INTERPUBLIC GROUP OF COMPANIES INC
Form 424B5
December 10, 2003

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This preliminary prospectus supplement relates to a registration statement filed and declared effective under the Securities Act of 1933, as amended, and is subject to completion or amendment. This preliminary prospectus supplement 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
Preliminary Prospectus Supplement Dated December 9, 2003

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-109384

PROSPECTUS SUPPLEMENT
(To Prospectus Dated November 20, 2003)

22,398,400 Shares

Common Stock

We are offering 22,398,400 shares of our common stock, par value $0.10 per share, by this prospectus supplement and the accompanying prospectus. We will receive all of the net proceeds from the sale of these shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol "IPG." On December 5, 2003, the last reported sale price of our common stock was $14.51 per share.

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 6,500,000 shares of our Series A mandatory convertible preferred stock (or 7,475,000 shares if the underwriters exercise in full their over-allotment option). However, neither offering is contingent upon the consummation of the other offering.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-5 of this prospectus supplement and on page 3 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also purchase up to 3,359,760 shares of our common stock from us at the public offering price, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement. The underwriters may exercise this option only to cover over-allotments, if any.

The underwriters are offering the shares of our common stock as set forth in "Underwriting." Delivery of the shares of our common stock will be made on or about December , 2003.

Citigroup **JPMorgan** **UBS Investment Bank**

Banc of America Securities LLC **Barclays Capital** **HSBC** **Morgan Stanley**

ING Financial Markets **McDonald Investments Inc.**

December , 2003

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus supplement and the accompanying prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information contained in this prospectus supplement and the accompanying prospectus is accurate as of the dates on their respective covers. When we deliver this prospectus supplement and the accompanying prospectus or make a sale pursuant to this prospectus supplement and the accompanying prospectus, we are not implying that the information is current as of the date of the delivery or sale.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document contains two parts. The first part consists of this prospectus supplement, which describes the specific terms of this offering and the securities offered. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading "Where You Can Find More Information."

You should rely only on the information we provide or incorporate by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different or additional information. We are offering to sell the securities offered by this prospectus supplement, and seeking offers to buy these securities, only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or any sales of the securities.

Unless otherwise indicated, all references in this prospectus supplement to the "Corporation," "Registrant," "we," "our" or "Interpublic" refers to The Interpublic Group of Companies, Inc. and its subsidiaries.

SUMMARY

This summary may not contain all of the information that may be important to you. You should read this entire prospectus supplement, the accompanying prospectus and those documents incorporated by reference into this document, including the risk factors and the financial data and related notes, before making an investment decision.

The Interpublic Group of Companies, Inc.

Interpublic is a group of advertising and specialized marketing and communications services companies that together represent one of the largest resources of advertising and marketing expertise in the world. With offices and other affiliations in more than 130 countries, we had revenues of approximately $5.7 billion and net income of approximately $99.5 million in 2002. For the nine months ended September 30, 2003, we had revenues of approximately $4.2 billion and a net loss of approximately $349.2 million, compared to revenues of approximately $4.2 billion and net income of approximately $79.2 million for the nine months ended September 30, 2002.

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

Advertising, which includes advertising and media management;

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

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

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

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

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

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

Recent Developments

In our quarterly report on Form 10-Q for the quarter ended September 30, 2003, filed with the Securities and Exchange Commission ("SEC") on November 14, 2003, we announced the following developments:

Long-Lived Asset Impairment
During the three and nine months ended September 30, 2003, we recorded charges of $222.7 million and $244.8 million, respectively, related to the impairment of long-lived assets at

our Octagon and Motorsports businesses. These amounts include $1.7 million and $14.4 million, respectively, of current capital expenditure outlays that we are contractually required to spend to upgrade and maintain a number of our existing Motorsports racing facilities, as well as an impairment of assets at other Motorsports entities.

Litigation Charges

During the three months ended September 30, 2003, we recorded litigation charges of $127.6 million for various legal matters. The principal amount of the charges relates to our current estimate of amounts that may be payable, which we currently believe would be paid primarily in shares of our common stock.

Restructuring

During the second quarter of 2003, we announced that we would undertake restructuring initiatives in response to softness in demand for advertising and marketing services. The pre-tax restructuring charges of $142.4 million ($95.4 million after tax) incurred to date include severance costs of $103.4 million and lease terminations of $39 million. In addition, a charge of $9.1 million was incurred in the three months ended September 30, 2003 related to acceleration of amortization of leasehold improvements on premises to be vacated in the future. This charge was included in office and general expenses in our consolidated statements of operations. The total amount of pre-tax charges we expect to incur, through the first half of 2004, is up to approximately $250 million. We expect that the restructuring charges recorded to date will result in cash payments of $136.2 million to be paid in 2003 ($101.1 million), 2004 ($22.4 million) and 2005 and thereafter ($12.7 million). Further actions in the 2003 restructuring program are currently underway and will continue through the first half of 2004.

For more information on these items, please refer to our quarterly report on Form 10-Q for the quarter ended September 30, 2003.

On December 8, 2003, we filed amended quarterly reports on Forms 10-Q/A for each of the first, second and third quarters of 2003 to restate the presentation of certain items in the consolidated statement of cash flows for each of the applicable periods.

As disclosed in the Form 10-Q/A for the third quarter of 2003, the principal changes to the consolidated statement of cash flows for the nine months ended September 30, 2003 were to reduce the amount presented as capital expenditures (in investing activities) and to reclassify debt issuance costs from investing activities to financing activities. The change in cash paid for capital expenditures reduced the amount presented as capital expenditures by $44.2 million and increased the amounts presented as cash used in the line items related to "other non-current assets and liabilities" (in operating activities) and "other investments in less than majority owned affiliates and miscellaneous assets" (in investing activities). The change in debt issuance costs related to $27.5 million that had been presented as investing activities and have now been presented as financing activities. The net result of the changes was to increase the net cash used in operating activities from continuing operations for the nine months ended September 30, 2003 by $10.0 million, increase cash provided by investing activities for the nine months ended September 30, 2003 by $37.5 million and increase cash used in financing activities from continuing operations for the nine months ended September 30, 2003 by $27.5 million. As disclosed in the Forms 10-Q/A for each of the first and second quarters of 2003, the consolidated statements of cash flows for the three months ended March 31, 2003 and the six months ended June 30, 2003 were only restated to reclassify debt issuance costs.

The restatements of the consolidated statements of cash flows had no impact on net income (loss) nor earnings (loss) per share nor cash and cash equivalents nor any other balance sheet amounts. See "Risk Factors We are still implementing our plan to improve our internal controls" in the

accompanying prospectus. For more information on these items, please refer to the applicable quarterly reports on Form 10-Q/A.

In our current reports on Form 8-K filed with the SEC on November 21, 2003, December 1, 2003 and December 5, 2003, respectively, we announced the following developments:

On November 18, 2003, Modem Media, Inc. announced that it had filed a registration statement with the SEC for the proposed offering of Modem Media common shares in an underwritten public offering by us and two other Modem Media stockholders. We are offering for sale under that registration statement approximately 7 million shares of Modem Media common stock. In addition, we have granted the underwriters in that offering the right to purchase up to an additional 1,080,000 shares to cover over-allotments.

On December 1, 2003, we disposed of all of the 11,688,218 shares of Taylor Nelson Sofres plc ("TNS") stock that we received as consideration for the sale of NFO WorldGroup, Inc. to TNS. We have received approximately $40.7 million in exchange for the sale of the shares of TNS stock. We no longer hold any shares of TNS stock.

On December 5, 2003, we announced that we have reached an agreement to settle the consolidated class action shareholder suits currently pending in federal district court in New York. We are also working to complete the settlement of the other pending lawsuits relating to our 2002 earnings restatements within this same settlement package. The settlement is subject to the execution of a definitive settlement agreement and to approval from the federal district court judge. Under the terms of the proposed settlement, we will pay $115 million, of which $20 million will be paid in cash and $95 million in shares of our common stock at a value of $14.50 per share (which translates into 6,551,725 shares). We also agreed that, should the price of our common stock fall below $8.70 per share before final approval of the settlement, we will either, at our sole discretion, issue additional shares of common stock or pay cash so that the consideration for the stock portion of the settlement will have a total value of $57 million. As disclosed above, we recorded estimated litigation charges of $127.6 million during the three months ended September 30, 2003, which covered the amount of the settlement and includes $12.6 million for an unrelated legal settlement.

For more information on these items, please refer to the applicable current report on Form 8-K.

Furthermore, we continue to have commitments under certain motorsports leasing and event contractual arrangements. As of September 30, 2003, the aggregate undiscounted amount of payments we are committed to make under these arrangements is approximately $460 million. This amount relates to payments through 2015 principally under an executory contract and an operating lease and assumes payments over the maximum remaining term of the relevant agreements. This obligation has not been reduced by any future revenues to be generated from the arrangements. Based on the historical revenues of Motorsports' operations and taking into account the arrangements described above, we expect that this business will continue to have significant, cumulative operating losses over the life of the arrangements. Therefore, we are continuing to explore various options with respect to reducing our continuing financial exposure to these arrangements, one or more of which may involve a cash disbursement in the order of $200 million, approximating the present value of such obligations. We have obtained amendments to certain definitions in our revolving credit facilities to reduce the impact of such cash disbursement and the resulting accounting charge on our financial covenant calculations.

In addition, we own motorsports assets, primarily consisting of four racetracks in the United Kingdom. We are continuing to evaluate strategic alternatives related to these assets. The book value of these assets was approximately $60 million at September 30, 2003, and this amount may not be fully recoverable depending upon the strategy ultimately followed. We have obtained amendments to certain definitions in our revolving credit facilities to exclude from the financial covenant calculations any writedown of these assets that may result from the strategy we ultimately follow.

The Offering

Issuer	The Interpublic Group of Companies, Inc.
Common stock offered	22,398,400 shares of our common stock, par value $0.10 per share.
Common stock outstanding after this offering, not including the over-allotment option	Approximately 414,839,483 million shares.(1)
Over-allotment option	We have granted the underwriters an option to purchase up to 3,359,760 shares of our common stock to cover over-allotments, if any. If the underwriters exercise in full their over-allotment option, we will offer an aggregate of 25,758,160 shares and we will have approximately 418.2 million shares of our common stock outstanding after this offering.
Use of proceeds	We intend to use the net proceeds from this offering of common stock and the concurrent offering of our Series A mandatory convertible preferred stock and other sources of liquidity to redeem our 1.80% convertible subordinated notes due 2004, to meet any cash requirements arising out of the matters discussed under " Recent Developments" and for other general corporate purposes. See "Use of Proceeds."
New York Stock Exchange symbol	"IPG."
Concurrent offering	Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 6,500,000 shares of our Series A mandatory convertible preferred stock, or 7,475,000 shares if the underwriters in that offering exercise in full their over-allotment option, each with a liquidation preference of $50.00 per share. However, neither of these offerings is contingent upon the consummation of the other offering.

(1) The total number of shares of our common stock outstanding after this offering excludes:

Approximately 6.5 million shares issuable upon the exercise of currently outstanding stock options;

- Approximately 22.4 million shares reserved for issuance upon the conversion of our Series A mandatory convertible preferred stock;
- Approximately 64.4 million shares reserved for issuance upon the conversion of the 4.50% convertible senior notes due 2023;
- Approximately 16.0 million shares reserved for issuance upon the conversion of the zero coupon convertible senior notes due 2021;
- Approximately 6.7 million shares reserved for issuance upon the conversion of the 1.80% convertible subordinated notes due 2004;
- Approximately 6.4 million shares issuable upon the conversion of the 1.87% convertible subordinated notes due 2006; and
- Approximately 3.4 million shares issuable upon exercise of the underwriters' over-allotment option.

Unless otherwise stated, all information contained in this prospectus supplement assumes that the underwriters do not exercise their over-allotment option.

RISK FACTORS

You should consider carefully the following risks in addition to the risk factors, starting on page 3 in the accompanying prospectus, as well as all the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the "Special Note Regarding Forward-Looking Statements and Other Factors" in this prospectus supplement and accompanying prospectus, before deciding to invest in the securities.

Risks Related to the Offering

Our common stock price may be volatile.

From the beginning of 2002 to December 5, 2003, the reported high and low prices for our common stock ranged from a low of $8.01 per share to a high of $34.89 per share. The market price of our common stock will likely continue to fluctuate in response to a number of factors including the following, many of which are beyond our control:

- quarterly fluctuations in our operating and financial results;
- changes in financial estimates and recommendations by financial analysts;
- developments related to litigation or the SEC investigation that involves us;
- dispositions, acquisitions and financings;
- changes in the ratings of our notes or other securities;

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

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

In addition, the stock markets in general, including the New York Stock Exchange, experience price and trading fluctuations. These fluctuations may result in volatility in the market prices of securities that could be unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of our common stock.

The market price of our common stock and our earnings per share could be reduced if our 4.5% convertible senior notes were to be immediately convertible or if we were to issue additional equity or convertible securities.

If the 20-consecutive-trading day average closing price of our common stock equals or exceeds $14.90 per share, holders of our 4.5% convertible senior notes due 2023 have the right to convert those notes into shares of our common stock. If all holders of the 4.5% notes were to convert their notes, we would have to issue approximately 64.4 million additional shares of common stock, which would result in substantial dilution to the equity interests of holders of our common stock. Public resales of our common stock following conversions of the 4.5% notes or other convertible securities could depress the prevailing market price of our common stock. Even prior to the time of actual conversions of the 4.5% notes, the perception of a significant market "overhang" resulting from the existence of our obligation to honor the conversions, as well as any perception of market overhang resulting from our ability to issue equity, convertible debt or preferred stock or similar securities under the registration statement under which the common stock is being offered, could depress the market price of our common stock. Additionally, for purposes of calculating diluted earnings per share, if the 20-consecutive-trading-day average closing price of our common stock equals or exceeds $14.90 per share, accounting rules require us to assume conversion of all outstanding 4.5% notes for each of the days in the reporting period for which the average closing price per share equals or exceeds that level, which could reduce our reported earnings per share for that period.

Furthermore, on December 5, we announced that we have reached an agreement to settle the consolidated class action shareholder suits currently pending in federal district court in New York. We are also working to complete the settlement of the other pending lawsuits relating to our 2002 earnings restatements within this same settlement package. Under the terms of the proposed settlement, we will issue 6,551,725 shares of our common stock. Should the price of our common stock fall below $8.70 per share before final approval of the settlement, we will either, at our sole discretion, issue additional shares of common stock or pay cash so that the consideration for the stock portion of the settlement will have a total value of $57 million. Any issuance of common stock under the proposed settlement would also result in dilution to the equity interests of the holders of our common stock. Please see "Summary Recent Developments" for more information.

Assuming we sell 6,500,000 shares of Series A mandatory convertible preferred stock, referred to as Series A mandatory convertible preferred stock in this prospectus supplement, in our concurrent offering (or 7,475,000 shares if the underwriters exercise in full their over-allotment option) concurrently with this offering, an additional to shares of common stock (or an additional to shares of common stock if the underwriters exercise in full their over-allotment option) will be issuable upon conversion of the Series A mandatory convertible preferred stock based on the conversion rate in effect on the conversion date. See "Description of Concurrent Financing Transactions." In connection with these offerings, we and our directors have entered into the lock-up agreements described under the caption "Underwriting."

Provisions in our charter document and Delaware law could make it more difficult to acquire our company.

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

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

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

We may not pay cash dividends on our common stock in the future.

We paid no dividends on our common stock in the first three quarters of 2003. Our future dividend policy will be determined on a quarter-by-quarter basis and will depend on earnings, financial condition, capital requirements and other factors. It will also be subject to the restrictions under our revolving credit facilities, which limit our ability to declare or pay dividends. Under these facilities, our future earnings performance will determine the permitted levels of dividend payments (currently the permitted level of dividend payments for our common stock, other distributions to our stockholders and share buybacks is $25 million annually) and all limitations on dividend payments expire when earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the credit facilities,

exceed $1.3 billion for four consecutive quarters. In addition, under the terms of our Series A mandatory convertible preferred stock, we are restricted from paying any cash dividends on our common stock if we are not current in our dividend payments with respect to our Series A mandatory convertible preferred stock.

Our issuance of preferred stock could adversely affect holders of our common stock.

After giving effect to the concurrent offering of our Series A mandatory convertible preferred stock, our board of directors is authorized to issue additional series of shares of preferred stock without any action on the part of our stockholders. Our board of directors also has the power, without stockholder approval, to set the terms of any such series of shares of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or if we liquidate, dissolve or wind up our business and other terms. If we issue preferred stock in the future that has preference over our common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock or the market price of our common stock could be adversely affected.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER FACTORS

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

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

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

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

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

Investors should evaluate any statements made by us in light of these important factors and the factors contained in the "Risk Factors" section in this prospectus supplement and the accompanying prospectus.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the common stock of $309.9 million, or $356.4 million if the underwriters exercise in full their over-allotment option, together with the net proceeds from the concurrent offering of our Series A mandatory convertible preferred stock, in each case after deducting estimated underwriting discounts and offering expenses, and existing sources of liquidity:

- to redeem our 1.80% convertible subordinated notes due 2004 for an aggregate redemption price of $244.7 million;
- to meet cash requirements that may arise out of the matters discussed under "Summary Recent Developments;" and
- for repayment of other indebtedness, working capital and other general corporate purposes.

Additionally, the net proceeds may be invested in short-term marketable securities, primarily cash equivalents. This offering is not contingent upon the consummation of the concurrent offering of our Series A mandatory convertible preferred stock.

DESCRIPTION OF CONCURRENT FINANCING TRANSACTIONS

Offering of Series A Mandatory Convertible Preferred Stock

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 6,500,000 shares of our Series A mandatory convertible preferred stock (or 7,475,000 shares if the underwriters in that offering exercise in full their over-allotment option), each with a liquidation preference of $50 per share. However, neither of these offerings is contingent upon the consummation of the other offering.

We will pay annual dividends on each share of our Series A mandatory convertible preferred stock in the amount of $. Dividends will be cumulative from the date of issuance. Dividends will be payable to the extent that dividends are not prohibited or restricted under our revolving credit facilities, assets are legally available to pay dividends and our board of directors or an authorized committee of our board declares a dividend payable, and we may pay dividends in cash, shares of our common stock, or any combination of cash and common stock, in our sole discretion, every quarter. Shares of our common stock used to pay dividends will be delivered to the transfer agent to be sold on the holders' behalf, resulting in net cash proceeds to be distributed to the holders in an amount equal to the cash dividends otherwise payable. The first dividend payment, if declared, will be made on March 15, 2004.

On December 15, 2006, each share of our Series A mandatory convertible preferred stock will automatically convert, subject to adjustments described in the related prospectus supplement, into between and shares of our common stock, depending on the then-current market price of our common stock (or between and shares of our common stock if the underwriters in that offering exercise in full their over-allotment option). At any time prior to December 15, 2006, holders of the Series A mandatory convertible preferred stock may elect to convert each share of their Series A mandatory convertible preferred stock, subject to the adjustments described in the related prospectus supplement, into shares of our common stock. If the closing price per share of our common stock exceeds for at least 20 trading days within a period of 30 consecutive trading days, we may elect, subject to certain limitations described in the related prospectus supplement, to cause the conversion of all, but not less than all, of the shares of Series A mandatory convertible preferred stock then outstanding for shares of our common stock at a conversion rate of shares of our common stock for each share of our Series A mandatory convertible preferred stock.

Redemption of 2004 Convertible Notes

We intend to use a portion of the proceeds from this offering and the concurrent offering of our Series A mandatory convertible preferred stock to redeem the entire outstanding aggregate principal amount of our 1.80% Convertible Subordinated Notes due 2004 at a redemption price of 97.4% of the principal amount plus accrued and unpaid interest, as set forth in the indenture under which the 2004 notes were issued. As of December 5, 2003, the outstanding principal amount of the 2004 notes was $243.5 million. We expect to send out a notice of redemption to holders of the 2004 notes on or about the closing of this offering, and the 2004 notes will be redeemed after the required period, which will be not less than 30 days nor more than 60 days following the date of the notice. If the Series A mandatory convertible preferred stock offering is not consummated, we intend to finance the redemption of the 2004 notes solely from the proceeds of this offering. See "Use of Proceeds."

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents, short-term debt, long-term debt and stockholders' equity as of September 30, 2003 and as adjusted to give effect to this offering of 22,398,400 shares of our common stock and the concurrent offering of 6,500,000 shares of our Series A mandatory convertible preferred stock, in each case including estimated related expenses and underwriting discounts and commissions and assuming no exercise of the underwriters' over-allotment option, and the application of the net proceeds from both of the offerings. See "Use of Proceeds." The actual data are derived from our unaudited financial statements. You should read this table in conjunction with "Summary Selected Financial Data," which appears elsewhere in this prospectus supplement, and our unaudited consolidated financial statements and related notes and the discussion of our liquidity and capital resources as of September 30, 2003 incorporated by reference in this prospectus supplement and the accompanying prospectus.

	September 30, 2003		
	Actual	**As adjusted[(1)]**	**As adjusted[(2)]**
	(unaudited, in millions)		
Current Assets:			
Cash and cash equivalents	$ 695.5	$ 763.4	$ 1,078.1
Short-term debt:			
Loans payable	$ 83.9	$ 83.9	$ 83.9
Zero-Coupon Convertible Senior Notes due 2021	1.0	1.0	1.0
Convertible Subordinated Notes 1.80%, due 2004	242.0		
Long-term debt:			
Payable to financial institutions	30.6	30.6	30.6
Notes 7.25%, due 2011	500.0	500.0	500.0
Notes 7.875%, due 2005	525.1	525.1	525.1
Convertible Subordinated Notes 1.87%, due 2006	335.3	335.3	335.3
Convertible Senior Notes 4.50%, due 2023	800.0	800.0	800.0
Stockholders' equity:			
Preferred stock, no par value shares authorized: 20,000,000			314.7

	Actual	September 30, 2003 As adjusted[1]	As adjusted[2]
actual shares issued: none and 6,500,000 shares as adjusted, liquidation preference of $50.00 per share			
Common stock, $0.10 par value shares authorized: 800,000,000 actual shares issued: 391,968,559 and 414,366,959 shares as adjusted[3]	39.2	41.4	41.4
Additional paid-in capital	1,752.6	2,060.3	2,060.3
Retained earnings	508.8	508.8	508.8
Accumulated other comprehensive loss, net of tax	(274.5)	(274.5)	(274.5)
	2,026.1	2,336.0	2,650.7
Less:			
Treasury stock, at cost: 2003: 300,000 shares; 2002: 3,100,000 shares	(11.3)	(11.3)	(11.3)
Unamortized deferred compensation	(73.7)	(73.7)	(73.7)
Total stockholders' equity	1,941.1	2,251.0	2,565.7
Total capitalization	$ 4,459.0	$ 4,526.9	$ 4,841.6

(1) As adjusted to give effect to this offering, assuming there is no concurrent offering of our Series A mandatory convertible preferred stock.

(2) As adjusted to give effect to this offering and the concurrent offering of our Series A mandatory convertible preferred stock at a purchase price of $50.00 per share.

(3) The share information for our common stock excludes:

- Approximately 6.5 million shares issuable upon the exercise of currently outstanding stock options;
- Approximately 22.4 million shares reserved for issuance upon the conversion of our Series A mandatory convertible preferred stock;
- Approximately 64.4 million shares reserved for issuance upon the conversion of the 4.50% convertible senior notes due 2023;
- Approximately 16.0 million shares reserved for issuance upon the conversion of the zero coupon convertible senior notes due 2021;
- Approximately 6.7 million shares reserved for issuance upon the conversion of the 1.80% convertible subordinated notes due 2004; and
- Approximately 6.4 million shares issuable upon the conversion of the 1.87% convertible subordinated notes due 2006.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock is listed and traded on the New York Stock Exchange ("NYSE") under the symbol "IPG." The following table provides, for the calendar quarters indicated, the high and low closing sales prices per share on the NYSE for the periods shown below as reported on the NYSE and dividends per share paid during those periods. The last reported sale price for our common stock on the NYSE on December 5, 2003 was $14.51 per share.

	NYSE Sale Price		Dividends on Common Stock
	High	Low	
Period			
2001:			
First Quarter	47.19	32.50	.095
Second Quarter	38.85	27.79	.095
Third Quarter	30.46	19.30	.095
Fourth Quarter	31.00	19.50	.095
2002:			
First Quarter	34.56	27.20	.095
Second Quarter	34.89	23.51	.095
Third Quarter	24.67	13.40	.095
Fourth Quarter	17.05	11.25	.095(1)
2003:			
First Quarter	15.38	8.01	(1)
Second Quarter	14.55	9.30	(1)
Third Quarter	15.44	12.94	(1)
Fourth Quarter (through December 5, 2003)	$ 16.41	$ 13.55	(1)

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

As of December 1, 2003, there were approximately 21,564 registered holders of our common stock. As of November 28, 2003, we had approximately 392.4 million shares of common stock outstanding.

Dividend Policy

We paid no dividend in the three quarters of 2003. Our future dividend policy will be determined on a quarter-by-quarter basis and will depend on earnings, financial condition, capital requirements and other factors. It will also be subject to the restrictions under our revolving credit facilities, which limit our ability to declare or pay dividends. Under these facilities, our future earnings performance will determine the permitted levels of dividend payments (currently the permitted level of dividend payments for our common stock, other distributions to our stockholders and share buybacks is $25 million annually) and all limitations on dividend payments expire when earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the credit facilities, exceed $1.3 billion for four consecutive quarters. In addition, under the terms of our Series A mandatory convertible preferred stock, we are restricted from paying any cash dividends on our common stock if we are not current in our dividend payments with respect to our Series A mandatory convertible preferred stock. See "Risk Factors We may not pay cash dividends on our common stock in the future."

SUMMARY SELECTED FINANCIAL DATA

The following table sets forth summary selected financial data concerning us for each of the last three years, as well as for the nine months ended September 30, 2003 and September 30, 2002. These data, insofar as they relate to each of the years 2000 through 2002, have been derived from our financial statements, including the consolidated balance sheets at December 31, 2002 and 2001 and the related consolidated statements of income and of cash flows for the three years ended December 31, 2002 and the notes thereto which are incorporated by reference in this prospectus supplement and the accompanying prospectus. Our annual financial statements, except as they relate to Deutsch, Inc. and subsidiary and affiliates as of and for the year ended December 31, 2000, and True North Communications Inc. as of and for the year ended December 31, 2000 have been audited by PricewaterhouseCoopers LLP, independent accountants, and, insofar as they relate to Deutsch, Inc. and subsidiary and affiliates, and True North Communications Inc., by J.H. Cohn LLP and Arthur Andersen LLP, respectively, independent accountants. Arthur Andersen LLP has ceased operations. The data for the nine months ended September 30, 2003 and 2002 have been derived from unaudited consolidated financial statements which are also incorporated by reference in this prospectus supplement and the accompanying prospectus and which, in the opinion of management, include all adjustments necessary for a fair statement of the results for the unaudited interim periods. The following summary selected financial data should be read in conjunction with our consolidated financial statements and notes to our consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus.

SUMMARY SELECTED FINANCIAL DATA FOR THREE YEARS[1]
(Amounts in Millions, Except Per Share Amounts and Number of Employees)

	As of or for the Nine Months Ended		As of or for the Year Ended December 31,		
	09/30/2003	09/30/2002	2002	2001	2000
OPERATING DATA					
Revenue	$ 4,234.0	$ 4,196.2	$ 5,737.5	$ 6,352.7	$ 6,728.5
Salaries and related expenses	(2,544.0)	(2,474.1)	(3,350.0)	(3,620.9)	(3,845.7)
Office and general expenses	(1,392.1)	(1,328.4)	(1,880.4)	(1,896.1)	(1,782.6)
Amortization of intangible assets	(9.1)	(6.5)	(8.9)	(164.6)	(136.0)
Restructuring and other merger-related costs	(142.4)	(12.1)	(12.1)	(634.5)	(159.1)
Long-lived asset impairment and other charges	(244.8)	(118.7)	(127.1)	(303.1)	
Investment impairment	(42.2)	(21.1)	(39.7)	(210.8)	
Debt prepayment penalty	(24.8)				
Litigation charges	(127.6)				
Interest expense	(128.4)	(108.9)	(145.6)	(164.6)	(126.3)
Interest income	27.6	20.9	29.8	41.8	57.5
Other income	1.3	9.6	7.9	13.7	42.6
(Provision for) benefit of income taxes	(36.3)	(79.6)	(117.9)	66.1	(332.1)
Income applicable to minority interest	(19.4)	(22.1)	(30.5)	(29.4)	(42.2)
Equity in net income (loss) of unconsolidated affiliates	(2.2)	3.1	5.0	(0.4)	(18.2)
Income (loss) from continuing operations	(450.4)	58.3	68.0	(550.1)	386.4
Income from discontinued operations[2]	101.2	20.9	31.5	15.6	6.4
Net income (loss)	$ (349.2)	$ 79.2	$ 99.5	$ (534.5)	$ 392.8

PER SHARE DATA

	As of or for the Nine Months Ended		As of or for the Year Ended December 31,		
Basic					
Continuing operations	$ (1.17)	$ 0.16	$ 0.18	$ (1.49)	$ 1.07
Discontinued operations[2]	0.26	0.06	0.08	0.04	0.02
Total	$ (0.91)	$ 0.21[3]	$ 0.26	$ (1.45)	$ 1.09
Weighted-average shares	384.0	375.3	376.1	369.0	359.6
Diluted					
Continuing operations	$ (1.17)	$ 0.15	$ 0.18	$ (1) Net debt is defined as Long-term Debt plus current maturities of Long-term Debt and cheques outstanding less Cash and temporary investments plus cross currency foreign exchange hedge liability (less cross currency foreign exchange hedge asset) related to U.S. dollar notes. The cross currency foreign exchange hedge liability was $853.6 million at September 30, 2004 (compared with deferred hedge liabilities of $580.8 million at September 30, 2003 and $630.6 million at June 30, 2004). Net debt is unaffected by foreign exchange fluctuations because it includes (deducts) the net deferred hedging liability (asset). Under TELUS' new credit facilities, a notional amount related to accounts receivable securitization is no longer added to the numerator of the Leverage Ratio covenant calculation. Consistent with the new credit facility calculation, Net debt for current and prior periods excludes notional accounts receivable securitization amounts. (2) Total capitalization is defined as net debt plus Non-controlling interest and Shareholders' equity. (3) EBITDA (excluding Restructuring and workforce reduction costs of $49.0 million, $253.1 million and $35.1 million, respectively, for the 12-month periods ended September 30, 2004, September 30, 2003, and June 30, 2004). EBITDA (excluding restructuring) is used for the calculation of Net debt to EBITDA and EBITDA interest coverage, consistent with the calculation of the Leverage Ratio and the Coverage Ratio in credit facility covenants. (4) Net interest cost is defined as Net financing cost before gains on redemption and repayment of debt, calculated on a 12-month trailing basis. Gains on redemption and repayment of debt were recorded in the fourth quarter of 2002. (5) Net debt to EBITDA is defined as net debt as at the end of the period divided by 12-month trailing EBITDA (excluding restructuring). This measure is substantially the same as the Leverage Ratio covenant in TELUS' credit facilities. (6) Earnings coverage ratio is calculated on a 12-month trailing basis as Net income before interest expense on total debt and income tax expense divided by interest expense on total debt. (7) EBITDA interest coverage is defined as EBITDA (excluding restructuring) divided by Net interest cost. This measure is substantially the same as the Coverage Ratio	

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

covenant in TELUS' new credit facilities. (8) See Note 2 of the Financial highlights table.

The balance of Long-term Debt and Current maturities of Long-term Debt was $6,518.0 million as at September 30, 2004, a decrease of $312.9 million from December 31, 2003. The lower debt balance was due to redemptions and a $107.9 million decrease in the Canadian dollar value of U.S. dollar denominated Notes, as the Canadian dollar appreciated against the U.S. dollar by approximately 2.8% during the first nine months of 2004. TELUS' U.S. dollar debt is fully hedged, resulting in a corresponding increase of $107.9 million being recorded in the deferred hedging liability. While the amount of utilized bank facilities decreased to $nil from $70 million one year earlier, TELUS converted $500 million of debt from a fixed rate to a floating rate basis during the first half of 2004, reducing the proportion of fixed rate debt. The net debt to total capitalization ratio measured at September 30, 2004 decreased, when compared with one year earlier, primarily as a result of debt repayments and increased retained earnings since the third quarter of 2003. The net debt to EBITDA ratio measured at September 30, 2004 improved significantly, when compared with one year earlier, as a result of debt reduction and an increase in 12-month trailing EBITDA (excluding restructuring). The earnings coverage ratio improved significantly because of the improvement in income before interest and taxes and decreased interest on total debt. The EBITDA interest coverage ratio improved as a result of higher EBITDA (excluding restructuring) and lower interest costs, partly offset by lower interest income. Free cash flow measures for the three-month and 12-month periods ended September 30, 2004, increased when compared with one year earlier primarily because of improved EBITDA, lower payments under restructuring programs and lower interest payments, partly offset by increased capital expenditures. Free cash flow for the 12-month period ended September 30, 2004 also increased due to higher cash tax recoveries than the comparable period one-year earlier. The Board of Directors declared a quarterly dividend of twenty cents ($0.20) per share on the outstanding Common Shares and Non-Voting Shares of TELUS. This represents an increase of one-third from the fifteen cents declared last quarter. The dividend is payable on January 1, 2005 to holders of record at the close of business on December 10, 2004. The TELUS Board also announced that consistent with a dividend growth approach, it has established a forward-looking dividend payout ratio guideline of 45 to 55% of net earnings. On October 29, 2004,

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

TELUS is announcing that it has received approval from its Board of Directors to make a Normal Course Issuer Bid for the repurchase of its Common Shares and Non-Voting Shares, subject to obtaining all necessary regulatory approvals. The repurchase program will enable TELUS to repurchase, over approximately a 12-month period, up to a maximum of 14.0 million Common Shares and 11.5 million Non-Voting Shares, representing approximately 10 per cent of the public float of each of the Common Shares and Non-Voting Shares. All shares purchased will be cancelled. 4.7 Credit facilities -------------------- The following are the credit facilities available to TELUS at September 30, 2004: Outstanding Credit Facilities undrawn At September 30, 2004 letters of ($ millions) Expiry Available Drawn credit
----
Revolving credit facility (1) May 7, 2008 800.0 - 102.6 364-day revolving facility (2) May 6, 2005 800.0 - - Other bank facilities - 74.0 - 6.9

Total 1,674.0 - 109.5
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(1) Canadian dollars or U.S. dollar equivalent. (2) Canadian dollars or U.S. dollar equivalent, extendible at the Company's option on a non-revolving basis for one year for any amounts outstanding on the May 6, 2005 anniversary date. Additionally, at September 30, 2004, the Company had accepted a fully underwritten commitment for a $500 million (or U.S. Dollar equivalent) unsecured bank credit facility for general corporate purposes. This 364-day credit facility, upon documentation, would have been available until the earlier of October 31, 2005, and 364 days after the completion date of the Company's offers to purchase Microcell Telecommunications Inc., had that event in fact occurred. Subsequent to quarter end, in conjunction with the expiry of the Company's offers to purchase Microcell, this bank credit facility commitment was cancelled. Including cash of $622.2 million and the credit facilities described in the table above, TELUS had unutilized available liquidity in excess of $2 billion at September 30, 2004. TELUS' credit facilities contain customary covenants including a requirement that TELUS not permit its consolidated Leverage Ratio (Funded Debt to trailing 12-month EBITDA) to exceed 4.0:1 (approximately 2.2:1 as at September 30, 2004) and not permit its consolidated Coverage Ratio (EBITDA to Interest Expense on a trailing 12-month basis) to be less than 2.0:1 (approximately 4.9:1 as at September 30, 2004) at the end of any financial quarter. There are certain minor differences in the calculation of the Leverage

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

Ratio and Coverage Ratio under the credit agreement as compared with the calculation of net debt to EBITDA and EBITDA interest coverage. The calculations are not expected to be materially different. The covenants are not impacted by revaluation of capital assets, intangible assets and goodwill for accounting purposes, and continued access to TELUS' credit facilities is not contingent on the maintenance by TELUS of a specific credit rating. 4.8 Accounts receivable sale --------------------------- TELUS Communications Inc., a wholly-owned subsidiary of TELUS, is able to sell an interest in certain of its receivables up to a maximum of $650 million and is required to maintain at least a BBB(low) credit rating by Dominion Bond Rating Service (DBRS), or the purchaser may require the sale program to be wound down. The necessary credit rating was exceeded by two levels at BBB(high) as of October 25, 2004. The proceeds of securitized receivables were $150 million at September 30, 2004, as compared with $481 million one year earlier and $300 million at December 31, 2003. TELUS Communications Inc. is required to retain a minimum of $150 million proceeds under this program to keep it active. Average proceeds from securitization were $191 million for the first nine months of 2004, compared with $471 million in the same period in 2003. 4.9 Credit ratings ------------------ With the May 13, 2004 announcement of TELUS' bid for Microcell, the four credit rating agencies covering TELUS issued press releases confirming or placing under review TELUS' investment grade credit ratings. Following the expiry of TELUS' bid for Microcell on October 12, 2004, Standard and Poor's confirmed its BBB long-term credit ratings for TELUS and TELUS Communications Inc. with a stable outlook. On October 20, 2004, Dominion Bond Rating Service confirmed its long-term credit ratings of BBB(high) for TELUS Communications Inc. and BBB for TELUS Corporation, each with a stable trend. TELUS has an objective to preserve access to capital markets at a reasonable cost by maintaining investment grade credit ratings and targeting improved credit ratings in the range of BBB+ to A-, in future. 4.10 Off-balance sheet arrangements and contractual liabilities
----
Financial instruments (Note 3 of the interim consolidated financial statements) During the first half of 2004, the Company entered into two series of hedging relationships to which hedge accounting has been applied: one series of hedging relationships results in fixing the Company's compensation cost arising from a specific grant of restricted stock units, and the other series of hedging relationships

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

results in the notional conversion of $500 million of the 2006 (Canadian Dollar) Notes from a fixed interest rate of 7.5% to a floating interest rate based upon the three-month Bankers' Acceptance Canadian Dollar Offered Rate plus a spread. As at September 30, 2004, the Company had entered into foreign currency forward contracts that have the effect of fixing the exchange rates on U.S.$52.5 million and U.S.$14.5 million of fiscal 2004 and fiscal 2005 purchase commitments, respectively; hedge accounting has been applied to these foreign currency forward contracts, all of which relate to the Mobility segment. Fair value: The fair value of the Company's long-term debt, including the convertible debentures, is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same maturity as well as the use of discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. The fair values of the Company's derivative financial instruments used to manage exposure to interest rate and currency risks are estimated similarly. The fair value of the Company's debt at September 30, 2004 was estimated at $8,559 million ($8,699 million at December 31, 2003). Commitments and contingent liabilities (Note 15 of the interim consolidated financial statements) The Company has a number of commitments and contingent liabilities. - The Company has $85.9 million in outstanding commitments for its restructuring programs as at September 30, 2004. - In accordance with CRTC Price Cap Decisions 2002-34 and 2002-43, the Company defers a portion of revenues in a deferral account, which at September 30, 2004, was $114 million. The mechanism for disposing of balance in this deferral account, other than as already approved by the CRTC, is currently the subject of a CRTC proceeding. - On May 21, 2004, the CIRB declared TELE-MOBILE COMPANY and TELUS Communications Inc. a single employer for labour relations purposes. The Canadian Industrial Relations Board also determined that TELUS Mobility's non-unionized team members, predominantly located in Ontario and Quebec, performing work similar to their unionized TELUS Mobility counterparts in Alberta and British Columbia, should be included in the bargaining unit represented by the Telecommunications Workers Union. TCI's and TELUS Mobility's application with the Federal Court of Appeal for judicial review of this CIRB decision was heard on October 4-5, 2004. A decision from the Court is expected within three months. Should the ultimate operational and financial impacts of the outcome of the Federal Court of Appeal process differ from management's

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

assessments and assumptions, a material adjustment to the Company's financial position and the results of its operations could result. Canadian GAAP requires the disclosure of certain types of guarantees and their maximum, undiscounted amounts. The maximum potential payments represent a "worst-case scenario" and do not necessarily reflect results expected by the Company. Guarantees requiring disclosure are those obligations that require payments contingent on specified types of future events; in the normal course of its operations, the Company enters into obligations which GAAP may consider to be guarantees. As defined by Canadian GAAP, guarantees subject to these disclosure guidelines do not include guarantees that relate to the future performance of the Company. As at September 30, 2004, the Company has no liability recorded in respect of performance guarantees, $1.0 million (December 31, 2003 - $1.5 million) recorded in respect of lease guarantees. The maximum undiscounted guarantee amounts as at September 30, 2004, without regard for the likelihood of having to make such payment, were not significant. In the normal course of operations, the Company may provide indemnification in conjunction with certain transactions. The term of these indemnification obligations range in duration and often are not explicitly defined. Where appropriate, an indemnification obligation is recorded as a liability. In many cases, there is no maximum limit on these indemnification obligations and the overall maximum amount of the obligations under such indemnification obligations cannot be reasonably estimated. Other than obligations recorded as liabilities at the time of the transaction, historically the Company has not made significant payments under these indemnifications. In connection with its 2001 disposition of TELUS' directory business, the Company agreed to bear a proportionate share of the purchaser's increased directory publication costs if the increased costs were to arise from a change in the applicable CRTC regulatory requirements. The Company's proportionate share would be 80% through May 2006, declining to 40% in the next five-year period and then to 15% in the final five years. As well, should the CRTC take any action which would result in the purchaser being prevented from carrying on the directory business as specified in the agreement, TELUS would indemnify the purchaser in respect of any losses that the purchaser incurred. As at September 30, 2004, the Company has no liability recorded in respect of indemnification obligations. A number of claims and lawsuits seeking damages and other relief are pending against the Company. It is impossible at this time for the Company to predict with any certainty the outcome of

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

such litigation. However, management is of the opinion, based upon legal assessment and information presently available, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would be material in relation to the Company's consolidated financial position, excepting items disclosed previously relating to pay equity, the TELUS Corporation Pension Plan and TELUS Edmonton Pension Plan and updates described in 5. Risks and Uncertainties. 4.11 Outstanding share information --------------------------------- The following is a summary of the outstanding shares for each class of equity at September 30, 2004 and at October 15, 2004. In addition, for October 15, 2004, the total number of outstanding and issuable shares is presented, assuming full conversion of convertible debentures, options and warrants. Class of equity security Common Non-Voting Total Shares Shares Shares outstanding outstanding outstanding At September 30, 2004 Common equity - Common Shares outstanding 193,089,342 - 193,089,342 Common equity - Non-Voting Shares outstanding - 163,233,857 163,233,857 ----------- ----------- ----------- 193,089,342 163,233,857 356,323,199 (1) ----------- ----------- ----------- At October 15, 2004 Common equity - Common Shares outstanding 193,214,854 - 193,214,854 Common equity Non-Voting Shares outstanding - 163,883,312 163,883,312 ----------- ----------- ----------- 193,214,854 163,883,312 357,098,166 ----------- ----------- ----------- Outstanding and issuable shares(2) at October 15, 2004 Common Shares and Non-Voting Shares outstanding 193,214,854 163,883,312 357,098,166 TELUS Corporation convertible debentures - 3,765,819 3,765,819 Options (3) 3,253,538 22,206,691 25,460,219 Warrants - 667,412 667,412 Channel stock incentive plan - 192,925 192,925 ----------- ----------- ----------- 196,468,382 190,716,159 387,184,541 -- (1) For the purposes of calculating diluted earnings per share for the third quarter of 2004, the number of shares outstanding at September 30, 2004 was 361,814,289. (2) Assuming full conversion and ignoring exercise prices. (3) Not reduced by any options that may be forfeited or cancelled during the period October 1, 2004 to October 15, 2004. 4.12 Related party transactions ------------------------------ In 2001, the Company entered into an agreement with Verizon Communications Inc. ("Verizon"), a significant shareholder, with respect to acquiring certain rights to Verizon's software, technology, services and other benefits, thereby replacing and amending a previous agreement between the Company and GTE

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

Corporation. The agreement is renewable annually at the Company's sole option up to December 31, 2008, and it has been renewed for 2005. As of September 30, 2004, in aggregate, $312.1 million of specified software licences and a trademark licence have been acquired and recorded as capital and other assets. These assets are valued at fair market value at the date of acquisition as determined by an arm's-length party's appraisal. Assuming renewal through to 2008, the total commitment under the agreement is U.S.$377 million for the period 2001 to 2008 and the commitment remaining after September 30, 2004, is U.S.$87 million (December 31, 2003 - U.S.$102 million). In the normal course of operations and on market terms and conditions, ongoing services and other benefits have been received and expensed. In connection with the 2001 disposition of TELUS' directory business to Verizon, the Company bills customers, and collects, for directory listings on Verizon's behalf. The Company owed Verizon, on a net basis and including directory rebilling and collections done on Verizon's behalf as well as dividends payable, $39.4 million at September 30, 2004 (December 31, 2003 - $40.9 million). 4.13 Revised Guidance for 2004 ------------------------------ Management has revised annual guidance for 2004: - Increased Consolidated and TELUS Mobility revenue and EBITDA guidance, while narrowing the range of TELUS Communications revenue and EBITDA guidance. Within the Communications segment, previous Non-ILEC revenue guidance was maintained, while the range for Non-ILEC EBITDA was narrowed. - Increased guidance for earnings per share. - Updated guidance for Free cash flow and Net debt to EBITDA to reflect early achievement of targets. - Increased guidance for TELUS Mobility wireless subscriber net additions, while maintaining expectations for TELUS Communications high-speed Internet net additions. --- Revised guidance 2004 revised 2004 second 2004 original summary guidance quarter guidance targets --- Consolidated $7.5 to $7.575 $7.45 to $7.55 Revenues billion No change billion --- EBITDA(1) $3.025 to $3.075 $2.975 to $3.075 $2.95 to $3.05 billion billion billion --- Earnings per share - basic $1.40 to $1.50 $1.30 to $1.50 $1.05 to $1.25 --- Capital Approx. $1.3 Approx. $1.225 expenditures No

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

change billion billion

Free cash flow(2) $1.25 to $1.3 $1.15 to $1.25 $1.13 to $1.23 billion billion billion
----
Net debt to EBITDA(3) 2.2 times 2.3 times 2.5 times or less or less or less
----

Communications segment Revenue (external) $4.725 to $4.775 $4.7 to $4.8 $4.8 to $4.85 billion billion billion
----
Non-ILEC revenue No change $525 to $550 Approx. $610 million million
----
EBITDA $1.925 to $1.95 $1.925 to $1.975 $1.975 to $2.025 billion billon billion
----
Non-ILEC EBITDA $(30) to $(35) $(30) to $(40) Approx. $5 million million million
----
Capital expenditures No change Approx. $950 Approx. $875 million million
----
High-speed Internet net additions No change No change Approx. 125,000

Mobility segment Revenue (external) $2.775 to $2.8 $2.675 to $2.725 $2.65 to $2.7 billion billion billion
----
EBITDA $1.1 to $1.125 $1.05 to $1.1 $975 million to billion billion $1.025 billion
----
Capital expenditures No change No change Approx. $350 million
----
Wireless subscriber net additions 425,000 to No change 375,000 to 475,000 425,000
----
(1) Earnings Before Interest, Taxes, Depreciation and Amortization as calculated below. The reconciling items below are Management's best estimates at this time and are not intended to provide guidance for each individual reconciling item. ($millions) 2004 revised guidance 2004 original target
----
Operating revenues 7,500 to 7,575 7,450 to 7,550 Less

As of or for the Nine Months Ended	As of or for the Year Ended December 31,

Operations expense and restructuring and workforce reduction costs 4,475 4,500 4,500 4,500

EBITDA 3,025 to 3,075 2,950 to 3,050

--- (2)

Defined as EBITDA, adding Restructuring and workforce reduction costs, cash interest received and excess of share compensation expense over share compensation payments, subtracting cash interest paid, cash taxes, capital expenditures, and cash restructuring payments. The reconciling items below are Management's best estimates at this time and are not intended to provide guidance for each individual reconciling item. ($ millions) 2004 revised guidance 2004 original target

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EBITDA 3,025 to 3,075 2,950 to 3,050

Restructuring and workforce reduction costs, net of cash payments (65) (65) (85) (85) Excess of share compensation expense over payments 25 25 35 35 Cash interest paid net of cash interest received (610) (610) (650) (650) Income taxes received (paid) excluding investment tax credits received 175 175 105 105 Capital expenditures (capex) (1,300) (1,300) (1,225) (1,225)

Free cash flow 1,250 to 1,300 1,130 to 1,230

-- (3)

Net Debt to EBITDA, where EBITDA excludes Restructuring and workforce reduction costs. This measure is substantially the same as the Leverage Ratio covenant in TELUS' credit facilities.

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5. Risks and uncertainties The following are updates to the risks and uncertainties described in TELUS' 2003 Annual Report and 2004 first and second quarter Management's discussion and analyses, including filings on SEDAR (www.sedar.com) and filings on EDGAR (www.sec.gov). 5.1 Competition Wireless competition With Roger's Wireless bid for Microcell and the expected entry of the Virgin Group to provide services on a resale basis from Bell Mobility, the four national competitor market will likely be maintained. In addition, other competitors may offer wireless services regionally or nationally on a resale basis. There is risk that increased competition by all industry players could lead to pricing pressures and higher costs of acquisition in the future. TELUS Mobility intends to manage this risk by continuing to focus on profitable subscriber growth. 5.2 Regulation - wireline operations Proceedings under Telecom

As of or for the Nine Months Ended	As of or for the Year Ended December 31,
	Public Notice CRTC 2004-2 - Regulatory framework for voice communication services using Internet Protocol In September 2004, TELUS made its oral presentation at the CRTC's public hearings on the regulatory framework for voice communication services using Internet Protocol, also known as VoIP. The decision on how to regulate VoIP services will set the Canadian competitive rules for ILECs, cable-TV companies, foreign-based competitors and others. The CRTC is expected to announce its decision in the first quarter of 2005. Positions presented at the hearings included: - TELUS' argument that all access-independent providers of VoIP services should be forborne from rate regulation. - Bell Canada's position that all VoIP services, whether access-dependent or access-independent, should be forborne from rate regulation. - Cable-TV companies' and Competitive Local Exchange Carriers' ("CLECs") arguments that any VoIP services provided by an ILEC should be fully regulated when offered in an ILEC territory. 5.3 Process risks Integration of customer-facing business units in the Communications Segment There can be no assurance that the recent integration of sales, marketing, solutions development, customer care and shared services of Business Solutions and Client Solutions will result in the operational efficiencies and organizational effectiveness that management currently expects. 5.4 Claims and lawsuits Uncertified class action ------------------------ A class action was brought August 9, 2004, under the Class Actions Act (Saskatchewan), against a number of past and present wireless service providers including the Company. The claim alleges that each of the carriers is in breach of contract and has violated competition, trade practices and consumer protection legislation across Canada in connection with the collection of system access fees, and seeks to recover direct and punitive damages in an unspecified amount. The class has not been certified and procedural objections to certification have been identified. The Company further believes the claim is unsound on the merits. Should the ultimate resolution of this action differ from management's assessments and assumptions, a material adjustment to the Company's financial position and the results of its operations could result. /For further information: Media Relations: Investor Relations: Nick Culo, (780) 493-7236, John Wheeler,(780) 493-7310, nick.culo(at)telus.com; ir(at)telus.com/ (T. T.NV. TU) SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Dated: October 29, 2004 TELUS Corporation /s/ Audrey Ho

As of or for the Nine Months Ended	As of or for the Year Ended December 31,
	_______________________________ Name: Audrey Ho Title: Vice President, Legal Services and General Counsel and Corporate Secretary