As filed with the Securities and Exchange Commission on March 28, 2006

Registration No. 333-[ ]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MDC Partners Inc.

(Exact name of registrant as specified in its charter)

Canada	**7311**	**98-0364441**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

45 Hazelton Avenue, Toronto, Ontario, M5R2E3
(416) 960-9000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

950 Third Avenue, New York, NY, 10022
(646) 429-1809
(Name and address, including zip code, of agent for service)

Copies to:

Mitchell Gendel
General Counsel & Corporate Secretary
MDC Partners Inc.
950 Third Avenue, New York, NY, 10022
(646) 429-1803

Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ý

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Security(1)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(4)
8.00% Convertible Unsecured Subordinated debentures due June 30, 2010	$36,723,000 (C$45,000,000)(2)	100%	$36,723,000 (C$45,000,000)	$4,133.08(1)
Class A subordinate voting shares, no par value	3,214,287(3)			

(1) This estimate is made pursuant to Rule 457(c) of the Securities Act solely for the purpose of determining the registration fee.

(2) U.S. dollars amounts have been translated into Canadian dollars at C$1.225 per $1.00, which was the exchange rate on June 28, 2005 and represents the proceeds received by the Company.

(3) The number of shares of common stock registered hereunder is based upon the maximum number of shares of common stock that are issuable upon conversion of the debentures. This registration statement is registering the resale of the debentures and the underlying Class A subordinate voting shares into which the debentures are convertible. Pursuant to Rule 416 under the Securities Act, the number of shares of common stock registered hereby shall include an indeterminate number of additional shares of common stock that may be issuable as a result of antidilution adjustments. Any shares of common stock issued upon conversion of the debentures will be issued for no additional consideration.

(4) Pursuant to Rule 457(i), there is no additional filing fee with respect to the shares of common stock issuable upon conversion of the debentures because no additional consideration will be received in connection with the exercise of the conversion privilege.

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

Subject to Completion, Dated [ ], 2006

PROSPECTUS

$36,723,000 (C$45,000,000)

MDC PARTNERS INC.

8.00% Convertible Unsecured Subordinate Debentures due June 30, 2010
and
Class A Subordinate Voting Shares Issuable upon Conversion of the Debentures

This prospectus relates to $36,723,000 (C$45,000,000) aggregate principal amount of 8.00% convertible unsecured subordinated debentures (denominated in Canadian $'s) due June 30, 2010, which MDC Partners Inc. previously issued and sold in reliance on an exemption from registration under the Securities Act of 1933, as amended.

The debentures and the Class A subordinate voting shares into which the debentures are convertible may be offered and sold from time to time pursuant to this prospectus by the holders of those securities or by their transferees, pledgees, donees, or successors, all of which are referred to in this prospectus as selling security holders. The selling security holders may sell the securities directly to purchasers or through underwriters, broker-dealers or agents. If required at the time of a particular offering of securities by a selling security holder, a supplement to this prospectus will be circulated setting forth the name or names of any underwriters, broker-dealers or agents, any discounts, commissions or other terms constituting compensation for underwriters and any discounts, commissions or concessions that will be allowed or reallowed or paid to agents or broker-dealers.

The debentures bear interest at the rate of 8.00% per year, subject to the payment of additional amounts in certain circumstances described herein under "Description of Debentures Registration Rights." For the period from January 1, 2006 to June 30, 2006, additional amounts equal to a 0.5% increase in the annual interest rate in the debentures will be payable to holders as described therein. Interest on the debentures is payable on June 30 and December 31 of each year, beginning December 31, 2005. The debentures will mature on June 30, 2010.

MDC's outstanding Class A subordinate voting shares are listed on the Toronto Stock Exchange under the symbol "MDZ.SV.A" and on the Nasdaq Stock Market ("Nasdaq") under the symbol "MDCA". As of March 15, 2006, the last reported sale price of the Class A subordinate voting shares was $8.18 on NASDAQ and C$9.40 on the Toronto Stock Exchange. No public market has existed in the United States for the debentures prior to the effective date of the registration statement of which this prospectus is a part. The debentures are listed on the Toronto Stock Exchange under the symbol "MDZ.DB."

Investing in the debentures and the Class A subordinate voting shares involves risks. See "Risk Factors" beginning on page 8.

We will not receive any of the proceeds from the sale of the debentures or the Class A subordinate voting shares by any of the selling security holders. The debentures and the Class A subordinate voting shares may be offered and sold from time to time directly by the selling security holder or alternatively through underwriters or broker-dealers or agents. The debentures and the Class A subordinate voting shares may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. See "Plan of Distribution."

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

The date of this prospectus is [ ], 2006

TABLE OF CONTENTS

We are not, and the selling security holders are not, making an offer to sell these debentures or the common stock where such an offer or sale is not permitted.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of when this prospectus is delivered or when any sale of the debentures or our Class A subordinate voting shares occurs.

Except as the context otherwise requires, references in this prospectus to "MDC," the "Company," "we," "our" or "us" are to MDC Partners Inc. and its consolidated subsidiaries, or their predecessors, as the context requires. References to "C$" are to Canadian dollars.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. It does not contain all of the information that may be important to you. You should read the entire prospectus carefully, including the section describing the risks of investing in the debentures or our Class A subordinate voting shares entitled "Risk Factors" and our financial statements and related notes included elsewhere in this prospectus, before deciding to buy the debentures.

MDC Partners Inc. was formed in 1986 pursuant to the Business Corporations Act (Ontario). In December 1986, MDC amalgamated with Branbury Explorations Limited, and became a public company. Today, MDC is a leading provider of marketing communications services and secure transaction products and services to customers in more than 10 countries. MDC has operating units in the United States, Canada, Australia, the United Kingdom and Mexico, and conducts its businesses through two operating groups: the Marketing Communications Group and the Secure Products International Group.

MDC's principal executive office is located at 45 Hazelton Avenue, Toronto, Ontario, M5R 2E3, and its telephone number at that address is (416) 960-9000. MDC's web site is located at www.mdc-partners.com. The information on MDC's web site is not part of this prospectus.

The Securities

Debentures Offered	$36,723,000 (C$45,000,000) aggregate principal amount of 8.00% convertible unsecured subordinate debentures due June 30, 2010. Each debenture was issued at a price of $816 (C$1,000) per debenture and has a principal amount of $816 (C$1,000).
Stated Maturity	June 30, 2010
Interest and Payment Date	8.00% per annum, which is payable semi-annually, in arrears, on June 30 and December 31 in each year, commencing with December 31, 2005 to holder of record at the close of business on the business day immediately preceding such interest payment date. Interest will be payable based on a 365-day year. Effective January 1, 2006 until the end of the six-month period in which a registration statement for the resale of the debentures is declared effective by the SEC, the debentures will bear interest at an annual rate of 8.50%, subject to an additional 0.5% increase in certain circumstances.
Conversion Privilege	The debentures will be convertible at the holder's option into fully-paid, non-assessable and freely tradeable Class A subordinate voting shares, subject to the restrictions on transfer, at a conversion price of C$14.00 per Class A subordinate voting share being a ratio of approximately 71.4286 Class A subordinate voting shares per C$1,000 principal amount of debentures. Holders converting their Debentures shall be entitled to receive accrued and unpaid interest in respect thereof for the period up to, but excluding, the date of conversion from the latest interest payment date. Notwithstanding the foregoing, no debentures may be converted during the ten business days preceding June 30 and December 31 in each year, commencing December 31, 2005, as the registers of the debenture trustee will be closed during such periods.

Payment on Redemption or Maturity	On redemption or at the maturity date, MDC will repay the indebtedness represented by the debentures by paying to the debenture trustee an amount equal to the principal amount of the outstanding debentures, together with accrued and unpaid interest thereon. MDC may, at its option, on not more than 60 days' and not less than 30 days' prior notice and subject to any required regulatory approvals, unless an event of default (as hereinafter defined) has occurred and is continuing, elect to satisfy its obligation to repay, in whole or in part, the principal amount of the debentures which are to be redeemed or which have matured by issuing Class A subordinate voting shares, in whole or in part, to the holders of the debentures.
Interest Payment Election	Unless an event of default has occurred and is continuing, MDC may elect, from time to time, subject to applicable regulatory approval, to issue and deliver Class A subordinate voting shares to the debenture trustee in order to raise funds to satisfy all or any part of our obligations to pay interest on the debentures in accordance with the indenture, in which event holders of the debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Class A subordinate voting shares by the debenture trustee.
Redemption and Purchases	The debentures may not be redeemed by MDC on or before June 30, 2008. Thereafter, but prior to June 30, 2009, the debentures may be redeemed, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest, on not more than 60 days' and not less than 30 days' prior written notice, provided that the volume weighted average trading price of the Class A subordinate voting shares on the Toronto Stock Exchange for at least 20 trading days in any consecutive 30 day period ending on the fifth trading day prior to the date on which notice of redemption is given is not less than 125% of the conversion price. From July 1, 2009 until the maturity of the debentures, the debentures may be redeemed by MDC at a price equal to the principal amount thereof plus accrued and unpaid interest, if any, on not more than 60 days' and not less than 30 days' prior written notice.
Subordination	The payment of the principal of, and interest on, the debentures will be subordinated in right of payment to the prior payment in full in cash of all of MDC's senior indebtedness. The debentures are also effectively subordinated to all of MDC's existing and future obligations (other than subordinated indebtedness ranking *pari passu* to the debentures).

	The indenture does not limit the ability of MDC or of its subsidiaries to incur additional indebtedness, including indebtedness that ranks senior to the debentures, or from mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness.
Change of Control	Upon the occurrence of a change of control (as defined in the indenture governing the debentures) of MDC involving the acquisition of voting control or direction over 50% or more of the outstanding Class A subordinate voting shares by any person or group of persons acting jointly or in concert prior to June 30, 2008, MDC shall be required to make an offer to purchase all of the then outstanding debentures on a date which is not later than 30 days following the date upon which the debenture trustee delivers a change of control notice to holders of debentures, at a price equal to 100% of the principal amount thereof plus an amount equal to the interest payments not yet received on the debentures calculated from the date of the change of control to June 30, 2008, discounted at the Government of Canada yield (as defined herein). Upon the occurrence of a change of control on or after June 30, 2008, we shall be required to make an offer to purchase all of the then outstanding debentures on the change of control date at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the purchase date.
CDS Eligibility	The debentures were issued in fully registered book-entry form and are represented by one or more permanent global certificates deposited with a custodian for and registered in the name of a nominee of The Canadian Depository for Securities Limited ("CDS"). Beneficial interests in any such securities are shown on, and transfers will be effected only through, records maintained by CDS and its direct and indirect participants. Any such interest may not be exchanged for certificated securities, except in limited circumstances. See "Description of Debentures Book Entry System."
Registration Rights	MDC has, for the benefit of holders, filed with the SEC a resale registration statement, of which this prospectus is a part, covering resales of the debentures and the Class A subordinate voting shares issuable upon conversion of the debentures. MDC will use its reasonable best efforts to cause the resale registration statement to become effective as promptly as practicable and keep such shelf registration statement effective until the earliest of (i) the sale pursuant to Rule 144 under the Securities Act or a shelf registration statement of all the debentures and the Class A subordinate voting shares issuable upon conversion of the debentures and (ii) the expiration of the holding period applicable to such securities held by entities that are not affiliates of MDC under Rule 144(k) under the Securities Act, or any successor provision, subject to certain permitted exceptions. In the event that MDC does not maintain such an effective registration statement, additional amounts shall be payable on the debentures. See "Description of Debentures Registration Rights."

Trading	Upon the effective date of the registration statement of which this prospectus is a part, MDC does not expect the debentures to be listed on any U.S. national securities exchange or in any automated quotation system. The debentures are listed on the Toronto Stock Exchange under the symbol "MDZ.DB."
Class A subordinate voting shares	MDC's outstanding Class A subordinate voting shares are listed on the Toronto Stock Exchange under the symbol "MDZ.SV.A" and on the Nasdaq under the symbol "MDCA."
Use of Proceeds	MDC will not receive any of the proceeds of the sale by the selling security holders of the debentures or the common stock into which the debentures may be converted. MDC used all of the net proceeds of the initial placement to repay outstanding indebtedness under its credit facility.
Governing Law	Each of the indenture and the debentures are governed by, and construed in accordance with, the laws of the Province of Ontario applicable to contracts executed and to be performed entirely in such Province, save as regards matters provided for in such provisions of the Trust Indenture Act of 1939 (the "TIA") as are required under the TIA to be part of and to govern indentures qualified under the TIA, which matters shall be performed in accordance with and be governed by U.S. federal laws governing the TIA.
Risk Factors	You should carefully consider the information under "Risk Factors" beginning on page 8 before making an investment in the debentures or the Class A subordinate voting shares issuable upon conversion of the debentures.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth MDC's summary financial data and other operating information. The summary financial data in the table are derived from MDC's audited year-end consolidated financial statements, which are prepared in accordance with U.S. GAAP. The financial data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included for the fiscal year ended December 31, 2005, included elsewhere in this prospectus.

	Year Ended December 31,				
	2005	2004	2003	2002	2001
	(dollars in thousands, except per share data)				
OPERATING DATA					
Revenues	$ 443,462	$ 316,812	$ 278,777	$ 363,719	$ 477,727
Operating profit (loss)	$ 22,588	$ 5,152	$ (5,982)	$ 31,352	$ (61,828)
Income (loss) from continuing operations	$ (8,522)	$ 4,991	$ 13,702	$ 97,823	($ 71,533)
Stock-based compensation included in income (loss) from continuing operations	$ 3,272	$ 8,388	$ 6,182		
EARNINGS (LOSS) PER SHARE					
Basic					
Continuing operations	$ (0.37)	$ 0.23	$ 0.77	$ 5.78	$ (4.24)
Diluted					
Continuing operations	$ (0.37)	$ 0.22	$ 0.70	$ 3.87	$ (4.24)
FINANCIAL POSITION					
Total assets	$ 507,315	$ 437,341	$ 321,539	$ 349,677	$ 545,512
Total long-term debt	$ 123,240	$ 53,538	$ 150,142	$ 179,694	$ 374,509

RISK FACTORS

An investment in the debentures and our Class A subordinate voting shares involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information contained in this prospectus, before deciding to buy the debentures. Any of the risks described below could adversely affect MDC's business, financial condition or operating results. The market price of the debentures or the Class A subordinate voting shares could decline if one or more of these risks and uncertainties develop into actual events. You could lose all or part of your investment.

Risks Related to MDC's Business

The following factors could adversely affect MDC's revenues, results of operations or financial condition. See also "Special Note Regarding Forward-Looking Disclosure."

MDC competes for clients in highly competitive industries.

MDC's Marketing Communications Group operates in a highly competitive environment in an industry characterized by numerous firms of varying sizes, with no single firm or group of firms having a dominant position in the marketplace. Competitive factors include creative reputation, management, personal relationships, quality and reliability of service and expertise in particular niche areas of the marketplace. In addition, because a firm's principal asset is its people, barriers to entry are minimal, and relatively small firms are, on occasion, able to take all or some portion of a client's business from a larger competitor.

While many of MDC's client relationships are long-standing, companies put their advertising and marketing services businesses up for competitive review from time to time, including at times when clients enter into strategic transactions. To the extent that the Marketing Communications Group fails to maintain existing clients or attract new clients, MDC's business, financial condition and operating results may be affected in a materially adverse manner.

MDC's Secure Products International Group competes primarily on the basis of quality, customer service, design capability and price. A number of MDC's competitors have greater resources than those available to us, which resources may enable them to aggressively pursue and compete for the business of our Secure Products International Group.

The loss of lines of credit could adversely affect MDC's liquidity and our ability to implement MDC's acquisition strategy and fund any put options if exercised.

As of December 31, 2005, MDC had approximately $81.7 million outstanding under its revolving credit facility in the form of borrowings and letters of credit (the "Credit Facility"). MDC uses amounts available under the Credit Facility, together with cash flow from operations, to fund its working capital needs, to fund the exercise of put option obligations and to fund our strategy of making selective acquisitions of ownership interests in entities in the marketing communications services industry.

MDC amended its Credit Facility five times in 2005, and again on January 17, 2006. Certain of these amendments to the Credit Facility were necessary in order to avoid an event of default under the Credit Facility and to permit the Company to continue to borrow under the Credit Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operation Liquidity and Capital Resources," for a more detailed discussion of these amendments to the Credit Facility.

The Company is currently in compliance with all of the terms and conditions of its amended Credit Facility, and management believes that the Company will be in compliance with covenants over the next twelve months. If, however, events were to occur which result in MDC losing all or a substantial portion of its lines of credit under the Credit Facility, MDC would be required to seek other sources of liquidity. If MDC was unable to replace this source of liquidity, its ability to fund its working capital needs and any contingent obligations with respect to put options would be adversely affected.

MDC may not realize the benefits it expects from past acquisitions or acquisitions MDC may make in the future.

MDC's business strategy includes ongoing efforts to engage in material acquisitions of ownership interests in entities in the marketing communications services industry. MDC intends to finance these acquisitions by using available cash from operations and through incurrence of debt or bridge financing, either of which may increase its leverage ratios, or by issuing equity, which may have a dilutive impact on its existing shareholders. At any given time MDC may be engaged in a number of discussions that may result in one or more material acquisitions. These opportunities require confidentiality and may involve negotiations that require quick responses by MDC. 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 its securities.

The success of acquisitions or strategic investments depends on the effective integration of newly acquired businesses into MDC's current operations, including the recent Zyman Group acquisition. Such integration is subject to risks and uncertainties, including realization of anticipated synergies and cost savings, the ability to retain and attract personnel and clients, the diversion of management's attention from other business concerns, and undisclosed or potential legal liabilities of the acquired company. MDC may not realize the strategic and financial benefits that it expects from any of its past acquisitions, or any future acquisitions.

MDC's business could be adversely affected if it loses key clients or executives.

MDC's strategy has been to acquire ownership stakes in diverse marketing communications businesses to minimize the effects that might arise from the loss of any one client or executive. The loss of one or more clients could materially affect the results of individual companies within the Marketing Communication Group. Management succession is very important to the ongoing results of MDC's Marketing Communications Group because, as in any service business, the success of a particular agency is dependent upon the leadership of key executives and management personnel. If key executives were to leave, the relationships that MDC has with its clients could be lost. Within the Secure Products International Group, the postage stamp business derives a significant portion of its revenue from government contracts, which are generally awarded in a competitive bidding process. The loss of any of these contracts could have a material adverse effect on the sales and earnings of Ashton-Potter, MDC's postage stamp production subsidiary.

MDC's ability to generate new business from new and existing clients may be limited.

To increase its revenues, MDC needs to obtain additional clients or generate additional demand for its services from existing clients. MDC's ability to generate initial demand for its services from new clients and additional demand from existing clients is subject to such clients' and potential clients' requirements, pre-existing vendor relationships, financial condition, strategic plans and internal resources, as well as the quality of MDC's employees, services and reputation and the breadth of its services. To the extent MDC cannot generate new business from new and existing clients due to these limitations, it will limit MDC's ability to grow its business and to increase its revenues.

MDC's revenues are susceptible to declines as a result of general adverse economic developments.

The marketing communications services industry is cyclical and is subject to the negative effects of economic downturns. MDC's advertising and marketing services subsidiaries and affiliates, and its

Secure Products International Group, are also exposed to the risk of clients changing their business plans and/or reducing their marketing budgets. As a result, if the U.S. and Canadian economies weaken, our businesses, financial condition and operating results are likely to be adversely affected.

MDC's business could be adversely affected if it loses or fails to attract key employees.

Employees, including creative, research, media, account and practice group specialists, and their skills and relationships with clients, are among MDC's most important assets. An important aspect of MDC's competitiveness is its ability to retain key employee and management personnel. Compensation for these key employees is an essential factor in attracting and retaining them, and MDC may not offer a level of compensation sufficient to attract and retain these key employees. If MDC fails to hire and retain a sufficient number of these key employees, it may not be able to compete effectively.

MDC is exposed to the risk of client media account defaults.

MDC's Marketing Communications Group often incurs expenses on behalf of its clients in order to secure a variety of media time and space, in exchange for which it receives a fee. The difference between the gross cost of the media and the net revenue earned by us can be significant. While MDC takes precautions against default on payment for these services (such as advance billing of clients) and has historically had a very low incidence of default, MDC is still exposed to the risk of significant uncollectible receivables from its clients.

MDC's results of operations are subject to currency fluctuation risks.

Although MDC's financial results are reported in U.S. dollars, a portion of its revenues and operating costs are denominated in Canadian dollars. As a result, fluctuations in the exchange rate between the U.S. dollar and other currencies, particularly the Canadian dollar, may affect MDC's financial results and competitive position.

MDC is subject to regulations that could restrict its activities or negatively impact its revenues.

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

MDC is still implementing its plan to eliminate material weaknesses in its internal control over financial reporting.

MDC is required to review and assess its disclosure controls and procedures and its internal controls over financial reporting, pursuant to the Sarbanes-Oxley Act of 2002. As disclosed more fully in Item 9A on MDC's Form 10-K for the year ended December 31, 2005, management's assessment has identified the existence of material weaknesses in disclosure controls and procedures and internal controls over financial reporting. MDC is still remediating its material weaknesses in its disclosure controls and procedures and its internal control over financial reporting. These weaknesses may adversely affect MDC's ability to record, process, summarize and report financial data and, by themselves or in combination, result in a more than a remote likelihood that a material misstatement in or omission from its financial statements and other financial reporting will not be prevented or detected by MDC's employees in the normal course of performing their assigned functions. Despite the ongoing dedication of significant resources to remediate these material weaknesses, MDC has determined that additional work will be required to remediate these material weaknesses in its internal control over financial reporting and cannot assure that these material weaknesses will be fully remediated in the near term.

Material weaknesses in our internal control over financial reporting require MDC to perform additional analyses and pre- and post-closing procedures that, if not performed effectively, may prevent MDC from reporting its financial results in an accurate and timely manner. As a result of such material weaknesses, MDC's internal control over financial reporting might not prevent or detect all misstatements, including immaterial misstatements and misstatements created by collusion or fraud.

In light of these material weaknesses and the inherent limitations of internal control over financial reporting, management has concluded that MDC's disclosure controls and procedures are not effective. Therefore, MDC is performing additional analyses and other pre and post-closing procedures to ensure that MDC's consolidated financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles in the United States. These procedures include monthly analytic reviews of subsidiaries' financial results, and quarterly certifications by senior management of subsidiaries regarding the accuracy of reported financial information. MDC also vigorously enforces its policies and the Code of Conduct applicable to its employees. If the additional analyses and pre- and post-closing procedures are not performed effectively, if actions to remediate these material weaknesses are not successfully implemented or if other material weaknesses are identified in the future, MDC's ability to report its quarterly and annual financial results on a timely and accurate basis could be adversely affected.

Risks Relating to the Debentures

There are no restrictive covenants in the indenture relating to MDC's ability to incur future indebtedness or complete other financial transactions.

The indenture governing the debentures does not contain any financial or operating covenants or restrictions on the payment of dividends, the incurrence of indebtedness, transactions with affiliates, incurrence of liens or the issuance or repurchase of securities by MDC or any of its subsidiaries. MDC therefore may incur additional debt, including secured indebtedness senior to the debentures, or indebtedness at the subsidiary level to which the debentures would be structurally subordinated. A higher level of indebtedness would increase the risk that MDC may default on its debt obligations. MDC cannot assure you that it will be able to generate sufficient cash flow to pay the interest on MDC's debt or that future working capital, borrowings or equity financing will be available to pay or refinance such debt. The indenture contains no covenants or other provisions to afford protection to holders of the debentures upon the occurrence of a designated event except to the extent described under "Description of Debentures Change of Control."

MDC may be unable to generate sufficient cash flow to satisfy its debt service obligations.

MDC's ability to generate cash flow from operations to make interest payments on the debentures will depend on its future performance, which will be affected by a range of economic, competitive and business factors. MDC cannot control many of these factors, including general economic conditions and the health of industry in which it operates. If MDC's operations do not generate sufficient cash flow from operations to satisfy its debt service obligations, MDC may need to borrow additional funds to make these payments or undertake alternative financing plans, such as refinancing or restructuring MDC's debt, or reducing or delaying capital investments and acquisitions. Additional funds or alternative financing may not be available to MDC on favorable terms, or at all. MDC's inability to generate sufficient cash flow from operations or obtain additional funds or alternative financing on acceptable terms could have a material adverse effect on its business, financial condition and results of operations.

MDC may be unable to repay or purchase the principal amount of the debentures.

At maturity, the entire outstanding principal amount of the debentures will become due and payable by MDC. In addition, if a change of control occurs, as defined in the indenture, each holder of the debentures may require that MDC purchase all or a portion of that holder's debentures. MDC may not have sufficient funds or will not be able to arrange for additional financing to pay the principal amount or purchase price due. In that case, MDC's failure to repay the debentures at maturity or to purchase any tendered debentures would constitute an event of default under the indenture. In addition, the terms of the debentures provide that in certain circumstances, MDC will have the right to repay the principal of the debentures using newly issued shares, rather than cash.

MDC cannot assure you that an active trading market will develop for the debentures.

Prior to the sale of the private placement of the debentures, there was no established trading market for the debentures. MDC have no plans to list the debentures on a U.S. national securities exchange. MDC has been advised by the initial purchaser of the debentures that such purchaser currently intends to make a market in the debentures, but it is not obligated to do so. Any market-making activity, if initiated, may be discontinued at any time, for any reason or for no reason, without notice. If the initial purchaser of the debentures ceases to act as the market maker for the debentures, MDC cannot assure you another firm or person will make a market in the debentures. The liquidity of any market for the debentures will depend upon the number of holders of the debentures, MDC's results of operations and financial condition, the market for similar securities, the interest of securities dealers in making a market in the debentures and other factors. An active or liquid trading market for the debentures may not develop.

MDC will use its reasonable best efforts to cause the resale registration statement to be declared effective under the Securities Act. Effective January 1, 2006 until the end of the six-month period in which a registration statement for the resale of the debentures is declared effective by the SEC, the debentures will bear interest at an annual rate of 8.50%, subject to an additional 0.5% increase in certain circumstances. However, MDC cannot assure you that the registration statement will be declared effective or that there will be an active trading market for the debentures. If the resale registration statement is not declared effective, this could adversely affect the liquidity and price of the debentures and common stock issuable upon conversion of the debentures. If MDC does not comply with its registration obligations with respect to the debentures and the Class A subordinate voting shares issuable upon conversion of the debentures, MDC will be obligated to pay additional amounts to the holders of the debentures. Selling security holders who sell debentures or Class A subordinate voting shares pursuant to a resale registration statement may be subject to certain restrictions and potential liability under the Securities Act. See "Description of Debentures Registration Rights."

If a market were to develop, the debentures could trade at prices that may be lower than their initial offering price depending on many factors, including the market price of the Class A subordinate voting shares into which the debentures are convertible, prevailing interest rates, MDC's operating results and the market for similar securities.

MDC expects that the trading value of the debentures will be significantly affected by the price of MDC's common stock.

The market price of the debentures is expected to be significantly affected by the market price of MDC's Class A subordinate voting shares. This may result in greater volatility in the trading value of the debentures than would be expected for any non-convertible debt securities MDC may issue.

The debentures are subordinated to all of MDC's senior indebtedness and effectively subordinated to all indebtedness of MDC's subsidiaries.

The debentures are MDC's unsecured subordinated obligations and are not guaranteed by any of MDC's subsidiaries. Accordingly, the debentures are subordinated to all of MDC's current and future senior indebtedness, including secured indebtedness. In addition, MDC's right to receive any distribution of assets of any subsidiary upon that subsidiary's liquidation, reorganization or otherwise, is subject to the prior claims of creditors of that subsidiary, except to the extent MDC is also recognized as a creditor of that subsidiary. As a result, the debentures are effectively subordinated to the claims of such creditors.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This prospectus contains forward-looking statements, including within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934. When used in this prospectus, such statements may use such words as "anticipate," "believe," "continue," "may," "project," "should," "estimate," "plan" and "expect" and other similar expressions. MDC's representatives may also make forward-looking statements orally from time to time. Statements in this document that are not historical facts, including statements about MDC's beliefs and expectations, recent business and economic trends, potential acquisitions, estimates of amounts for deferred acquisition consideration and "put" option rights, 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 MDC undertakes no obligation to update publicly any of them in light of new information or future events, if any. 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 statements. Such risk factors include, but are not limited to, the following:

- risks associated with effects of national and regional economic conditions;
- the Company's ability to attract new clients and retain existing clients;
- the financial success of the Company's clients;
- the Company's ability to remain in compliance with its debt agreements;
- risks arising from identified and potential future material weaknesses in internal control over financial reporting;
- the Company's ability to retain and attract key employees;
- the successful completion and integration of acquisitions which complement and expand the Company's business capabilities; and
- foreign currency fluctuations.

The Company's business strategy includes ongoing efforts to engage in material acquisitions of ownership interests in entities in the marketing communications services industry. The Company intends to finance these acquisitions by using available cash from operations and through incurrence of bridge or other debt financing, either of which may increase the Company's leverage ratios, or by issuing equity, which may have a dilutive impact on existing shareholders proportionate ownership. At any given time, the Company may be engaged in a number of discussions that may result in one or more material acquisitions. These opportunities require confidentiality and may involve negotiations that require quick responses by the Company. 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 Company's securities.

Investors should carefully consider these risk factors and the additional risk factors outlined in more detail under "Risk Factors" in this prospectus. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, planned or expected, and accordingly readers should not place undue reliance on forward-looking statements. Although the forward-looking statements contained in this prospectus are based on what MDC believes to be reasonable assumptions, MDC cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.

USE OF PROCEEDS

MDC will not receive any of the proceeds of the sale by the selling security holders of the debentures or the common stock into which the debentures may be converted. MDC used all of the net proceeds of the initial placement to repay outstanding indebtedness under its credit facility.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth MDC's historical ratios of earnings to fixed charges for the periods indicated:

	Year Ended December 31,				
	2005	2004	2003	2002	2001
Ratio of Earnings to Fixed Charges	2.04	2.42	2.11	6.13	[a]

(a) No ratio is presented for 2001 as the earnings were $93,178 less than the fixed charges

In computing the ratio of earnings of fixed charges, "earnings" consist of pretax income from continuing operations, interest expenses and other adjustments.

For purposes of the "earnings" computation, other adjustments include adding minority interest in earnings of consolidated subsidiaries, dividends received from equity-method investees, amortization of capitalized interest and the interest component of rental expense and subtracting equity income of investees.

"Fixed Charges" consist of interest expense and other adjustments. Other adjustments include capitalized interest costs and the interest component of rental expense.

PRICE RANGE OF THE CLASS A SUBORDINATE VOTING SHARES

Quarterly high and low sales prices per share of MDC's Class A subordinate voting shares, as reported by the Nasdaq composite and The Toronto Stock Exchange, respectively, for each quarter in the years ended December 31, 2005 and 2004 as follows:

	High	Low
Nasdaq National Market		
($ per share)		
Quarter Ended		
March 31, 2004	17.63	11.04
June 30, 2004	16.55	11.14
September 30, 2004	13.05	10.07
December 31, 2004	12.95	9.72
March 31, 2005	11.89	9.30
June 30, 2005	10.37	7.45
September 30, 2005	10.05	6.80
December 31, 2005	7.60	5.35
The Toronto Stock Exchange		
(C$ per share)		
Quarter Ended		
March 31, 2004	22.25	14.42
June 30, 2004	20.65	15.09
September 30, 2004	17.00	13.21
December 31, 2004	16.08	11.01
March 31, 2005	13.91	10.25
June 30, 2005	12.75	9.00
September 30, 2005	10.85	8.20
December 31, 2005	8.75	6.27

As of March 15, 2006, the last reported sale price of the Class A subordinate voting shares was $8.18 on NASDAQ and C$9.40 on the Toronto Stock Exchange.

Quarterly high and low sales prices per debenture of MDC's debentures, as reported by The Toronto Stock Exchange, for each quarter that the Debentures were outstanding as follows:

	High	Low
The Toronto Stock Exchange		
(C$ per $100 face amount of debentures)		
Quarter Ended		
June 30, 2005	99.00	97.26
September 30, 2005	99.00	96.00
December 31, 2005	98.00	65.00

As of March 15, 2006, the last reported sale price of the 8% Debentures was C$93.49 on the Toronto Stock Exchange.

DIVIDEND POLICY

MDC has not declared nor paid any dividends on its Class A subordinate voting shares since its incorporation in 1986. In addition, MDC's Credit Facility prohibits MDC from declaring and paying cash dividends. Accordingly, it is expected that no dividends will be paid by MDC on the Class A subordinate voting shares or the Class B shares in the foreseeable future. Any future payment of dividends will be determined by the board of directors of MDC Partners Inc. on the basis of MDC's earnings, financial requirements and other relevant factors.

SELECTED CONSOLIDATED FINANCIAL DATA

MDC's selected consolidated financial data set forth below should be read together with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and MDC's consolidated historical financial statements, which were prepared in accordance with U.S. GAAP, and respective notes included elsewhere in this prospectus. The selected consolidated historical income statement data of MDC for each of the years in the three-year period ended December 31, 2005 and balance sheet data as of December 31, 2005 and 2004 have been derived from MDC's audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated historical income statement date of MDC for each of the years in the two-year period ended December 31, 2002 and balance sheet data as of December 31, 2003, 2002 and 2001 have been derived from MDC's audited consolidated financial statements that are not included in this prospectus. The data set forth below are not necessarily indicative of results to be expected for any future period.

	Year Ended December 31,				
	2005	2004	2003	2002	2001
	(dollars in thousands, except per share data)				
OPERATING DATA					
Revenues	$ 443,462	$ 316,812	$ 278,777	$ 363,719	$ 477,727
Operating profit (loss)	$ 22,588	$ 5,152	$ (5,982)	$ 31,352	$ (61,828)
Income (loss) from continuing operations	$ (8,522)	$ 4,991	$ 13,702	$ 97,823	($ 71,533)
Stock-based compensation included in income (loss) from continuing operations	$ 3,272	$ 8,388	$ 6,182		
EARNINGS (LOSS) PER SHARE					
Basic					
Continuing operations	$ (0.37)	$ 0.23	$ 0.77	$ 5.78	$ (4.24)
Diluted					
Continuing operations	$ (0.37)	$ 0.22	$ 0.70	$ 3.87	$ (4.24)
FINANCIAL POSITION					
Total assets	$ 507,315	$ 437,341	$ 321,539	$ 349,677	$ 545,512
Total long-term debt	$ 123,240	$ 53,538	$ 150,142	$ 179,694	$ 374,509

Several significant factors that should be considered when comparing the annual results shown above are as follows:

As discussed in the notes to the consolidated financial statements, as required by Statement of Financial Accounting Standard 142, "Goodwill and Other Intangibles ("SFAS 142"), beginning with MDC's 2002 operating results, goodwill and other intangible assets that have indefinite lives were no longer amortized due to a change in US GAAP. The following table shows the impact of excluding goodwill amortization in 2001.

		2001
Income (loss) from continuing operations	$	(71,533)
Add back goodwill amortization		11,244
Net income (loss) from continuing operations before goodwill amortization	$	(60,289)
Earnings (loss) per share from continuing operations:		
Basic as reported	$	(4.24)
Basic before goodwill amortization	$	(3.57)
Diluted as reported	$	(4.24)
Diluted before goodwill amortization	$	(3.57)

Year Ended December 31, 2005

On June 28, 2005, MDC completed an issuance in Canada of C$45.0 million of convertible unsecured subordinated debentures (amounting to $38.7 million as of December 31, 2005). The debentures mature on June 30, 2010. The debentures bear interest at an annual rate of 8.00% payable semi-annually, in arrears, on June 30 and December 31 of each year, commencing December 31, 2005. Effective January 1, 2006 until the end of the six-month period in which a registration statement for the resale of the debentures is declared effective by the SEC, additional amounts are payable on the debentures such that the debentures will bear interest at an annual rate of 8.50%, subject to an additional 0.5% increase in certain circumstances.

On April 1, 2005, MDC, through a wholly-owned subsidiary, purchased 61.6% of the total outstanding membership units of Zyman Group, LLC for a purchase price equal to $52.4 million paid in cash, plus the issuance of 1,139,975 class A shares of MDC valued at approximately $11.2 million. On an annual basis, the Company receives a 20% priority return calculated based on its total investment in Zyman Group, which as of December 31, 2005 approximates a priority return of $12.7 million.

Year Ended December 31, 2004

During 2004, MDC sold its remaining 20% interest in Custom Direct, Inc. ("CDI") with a resulting reduction in long-term debt and a net gain of $15.0 million. See Note 15 of the notes to consolidated financial statements included herein.

MDC acquired interests in several Marketing Communication businesses, which contributed $56.1 million of revenue, $2.9 million of income from continuing operations and $120.6 million of assets.

Effective September 22, 2004, MDC consolidated Crispin Porter + Bogusky, LLC ("CPB") as a variable interest entity. Prior to that date, CPB had been accounted for on an equity basis since acquired by MDC in 2001. As a result of the change in accounting, from September 22, 2004, CPB contributed revenues of $13.3 million and increased MDC's assets by approximately $80.0 million.

Year Ended December 31, 2003

During 2003, MDC disposed of 80% of its interest in CDI and retired the remaining 10.5% senior subordinated notes. The divestitures and debt repayment resulted in a gain of $42.1 million. CDI contributed $48.5 million of revenue and $6.1 million of income from continuing operations in 2003. See Note 15 of the notes to consolidated financial statements included herein.

Effective January 1, 2003, MDC prospectively adopted fair value accounting for stock based awards as prescribed by SFAS No. 123 "Accounting for Stock-Based Compensation."

MDC also incurred impairment charges of $10.0 million and $8.1 million relating to goodwill and fixed assets, respectively.

Year Ended December 31, 2002

During 2002, MDC sold its remaining interests in Davis + Henderson, Ashton Potter Packaging, AE McKenzie, House of Questa, and Spectron and retired $112.5 million of its 10.5% senior subordinated debentures. The divestitures, debt repayment and a financial derivative gain resulted in a gain of $113.4 million. The above divested operations contributed $51.4 million of revenue and $8.1 million of income from continuing operations in 2002.

Effective January 1, 2002 MDC adopted Financial Accounting Statement 142, "Goodwill and Other Intangibles," whereby goodwill and other intangible assets that have indefinite lives are no longer amortized but tested for impairment at least annually.

MDC also incurred a $3.4 million write-down of fixed assets in 2002.

Year Ended December 31, 2001

During 2001, MDC commenced a restructuring process to maximize the returns in its core businesses and construct an orderly exit from non-core activities, resulting in a charge of $121.5 million. MDC recorded a gain of $62.3 million on the sale of 45.5% of a Secure Products International Group subsidiary, Davis + Henderson. MDC recorded amortization of goodwill in the amount of $11.2 million. MDC also completed the acquisition of five Marketing Communication businesses, which did not have a significant impact on the results of operations in the year acquired but increased total assets by $54.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion together with "Selected Consolidated Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. The discussion contains forward-looking statements involving risks, uncertainties and assumptions that could cause our results to differ materially from expectations. Factors that might cause such differences include those described under "Risk Factors," "Special Note Regarding Forward-Looking Statements" and elsewhere in this prospectus.

Unless otherwise indicated, references to the "Company" mean MDC Partners Inc. and its subsidiaries, and references to a fiscal year means the Company's year commencing on January 1 of that year and ending December 31 of that year (e.g., fiscal 2005 means the period beginning January 1, 2005, and ending December 31, 2005).

The Company reports its financial results in accordance with generally accepted accounting principles ("GAAP") of the United States of America ("US GAAP"). However, the Company has included certain non-US GAAP financial measures and ratios, which it believes provide useful information to both management and readers of this report in measuring the financial performance and financial condition of the Company. One such term is "organic revenue", which means growth in revenues from sources other than acquisitions or foreign exchange impacts. These measures do not have a standardized meaning prescribed by US GAAP and, therefore, may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to other titled measures determined in accordance with US GAAP.

Executive Summary

The Company's objective is to create long-term shareholder value by building market-leading subsidiaries and affiliates that deliver innovative, value-added marketing communications and secure transactions products and services to their clients. Management believes that long-term shareholder value is maximized with an operating philosophy of "Perpetual Partnership" with proven committed industry leaders in marketing communications and secure products.

&