively, and not only handle the integration, but also address some of our broader, long-term management needs.

- L. Fine                      Okay. Last question, on the account side that Sean referred to where you have certainly taken into account the potential for client losses, I am wondering how you would characterize AT&T Wireless and Quaker, given Pepsi's acquisition there, if you have specifically gone through account by account. And you didn't mention Compaq when you talked about clients that you had called and I'm wondering if you had spoken to them, as well.
- J. Dooner                     A little bit, yes. The fact is, Laura, and this is a remarkable combination when you combine the scale of businesses that you have. I mean you really have to dig pretty hard to come up with serious conflicts or even potential impressions of conflicts. And I don't think we're going to have a problem with this; I really don't. I mean Compaq, there's no issue. I mean there's not.
- D. Bell                        Well, Compaq you have a natural relationship between Foote, Cone & Belding and Draft. So I would imagine that Compaq would be very excited about that. And I know that Brendan is very anxious to work with Howard Lisk and I look forward to seeing that actually...
- B. Ryan                        I might actually try to steal his business. But...
- D. Bell                        ...that'll be a little...As it relates to AT&T, Laura, I think that the AT&T Wireless, they're going through changes themselves. And you know, we have a business out there today that there's some economic issues, especially in the technology and the telecommunication area. And in that particular issue with the wireless, they're going to be spinned off and it's logical to me that they would look to make sure that they have the resources they feel they require going forward. So I don't really think that that has any direct implication of an acquisition, or if you will, the merger at all.

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

J. Dooner                    On the flip slide, Laura, if you take a look at expanded possibilities. If we take a look at Interpublic service of Verizon and True North's service of Verizon, we both expand our service by coming together.

L. Fine                      Great. Thank you very much.

Moderator                  The next question comes from the line of Vivian Quan at Deutsche Bank. Please go ahead.

V. Quan                      Yes, hi. My first question is for David. The press release did talk about comfort with first quarter estimates for True North. Could you comment on your comfort for the full year? And then secondly, as Vice Chairman of Interpublic, is your primary focus still going to be the True North operations, or will you be taking on an expanded role?

D. Bell                      Well, thanks for addressing it to me. I'm going to split it up and suggest that Kevin talk about our comfort with full year and let John talk about roles beyond the integration of True North.

K. Smith                    Okay, Vivian, we will remain very comfortable with the estimates, the consensus estimates for the year, obviously adjusted for the increase in amortization expense.

V. Quan                      Okay.

J. Dooner                    In terms of David's role forward, I think that one of the things that you have here, not necessarily the goal but a byproduct of our coming together, is the largest marketing communication company in the world. I have to assure you, as we talked a little earlier to Laura, the need for management depth to really address needs going forward, whether they be clients or operational, is not a short list. And I think that David, because of his experience and history, will be able to provide enormous help to a myriad of things within Interpublic and obviously, his first thing will have to be, as I mentioned earlier, the integration of True North. But my suspicion is that he'll be doing multitasking, as a lot of us do these days, and he'll be quite busy.

V. Quan                      Okay. Thanks.

Moderator                  The next question comes from the line of Richard Tompkins of Financial Times. Please go ahead.

R. Tompkins                Hi, good morning.

J. Dooner                    Hi, Richard.

R. Tompkins                This is open to journalists as well as analysts, isn't it?

J. Dooner                    Sorry?

R. Tompkins                This call, the questions are open to journalists as well as analysts, are they?

S. Watson                    Generally, we discourage journalists from asking questions on this call. I'll be happy to cover you offline.

R. Tompkins                Okay. Sorry, what are you saying? Can I go ahead with the

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

question?

- B. Ryan I believe she said she'll talk to you offline, sir.
- R. Tompkins My question is it's no secret that True North was in talks with Havis Advertising about an offer that I believe was worth about \$45.00 a share. This is a question obviously for David Bell. So why did you accept a lower offer of around \$40.00 from IPG in preference to what was on the table from Havis?
- D. Bell We won't comment on any conversations with any other potential acquirers or any other potential proposals. We have made this decision because we believe it's the right decision for our clients and our shareholders, and that's all we'll comment on regarding any other proposals.
- Moderator Our next question comes from the line of Troy Masten at William Blaire. Please go ahead.
- T. Masten Good morning and congratulations.
- J. Dooner Thank you.
- T. Masten First question involves accounting treatment more than anything. I guess I'm curious as to the thought process that went into how to account for this when to complete the deal I guess in light of changes that might be coming down the pipeline for accounting treatment, purchase versus pooling and changes that might happen this summer? A second question I will follow up with in a minute.
- S. Orr Well, Troy, this is Sean Orr speaking. The first thing that I'd say is that it's not certain yet whether the accounting rules are going to change this summer. In fact, our recent intelligence is that that whole process of rule changing could take longer than it has been anticipated. So the assumption that pooling rules go away in the middle of the year is an unclear assumption at this point.
- I think the more important issue is in choosing a stock per stock transaction. Given the size of the deal, we thought it was the most logical way to structure and finance a deal of this size, as has always been our historical practice.
- T. Masten Okay. In follow up, are there any expected write-offs, either cash or noncash as a result?
- S. Orr Well, right away, when we talk about eliminating redundant positions, you are going to have costs associated with treating the affected people fairly. You also have transaction costs because both companies used professional investment banking advisors and law firms and accountants in getting the transaction to this point and will be continuing to use that advice and counsel in closing the transaction. So there will be costs associated with the deal itself. So yes, those costs of eliminating overhead and the costs of completing the transaction will be accounted for as a one-time charge when they're incurred.
- T. Masten No other expected reorganization charges right now?

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

S. Orr Well, as we look further into the company and if we do have to incur some costs to accomplish the merger in the right way, they will be taken into account when we do this accounting.

T. Masten Okay. Thank you.

Moderator The next question comes from the line of William Berg with Salomon/ Smith Barney. Mr. Berg, your line is open.

W. Berg Yes, thanks a lot. I was just wondering if you could give us any particulars on the structure of the break up fee. And also, secondly, you've discussed the issue of kind of locking up employees. I am curious if there's any provision for locking up employee stock with True North employees owning about 20% of the stock. Thank you.

J. Dooner Bill, I'm not sure how specific we want to be. We have disclosed an \$80 million number for the break up fee. In terms of other mechanisms to ensure that the transaction is accomplished, I think that the two companies have agreed to a good set of provisions that are standard in an arrangement like this to assure that our mutual interests in closing a transaction does, in fact, happen.

W. Berg And just to follow up on the stock lock-up, is there any provision in place?

D. Bell I think we'll have to get back to..., oh sure, that's right, there is no lock-up. Sorry.

W. Berg Thank you.

J. Dooner Bill, the standard restrictions on affiliates will govern because of the pooling transaction.

W. Berg Thank you, and just as a follow up, can you give us any sense of what kind of order of magnitude of revenue synergies you're assuming could take place with this entity coming together?

J. Dooner Well Bill, as I said in the opening remarks, in terms of modeling out the accounting implications of the transaction, we haven't assumed any number for revenue synergies. And our economics and our assertions around accretion do not depend on any number related to revenue synergies. We do think, for some of the qualitative reasons that John, David, and Brendan have alluded to, that a number of the True North agencies will be in a much stronger, competitive position in terms of pursuing new clients, new people, and acquisitions as a result of the combination with Interpublic. But the benefits of that stronger, competitive position have not been modeled into our economics, or are not a dependency to making the numbers work.

W. Berg And Sean, when you indicated that on the lock-up standard restrictions on affiliates and a pooling hold...

S. Orr Correct.

W. Berg ...I was just wondering if you could specify what that is for the benefit of those who are unfamiliar with all the

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

details and nuances of that.

- S. Watson Bill, let's take that...
- S. Orr Bill, you know, the reason why I'm hesitating about this is I'd rather do that offline. We start to get into some real esoteric, technical requirements then. I'd be happy to spend as much time as we need to offline on that.
- W. Berg Okay. Fair enough. Thank you.
- Moderator The next question comes from the line of Karen Ficker at ING Baring. Please go ahead.
- K. Ficker Hi. Actually most of my questions have been asked. Some of them not answered, but I do have one remaining question. I wanted to find out, to big picture strategy, I look at the addition of True North and I see your marketing services as a percentage of revenue stays pretty much constant, but your exposure in North America goes up dramatically and John and David, maybe both of you want to comment on where you see that and where you'd like that ideally to be over the next few years. And are there possibly some brands that will be immediately absorbed within IPG's network that'll change that slightly? Or maybe even domestic assets that might be sold back to management or divested otherwise?
- J. Dooner A couple things, there's a lot in which you ask, Karen. From a strategic point of view, you're absolutely right. The mix does not really materially change the trends of advertising and non-advertising. Obviously, going forward, you have significantly more growth in the non-advertising area, so it reasonable to expect and logical for us to follow a strategy to continue to build those areas. Recognize too that True North actually does have some strength in those areas that we probably could help build, both in taking global footprints and competence. So if you will, that percentage also offers an opportunity in and of itself. So no question, we'll continue to look to build, if you will, in those areas.
- Also, I think it's important that the industry understands that many times in the marketing services area, that billings and that revenue growth very often is coming from the relationship of the agency. So let's not minimize the importance of having strong, deep client relationships at the agency base. We seem to have gotten away from that as we create these financial models, but it's very, very vital. The most important thing to look for, I believe, is the length and quality of a relationship you have with clients within the agencies and recognizing the notion that you can and should be providing multiple tools to them, and that creates a migration that builds those other areas, as well.
- You asked whether or not we would take a look at the portfolio and see whether we would do alignments or integrations and so forth. And the answer, of course, would be yes; we would evaluate that. We would look at all things to ensure that all of the elements that are coming to bear have the greatest opportunity to grow in their particular area. It's very much a part of the same kind of growth strategy that we have with Interpublic, and that is

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

obviously to get the ..., consolidate where it's appropriate to ensure you have the ... to get the growth where it seems most appropriate, and obviously the third part being expanding the charter so both the footprint and the competence is there.

So sure, we would evaluate that. Going today, we're not prepared to discuss any of the specifics of that point, but obviously that's something that we would be working together to determine.

- K. Ficker                    Okay. Great. Thank you.
- Moderator                    The next question comes from the line of Alexia Quadroni at Bear Stearns. Please go ahead.
- A. Quadroni                    Hi, good morning. Just a few questions. Sean, I think you had commented earlier that you don't expect to see any profits from Modem in your projections for this year. But given how diluted it was to True North's earnings in the fourth quarter and given that True North had sort of anticipated Modem would no longer be on their P&L by the end of second quarter to make their full year numbers, are you assuming any losses from Modem in your full year number?
- S. Orr                         As we understand the Modem numbers, one of the reasons why they were recording losses in the past is because of a very heavy goodwill amortization burden in their numbers, in terms of their ongoing P&L. In the fourth quarter, there were significant impairment charges that further depressed their earnings. Those accounting factors are behind them going forward, which changes their earnings picture quite to the positive going forward. So we don't feel you have the risk of the same kind of dramatic P&L impact coming out of Modem going forward as you saw in '00 for the full year or for the fourth quarter. But I'll let Kevin add to that.
- K. Smith                      Sure. Alexia, we would expect them to be profitable after all the write-offs that they've taken with the elimination of the goodwill charges, as well as the severance that they've taken and the shutdown in Japan, which was a losing operation for them. We think they should be profitable in '01.
- A. Quadroni                    And it will be profitable from the get-go? At least in the first half of the year?
- K. Smith                      Well, they announced a first quarter charge of \$3 million to shut down Japan and some other severances. So setting that aside, I think they'll clearly be profitable.
- A. Quadroni                    Okay. And then, just a follow up, Sean, on your comments earlier on your cost savings, since you qualified a lot of them as low hanging fruit, would you assume that will see maybe half of that \$25 million shortly after the closing? Or at least in the second half of this year?
- S. Orr                         Well, it really depends upon, first of all, the timing of the closing, Alexia. Then one of the things that we'll be working closely with Dave and Kevin on is the phasing of these synergies. We've had some great discussions in very finite detail on a person-by-person basis about what the

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

opportunities are. But in terms of how quickly operational lives...something we still have to work out between the two companies. But I think you have right to start expecting to see a meaningful portion of the savings shortly after the closing. As a result, though, you'll only have a part year effect coming through in the '01 numbers.

- A. Quadroni            Okay. And just a last question, any commentary or any feel for what Publicis is planning on doing with their stake in True North or what they think of the deal?
- D. Bell                 We have no comment. We have tried to make a call to Publicis. In fact, we think that the CFO may be at the First Boston Credit Suisse conference, and we have not connected today, but we have tried to make a call.
- A. Quadroni            Okay. Thank you.
- Moderator              The next question comes from the line of Michael Russell at Morgan Stanley. Please go ahead.
- M. Russell              Thank you very much. I guess, gentlemen, I'm worried about Mr. Hammersley, who's moving from London to the US to head up Lowe Lintus US. Does he need to go back? Can you tell us how the relationship between Bozell and Lowe Lintus might actually work as you think about this going forward?
- D. Bell                 Well, I'm not sure where that question is coming from, unless there's something you heard this morning. Paul is coming to Lowe Lintus. Those plans remain and actually, we're thrilled that he's doing it. I think you may know, or I'd like to have you know, that he's done a fantastic job in London in one year. In its infant year, it became agency of the year with significant performance and new business and with existing clients and turning around the relationship with Unilever. So we look for great things from Paul and there is no correlation or relationship to Bozell and Lowe Lintus. As I think I had mentioned earlier, the importance of keeping our focus on Lowe Lintus and its performance will not change. So I'm not looking for any solution coming out of a relationship with Bozell, period.
- M. Russell              So your intention right now is to keep them separate?
- S. Orr                  Yes. Again, I was asked before and we have not determined for sure what we'll do, as you would expect, is to ensure with our growth strategy that all component parts are evaluated relative to their opportunity to expand and provide the services the clients need to get for their growth, as well. But at this point in time, there's been no direct discussion with regards to Bozell as it relates to Lowe Lintus at all.
- D. Bell                 Mike, this is David. As planned chairman of the transition team, let me just tell you that any possible combinations in the future will be looked at carefully by our management and they'll be done with the same kind of care that you watched us do our internal kinds of things. We did them where it benefited clients and the employees and the brands that we operate, and none of those have been determined. Clearly, with the scope and breadth of opportunities we have, we have an ability to enhance our brands going forward. But the



## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

definitive nature of that would be very carefully considered.

M. Russell            Okay, then just one follow up. Brendan and David, one of the things that you've done is kind of get yourself in a situation to get another auto account. I'm wondering how that might fit and what might be on your radar screen now.

B. Ryan                Well, you sound like these guys. The ink isn't even dry yet and you want me to have a new auto account. I think we bring to the party some tremendous capabilities in that area, and obviously that's one of the priorities. And working within the Interpublic Group, that's an opportunity right there, but then there are other opportunities, as well. We don't have anything to say specifically right now other than that's a great opportunity for us. We're a big, strong company without one and would be even better with one.

D. Bell                The best way to say it, Mike, is that our task force that is operating aggressively in that area certainly will continue to operate as aggressively in the new environment.

M. Russell            Great. Thanks very much and congratulations.

Moderator            We have a question from the line of Fred Fialco at Toray Companies. Please go ahead.

D. Ebie                Hey, John, it's Doug Ebie from Toray.

J. Dooner             Hi, Doug. How are you?

D. Ebie                Listen, I'm just curious... out three to five years, what does this do to your growth rate? It just appears like this might slow your growth rate somewhat. I mean do you foresee this increasing it?

J. Dooner             Well, yes. First off, I'm not sure what numbers or way you're looking at, what kind of model you're looking at that it would say it would slow the growth rate...

D. Ebie                You know me better than that, John. I'm not looking at any model. Oh, there you go.

J. Dooner             No, I think ultimately, strategically, what you need to have is the very best client base. You need to have a commitment to give those clients the integrated solutions required to have them build their business and expand their brands, and you need to be able to do that on a global basis. What we have here are the elements that it will be added to Interpublic that is on a same, strategic course, and also will be integrated to our growth strategy, whether it be our emphasis on organic and margin growth or as we talked earlier about the consolidation, integration and expansion. So no, I think that putting all the component parts together, that this will enhance our growth capability. And I think you also heard from Brendan and David that they believe that this will significantly enhance their opportunity for growth in that it gives them more ammunition, if you will, in terms of offerings to help clients build their businesses. So...

D. Ebie                I just ... what I was referring to is that clearly IPG has

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

grown a lot faster than True North has over the last 10 years. So what you're saying is that you're going to be able help them grow faster within your organization?

- J. Dooner I have to tell you this. My new thing about humility and I won't tell you the whole story. But if you examine True North's performance in the fourth quarter, and if they were able to share with you some recent numbers they have, I don't think you'd be saying that to me.
- D. Ebie I'm not talking about the fourth quarter; I'm talking about the last 10 years.
- D. Bell This is David. Let me comment on that. I think we've tried to be clear that we think that this merger can actually enhance the growth of True North, and enhance it in several arenas. We think this is the logical next step to accelerate growth by having expanded service offerings for our strong client base, by having a different kind of acquisition currency, which frankly has hampered our top line revenue growth in not being able to be as aggressive a consolidator in our industry as we've liked. And secondly, we have some opportunities with clients to expand them across platforms. And those are the things that we think can take the True North track record over two years and move it to the next level and be part of Interpublic in that context.
- J. Dooner Also Doug, don't minimize the momentum. Put the Daimler-Chrysler aside. You're seeing significant momentum in the last two years in this company from SCB and all the other companies as well. So this company has got a lot of vitality that will add to what David just mentioned.
- D. Ebie John, I don't know if this is the forum, but could you comment just on how is business right now?
- J. Dooner It's probably not the forum. How's business...
- D. Ebie Well, don't answer it then.
- J. Dooner Yes, let me do offline with you, if I can with you on that. I just completed a trip around the world to meet with our key clients and top line I will give you, and then we should spend some time offline, is that there's still optimism coming from these global leaders in business about the global marketing and global economic picture. There's no question, we don't have an ostrich effect in the States with the apparent slowdown here, but by and large, there still remains positive feelings going forward.
- D. Ebie Okay.
- J. Dooner And I'll go into detail with you, Doug, offline if it's okay.
- D. Ebie Yes. Well, congratulations.
- J. Dooner Thank you.
- Moderator The next question comes from the line of Chris Hampton at Bank of America. Your line is open.

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

C. Hampton

A couple of quick questions. One, is there any further clarification you can give us, and obviously you're maintaining double-digit growth, estimates including Chrysler. I'm wondering if you can narrow that down at all as to what you might see. Is there any additional clarification you can give us? If you can't give us on what the amount or extent of one-time charges, particularly the non-investment banking ones. The ones related to cash, one's possibly related to severance or facility closures or any of the other kind of typical charges we might see when there's a transaction of this magnitude. What they might or when you would disclose those.

Then, lastly, given your IPG's positive outlook at least initially on Modem, and obviously you've been pretty active in snapping up some of the smaller interactive shops as evidenced by Holiday's recent purchase of Espen Interactive, is there a possibility that Modem might fit in as an owned entity rather than a partially owned entity? And if you can't answer that question right now, how might you come to that decision? Thanks.

S. Orr

Let me try to take them in order. The numbers on Chrysler, I think that our friends at True North have been fairly open about their revenue numbers for the year 2000 were in the \$136 million range. It would be a revenue contribution in the early trimester of '01 of about \$13 million. What we're saying is that, despite that very significant negative comparison on a very, very major automotive account, True North as an entity will be growing this year on the top line. And when you put that True North performance together with Interpublic, it's going to yield a reported double-digit growth for 2001 for the combined entity.

Now, we also said earlier is if you backed out that Chrysler noise, the combined entities will grow at a 15% rate year to year on the top line.

In terms of one-time charges, I think one of the issues that David's transition team will be focusing on is both the phasing, the communication, and how people affected by the restructuring will be dealt with. So it would be more appropriate to have those issues resolved before we make an announcement of what the numbers are. Particularly since, as I said earlier, the focus primarily has been on the obvious overhead redundancies right now, and there's still work to be done on other opportunities within the combined enterprise. So now isn't the right time to disclose a number, even though I'd be happy offline, Chris, to have a discussion with you on what you can do to make some educated guesses on what we might do there. I think closer to the time of the closing would be a more realistic time to expect to have a discussion of what those numbers may be.

In terms of Modem Media, I think again, it's too early to tell. In terms of the overall economics of this combination, it's a small piece of the puzzle. But obviously, the fact that Interpublic is stepping into True North's chair will be significant, at least potentially, to Modem Media's shareholders. But we need to get to know Modem's management a lot better before we can really make responsible statements along those lines.

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

- C. Hampton                    Great. Thank you.
- Moderator                    The next question comes from the line of David Liebowitz at Burnham. Please go ahead.
- D. Liebowitz                 Let me add my congratulations to everyone else's. A few brief questions. Are there any differences in the accounting practices of the two companies and might that have any impact on how the combined accretiveness works out?
- S. Orr                         Actually, as you go through a process like this, David, we each have an opportunity to study very carefully what our various accounting practices are. The one that probably has gotten the most, I'll call it notoriety over the last several weeks has been around how goodwill has been treated. And True North has made a change to their practice and is now writing off its goodwill over a much shorter period. I think standard convention in a lot of industries, including ours, historically has been 40-year goodwill lives. True North has agreed with the SEC to use nothing more than 20 going forward.
- Now as it relates to Interpublic, because the SEC and the office of the chief accountant over the last several years has been very public about their attitude of using no more than 20 years, for the last several years, Interpublic has been using a 20 year maximum as a guiding rule of thumb. So we feel that as it relates to our current acquisition practices and the accounting that we use relating to acquisitions we've done since the SEC has come public with that attitude, is very much in step with what True North is doing. And so we think there is on a go-forward basis a high degree of parallelism between their methodology and ours.
- Any of the other minor differences in practices between the two companies are really trivial in the context of a combination of this size.
- D. Liebowitz                 My second question. I'm getting feedback on the line now. I apologize. What is the size of the accretion of earnings in 2002?
- S. Orr                         There will be some information put up on our Web site and made publicly available to help people start to get a gauge on that, David, and I would refer you to that information.
- D. Liebowitz                 All right. What about cash flow? Will the cash flow gains be of the same magnitude or percentage as the accretion?
- S. Orr                         Actually, David, the cash flow story and the cash earnings story is an even better story than the GAAP EPS story.
- D. Liebowitz                 Great. And my last question, are there any hidden assets that you've discovered at True North? In other words, do you have a building that may be worth \$10 million or \$20 million or \$100 million, or other goodies of that nature, which after the deal is consummated, you'll be able to retrieve and put into the treasury?
- S. Orr                         You know I'd like to have Kevin answer that question because I might learn something from what he says. But the short

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

answer is no, David. There's nothing up anybody's sleeve here.

D. Liebowitz           Okay. Thank you very much and again, congratulations.

Moderator               We have a question from the line of Diana Drepkin of...Capital. Please go ahead.

D. Drepkin               Hi, thank you. Can you talk a little bit about the regulatory approval needed for the merger to close? Specifically, which approvals will you need to close and whether or not you are going to need the foreign approval?

J. Dooner                Well, obviously, this is a question for the general counsel of Interpublic. Obviously we're going to need a Hart-Scott approval and it is likely that there would be some foreign approvals that we will have to deal with, as well.

D. Drepkin               And which one of approvals would it be?

J. Dooner                I'm not sure exactly which countries, but a number of them, as you well know, require antitrust approval. Some in Europe, some in Latin America, and we'll deal with them as we need to.

D. Drepkin               Okay, thanks.

Moderator               The next question comes from the line of Jim Dougherty of Prudential Securities. Please go ahead.

J. Dougherty             Hi. This call is for the True North guys. When you say you're comfortable with the first quarter estimates and the 2001 estimates that are currently out there, and the current being on the first call is \$0.20 for the first quarter and \$2.03 for the year. Specifically, are those the kind of numbers you're comfortable with?

K. Smith                 Well, the first quarter consensus was \$0.24 prior to the time that we announced the change in goodwill amortization, which we believe will have about \$0.07 impact on the quarter.

J. Dougherty             So you're really saying you're comfortable with \$0.17.

K. Smith                 We think that's about the right number, yes.

J. Dougherty             What would be the...

J. Dooner                Jim, you're breaking up.

J. Dougherty             Oh, okay. Would it be reasonable just to extend that kind of proportion across the air and say that the...after... of those amortization changes, that should be more like... to \$2.00, or should be \$1.85 to about \$1.90... close to \$2.00 plus? Is that more like what we're looking for?

K. Smith                 Again, the full year consensus was \$2.15 at the time we announced the change, and the amortization is pretty much on a straight-line basis.

J. Dougherty             Okay. Thank you.

## Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

Moderator The next question comes from the line of Todd Mason of Alpine Associates. Please go ahead.

T. Mason There's no question.

M Okay, thank you.

Moderator Then our next question comes from the line Ed Bree at Sterling Capital Management. Mr. Bree, your line is open.

E. Bree Yes, I'd like to know, the first question is who is offering the fairness opinions on this transaction at a price that appears tremendously below recent advertising transactions of this magnitude?

D. Bell The fairness opinion for Truth North is rendered by Morgan Stanley Dean Witter.

J. Dooner And for Interpublic by Goldman Sachs.

E. Bree Okay. And I guess a question for David. Obviously, the valuation being applied to True North at today's prices is very low. What is your expectation as far as the level of influence on Interpublic being able to buy back a significant amount of stock if in fact you think their stock is very undervalued?

D. Bell Clearly, Interpublic's ability to buy back stock is a decision of Interpublic's management. What we believe in the fairness opinion and what we believe looking at it is that the exchange rate that we're talking about here is an extraordinarily good exchange rate that is fair to both parties. We believe at True North, in our opinion, that Interpublic's stock is undervalued and the exchange rate is the issue we look at very carefully.

E. Bree I just comment that watching a deal of this magnitude being financially and strategically accretive to the buyer from the get go is a real testament to Interpublic's negotiating ability. But again, I just want to express my disappointment on the valuation. Thanks.

Moderator We have a follow up question from the line of Karen Ficker at ING Baring. Please go ahead.

K. Ficker I was looking for a little bit more color on, I guess, the language of the deal and the transaction. Is it pretty much boiler plate in terms of the \$80 million break up fee and that you cannot enter into any new discussions with outside parties, but that the former discussions or former parties are grandfathered in?

S. Orr No. No comment, Karen.

J. Dooner I think we've said all we're going to say about that right now.

S. Watson Operator, if all the further questions are repeats we would like to end the call now.

Moderator Okay. There are no further questions in queue at this time, then.

Edgar Filing: TRUE NORTH COMMUNICATIONS INC - Form 425

S. Watson                      Thank you, everyone, for joining us. We will be available to answer your questions individually. My phone number is 212-399-8208.

Moderator                     Ladies and gentlemen, this conference will be available for replay after 3:00 p.m. today through Tuesday, March 20, at 11:59 p.m. You may access the AT&T Teleconference system at any time by dialing 1-800-475-6701 and entering the access code 577714. International participants dial 320-365-3844.

That does conclude our conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.