UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 1-6686

THE INTERPUBLIC GROUP OF COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-1024020**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

909 Third Avenue, New York, New York 10022
(Address of principal executive offices) (Zip Code)

(212) 704-1200
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.10 per share	IPG	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	Accelerated Filer
Non-accelerated Filer	Smaller Reporting Company
	Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No ☒

The number of shares of the registrant's common stock outstanding as ofOctober 15, 2019 was 387,732,100.

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INFORMATION REGARDING FORWARD-LOOKING DISCLOSURE

This quarterly report on Form 10-Q contains forward-looking statements. Statements in this report that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," "continue" or comparable terminology are intended to identify 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 under Item 1A, *Risk Factors*, in our most recent annual report on Form 10-K and our quarterly reports on Form 10-Q. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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

- potential effects of a challenging economy, for example, on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and fluctuations in economic growth rates, interest rates and currency exchange rates;
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world; and
- failure to realize the anticipated benefits on the acquisition of the Acxiom business.

Investors should carefully consider these factors and the additional risk factors outlined in more detail under Item 1A, *Risk Factors*, in our most recent annual report on Form 10-K and our quarterly reports on Form 10-Q.

PART I – FINANCIAL INFORMATION

Item 1. ***Financial Statements (Unaudited)***

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
REVENUE:				
Net revenue	$ 2,061.4	$ 1,895.7	$ 6,192.1	$ 5,617.9
Billable expenses	376.7	401.8	1,127.4	1,240.5
Total revenue	2,438.1	2,297.5	7,319.5	6,858.4
OPERATING EXPENSES:				
Salaries and related expenses	1,334.4	1,251.4	4,136.7	3,874.6
Office and other direct expenses	367.9	317.0	1,144.4	974.1
Billable expenses	376.7	401.8	1,127.4	1,240.5
Cost of services	2,079.0	1,970.2	6,408.5	6,089.2
Selling, general and administrative expenses	9.8	21.6	69.3	85.5
Depreciation and amortization	69.0	44.0	213.1	134.0
Restructuring charges	0.0	0.0	33.9	0.0
Total operating expenses	2,157.8	2,035.8	6,724.8	6,308.7
OPERATING INCOME	280.3	261.7	594.7	549.7
EXPENSES AND OTHER INCOME:				
Interest expense	(49.7)	(27.6)	(151.1)	(73.6)
Interest income	9.5	5.3	25.0	14.0
Other expense, net	(7.4)	(15.3)	(18.1)	(56.0)
Total (expenses) and other income	(47.6)	(37.6)	(144.2)	(115.6)
Income before income taxes	232.7	224.1	450.5	434.1
Provision for income taxes	64.6	60.7	118.7	137.0
Income of consolidated companies	168.1	163.4	331.8	297.1
Equity in net income (loss) of unconsolidated affiliates	0.3	0.1	(0.1)	(1.9)
NET INCOME	168.4	163.5	331.7	295.2
Net income attributable to noncontrolling interests	(2.8)	(2.5)	(4.6)	(2.5)
NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS	$ 165.6	$ 161.0	$ 327.1	$ 292.7
Earnings per share available to IPG common stockholders:				
Basic	$ 0.43	$ 0.42	$ 0.85	$ 0.76
Diluted	$ 0.42	$ 0.41	$ 0.84	$ 0.75
Weighted-average number of common shares outstanding:				
Basic	386.7	382.6	385.8	383.2
Diluted	391.8	388.4	390.3	388.4

The accompanying notes are an integral part of these unaudited financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
NET INCOME	$ 168.4	$ 163.5	$ 331.7	$ 295.2
OTHER COMPREHENSIVE LOSS				
Foreign currency translation:				
Foreign currency translation adjustments	(50.9)	(27.9)	(38.4)	(121.9)
Reclassification adjustments recognized in net income	(0.6)	3.3	5.2	16.7
	(51.5)	(24.6)	(33.2)	(105.2)
Derivative instruments:				
Recognition of previously unrealized losses in net income	0.6	0.6	1.8	1.7
Income tax effect	(0.2)	(0.2)	(0.4)	(0.5)
	0.4	0.4	1.4	1.2
Defined benefit pension and other postretirement plans:				
Net actuarial gains (losses) for the period	0.0	0.0	0.7	(1.4)
Amortization of unrecognized losses, transition obligation and prior service cost included in net income	1.7	1.8	5.0	5.7
Settlement and curtailment losses included in net income	0.0	0.1	0.0	0.3
Other	(0.1)	0.0	0.2	(0.4)
Income tax effect	(0.2)	(0.1)	(0.4)	0.0
	1.4	1.8	5.5	4.2
Other comprehensive loss, net of tax	(49.7)	(22.4)	(26.3)	(99.8)
TOTAL COMPREHENSIVE INCOME	118.7	141.1	305.4	195.4
Less: comprehensive income attributable to noncontrolling interests	1.4	2.0	3.4	0.2
COMPREHENSIVE INCOME ATTRIBUTABLE TO IPG	$ 117.3	$ 139.1	$ 302.0	$ 195.2

The accompanying notes are an integral part of these unaudited financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Millions)
(Unaudited)

	September 30, 2019	December 31, 2018
ASSETS:		
Cash and cash equivalents	$ 520.5	$ 673.4
Accounts receivable, net of allowance of $38.8 and $42.5, respectively	4,047.8	5,126.6
Accounts receivable, billable to clients	2,018.7	1,900.6
Assets held for sale	22.8	5.7
Other current assets	440.2	476.6
Total current assets	7,050.0	8,182.9
Property and equipment, net of accumulated depreciation of $1,097.4 and $1,034.9, respectively	758.2	790.9
Deferred income taxes	279.1	247.0
Goodwill	4,847.4	4,875.9
Other intangible assets	1,032.3	1,094.7
Operating lease right-of-use assets	1,573.5	0.0
Other non-current assets	457.1	428.9
TOTAL ASSETS	$ 15,997.6	$ 15,620.3
LIABILITIES:		
Accounts payable	$ 5,656.0	$ 6,698.1
Accrued liabilities	634.3	806.9
Contract liabilities	562.4	533.9
Short-term borrowings	244.8	73.7
Current portion of long-term debt	3.3	0.1
Current portion of operating leases	261.6	0.0
Liabilities held for sale	36.0	11.2
Total current liabilities	7,398.4	8,123.9
Long-term debt	3,367.1	3,660.2
Non-current operating leases	1,434.4	0.0
Deferred compensation	394.8	422.7
Other non-current liabilities	714.4	812.8
TOTAL LIABILITIES	13,309.1	13,019.6
Redeemable noncontrolling interests (see Note 5)	185.4	167.9
STOCKHOLDERS' EQUITY:		
Common stock	38.7	38.3
Additional paid-in capital	941.0	895.9
Retained earnings	2,455.5	2,400.1
Accumulated other comprehensive loss, net of tax	(966.2)	(941.1)
Total IPG stockholders' equity	2,469.0	2,393.2
Noncontrolling interests	34.1	39.6
TOTAL STOCKHOLDERS' EQUITY	2,503.1	2,432.8
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 15,997.6	$ 15,620.3

The accompanying notes are an integral part of these unaudited financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Millions) (Unaudited)

	Nine months ended September 30,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 331.7	$ 295.2
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	213.1	134.0
Provision for uncollectible receivables	7.7	9.4
Amortization of restricted stock and other non-cash compensation	58.3	59.7
Net amortization of bond discounts and deferred financing costs	7.0	4.2
Deferred income tax provision	(1.5)	(22.9)
Net losses on sales of businesses	19.5	50.0
Other	1.5	4.2
Changes in assets and liabilities, net of acquisitions and divestitures, providing (using) cash:		
Accounts receivable	1,010.2	443.6
Accounts receivable, billable to clients	(152.0)	(303.0)
Other current assets	(29.5)	(100.6)
Accounts payable	(952.7)	(766.9)
Accrued liabilities	(73.5)	(186.5)
Contract liabilities	37.2	46.1
Change in operating lease right-of-use assets and lease liabilities	2.8	0.0
Other non-current assets and liabilities	(56.2)	6.8
Net cash provided by (used in) operating activities	423.6	(326.7)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(133.8)	(105.7)
Acquisitions, net of cash acquired	(0.6)	(12.0)
Other investing activities	13.7	1.1
Net cash used in investing activities	(120.7)	(116.6)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	173.1	(4.6)
Exercise of stock options	4.2	9.1
Proceeds from long-term debt	0.0	1,994.2
Repurchases of common stock	0.0	(117.1)
Repayment of long-term debt	(300.2)	(4.9)
Common stock dividends	(272.2)	(241.6)
Tax payments for employee shares withheld	(22.3)	(28.8)
Acquisition-related payments	(15.3)	(30.4)
Distributions to noncontrolling interests	(12.4)	(13.4)
Other financing activities	0.1	(11.9)
Net cash (used in) provided by financing activities	(445.0)	1,550.6
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(11.1)	(35.3)
Net (decrease) increase in cash, cash equivalents and restricted cash	(153.2)	1,072.0
Cash, cash equivalents and restricted cash at beginning of period	677.2	797.7
Cash, cash equivalents and restricted cash at end of period	$ 524.0	$ 1,869.7

The accompanying notes are an integral part of these unaudited financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in Millions)
(Unaudited)

	Common Stock							
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total IPG Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance at June 30, 2019	386.4	$ 38.6	$ 921.4	$ 2,381.8	$ (917.9)	$ 2,423.9	$ 34.5	$ 2,458.4
Net income				165.6		165.6	2.8	168.4
Other comprehensive loss					(48.3)	(48.3)	(1.4)	(49.7)
Reclassifications related to redeemable noncontrolling interests							2.4	2.4
Distributions to noncontrolling interests							(4.3)	(4.3)
Change in redemption value of redeemable noncontrolling interests				0.0		0.0		0.0
Common stock dividends ($0.235 per share)				(90.8)		(90.8)		(90.8)
Stock-based compensation	0.1	0.0	16.2			16.2		16.2
Exercise of stock options	0.5	0.1	3.6			3.7		3.7
Shares withheld for taxes	(0.1)	0.0	(0.2)			(0.2)		(0.2)
Other			0.0	(1.1)		(1.1)	0.1	(1.0)
Balance at September 30, 2019	386.9	$ 38.7	$ 941.0	$ 2,455.5	$ (966.2)	$ 2,469.0	$ 34.1	$ 2,503.1

	Common Stock							
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total IPG Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance at December 31, 2018	383.6	$ 38.3	$ 895.9	$ 2,400.1	$ (941.1)	$ 2,393.2	$ 39.6	$ 2,432.8
Cumulative effect of accounting change				2.2		2.2		2.2
Net income				327.1		327.1	4.6	331.7
Other comprehensive loss					(25.1)	(25.1)	(1.2)	(26.3)
Reclassifications related to redeemable noncontrolling interests							2.0	2.0
Distributions to noncontrolling interests							(12.4)	(12.4)
Change in redemption value of redeemable noncontrolling interests				1.4		1.4		1.4
Common stock dividends ($0.235 per share)				(272.2)		(272.2)		(272.2)
Stock-based compensation	3.7	0.4	64.3			64.7		64.7
Exercise of stock options	0.6	0.1	4.2			4.3		4.3
Shares withheld for taxes	(1.0)	(0.1)	(22.4)			(22.5)		(22.5)
Other			(1.0)	(3.1)		(4.1)	1.5	(2.6)
Balance at September 30, 2019	386.9	$ 38.7	$ 941.0	$ 2,455.5	$ (966.2)	$ 2,469.0	$ 34.1	$ 2,503.1

The accompanying notes are an integral part of these unaudited financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in Millions)
(Unaudited)

	Common Stock								
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Treasury Stock	Total IPG Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance at June 30, 2018	390.5	$ 39.0	$ 1,022.9	$ 2,076.7	$ (903.4)	$ (173.5)	$ 2,061.7	$ 29.9	$ 2,091.6
Net income				161.0			161.0	2.5	163.5
Other comprehensive loss					(21.9)		(21.9)	(0.5)	(22.4)
Reclassifications related to redeemable noncontrolling interests								0.8	0.8
Distributions to noncontrolling interests								(2.8)	(2.8)
Change in redemption value of redeemable noncontrolling interests				1.6			1.6		1.6
Repurchases of common stock						(2.6)	(2.6)		(2.6)
Common stock dividends ($0.210 per share)				(80.4)			(80.4)		(80.4)
Stock-based compensation	0.1	0.0	15.3				15.3		15.3
Exercise of stock options	0.5	0.1	2.1				2.2		2.2
Shares withheld for taxes	0.0	0.0	(0.4)				(0.4)		(0.4)
Other			1.9	(0.5)			1.4	2.4	3.8
Balance at September 30, 2018	391.1	$ 39.1	$ 1,041.8	$ 2,158.4	$ (925.3)	$ (176.1)	$ 2,137.9	$ 32.3	$ 2,170.2

	Common Stock								
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Treasury Stock	Total IPG Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance at December 31, 2017	386.2	$ 38.6	$ 955.2	$ 2,104.5	$ (827.8)	$ (59.0)	$ 2,211.5	$ 34.8	$ 2,246.3
Net income				292.7			292.7	2.5	295.2
Other comprehensive loss					(97.5)		(97.5)	(2.3)	(99.8)
Reclassifications related to redeemable noncontrolling interests								7.1	7.1
Distributions to noncontrolling interests								(13.4)	(13.4)
Change in redemption value of redeemable noncontrolling interests			41.8	4.5			46.3		46.3
Repurchases of common stock						(117.1)	(117.1)		(117.1)
Common stock dividends ($0.210 per share)				(241.6)			(241.6)		(241.6)
Stock-based compensation	4.7	0.5	63.3				63.8		63.8
Exercise of stock options	1.4	0.1	9.1				9.2		9.2
Shares withheld for taxes	(1.2)	(0.1)	(28.9)				(29.0)		(29.0)
Other			1.3	(1.7)			(0.4)	3.6	3.2
Balance at September 30, 2018	391.1	$ 39.1	$ 1,041.8	$ 2,158.4	$ (925.3)	$ (176.1)	$ 2,137.9	$ 32.3	$ 2,170.2

The accompanying notes are an integral part of these unaudited financial statements.

Notes to Consolidated Financial Statements
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements have been prepared by The Interpublic Group of Companies, Inc. and its subsidiaries (the "Company," "IPG," "we," "us" or "our") in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for reporting interim financial information on Form 10-Q. Accordingly, they do not include certain information and disclosures required for complete financial statements. The preparation of financial statements in conformity with U.S. GAAP requires us to make judgments, assumptions and estimates that affect the amounts reported and disclosed. Actual results could differ from these estimates and assumptions. The consolidated results for interim periods are not necessarily indicative of results for the full year and should be read in conjunction with our 2018 Annual Report on Form 10-K.

Cost of services is comprised of the expenses of our revenue-producing reportable segments, Integrated Agency Networks ("IAN") and Constituency Management Group ("CMG"), including salaries and related expenses, office and other direct expenses and billable expenses, and includes an allocation of the centrally managed expenses of our Corporate and other group. Office and other direct expenses include rent expense, professional fees, certain expenses incurred by our staff in servicing our clients and other costs directly attributable to client engagements.

Selling, general and administrative expenses are primarily the unallocated expenses of our Corporate and other group, excluding depreciation and amortization.

Depreciation and amortization of fixed assets and intangible assets of the Company is disclosed as a separate operating expense.

Restructuring charges relate to the Company's implementation of a cost initiative to better align our cost structure with our revenue, as discussed further in Note 9.

In the opinion of management, these unaudited Consolidated Financial Statements include all adjustments, consisting only of normal and recurring adjustments necessary for a fair statement of the information for each period contained therein. Certain reclassifications and immaterial revisions have been made to prior-period financial statements to conform to the current-period presentation.

Note 2: Revenue

Disaggregation of Revenue

We have two reportable segments as of September 30, 2019: IAN and CMG, as further discussed in Note 13. IAN principally generates revenue from providing advertising and media services as well as a comprehensive array of global communications, marketing services and data management. CMG generates revenue from providing events and public relations services as well as sports and entertainment marketing, corporate and brand identity, and strategic marketing consulting.

Our agencies are located in over 110 countries, including every significant world market. Our geographic revenue breakdown is listed below.

	Three months ended September 30,		Nine months ended September 30,	
Total revenue:	**2019**	**2018**	**2019**	**2018**
United States	$ 1,550.9	$ 1,407.1	$ 4,681.1	$ 4,203.5
International:				
United Kingdom	201.9	220.9	617.9	626.9
Continental Europe	177.6	177.5	565.8	564.3
Asia Pacific	262.7	267.3	753.3	803.0
Latin America	109.2	95.3	300.3	267.8
Other	135.8	129.4	401.1	392.9
Total International	887.2	890.4	2,638.4	2,654.9
Total Consolidated	$ 2,438.1	$ 2,297.5	$ 7,319.5	$ 6,858.4

Notes to Consolidated Financial Statements – (continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
Net revenue:	**2019**	**2018**	**2019**	**2018**
United States	$ 1,313.0	$ 1,160.9	$ 3,964.8	$ 3,424.7
International:				
United Kingdom	172.1	174.0	522.8	513.2
Continental Europe	155.7	152.0	495.8	489.4
Asia Pacific	205.0	210.6	588.1	603.6
Latin America	97.8	84.0	270.2	239.9
Other	117.8	114.2	350.4	347.1
Total International	748.4	734.8	2,227.3	2,193.2
Total Consolidated	$ 2,061.4	$ 1,895.7	$ 6,192.1	$ 5,617.9

IAN	Three months ended September 30,		Nine months ended September 30,	
Total revenue:	**2019**	**2018**	**2019**	**2018**
United States	$ 1,185.3	$ 1,064.2	$ 3,611.2	$ 3,150.6
International	718.6	710.5	2,133.5	2,122.1
Total IAN	$ 1,903.9	$ 1,774.7	$ 5,744.7	$ 5,272.7
Net revenue:				
United States	$ 1,103.0	$ 952.9	$ 3,354.0	$ 2,814.2
International	640.9	627.6	1,906.9	1,876.7
Total IAN	$ 1,743.9	$ 1,580.5	$ 5,260.9	$ 4,690.9

CMG	Three months ended September 30,		Nine months ended September 30,	
Total revenue:	**2019**	**2018**	**2019**	**2018**
United States	$ 365.6	$ 342.9	$ 1,069.9	$ 1,052.9
International	168.6	179.9	504.9	532.8
Total CMG	$ 534.2	$ 522.8	$ 1,574.8	$ 1,585.7
Net revenue:				
United States	$ 210.0	$ 208.0	$ 610.8	$ 610.5
International	107.5	107.2	320.4	316.5
Total CMG	$ 317.5	$ 315.2	$ 931.2	$ 927.0

Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	September 30, 2019	December 31, 2018
Accounts receivable, net of allowance of $38.8 and $42.5, respectively	$ 4,047.8	$ 5,126.6
Accounts receivable, billable to clients	2,018.7	1,900.6
Contract assets	57.8	67.9
Contract liabilities (deferred revenue)	562.4	533.9

Notes to Consolidated Financial Statements – (continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Contract assets are primarily comprised of contract incentives that are generally satisfied annually under the terms of our contracts and are transferred to accounts receivable when the right to payment becomes unconditional. Contract liabilities relate to advance consideration received from customers under the terms of our contracts primarily related to reimbursements of third-party expenses, whether we act as principal or agent, and to a lesser extent, periodic retainer fees, both of which are generally recognized shortly after billing.

The majority of our contracts are for periods of one year or less. For those contracts with a term of more than one year, we had approximately $759.0 of unsatisfied performance obligations as of September 30, 2019, which will be recognized as services are performed over the remaining contractual terms.

Note 3: Leases

Effective January 1, 2019, we adopted Accounting Standards Codification Topic 842, *Leases*, using the modified retrospective transition method. As such, we have recognized a right-of-use asset and a corresponding lease liability on our Consolidated Balance Sheet for virtually all of our leases with a term of more than twelve months. Prior-year financial statements were not recast under the new standard and, therefore, those amounts are not presented below. As an accounting policy, we have elected not to apply the recognition requirements to short-term leases, not to separate non-lease components from lease components, and have elected the package of transition provisions available for existing contracts, which allowed us to carry forward our historical assessments of (i) whether contracts are or contain leases, (ii) lease classification and (iii) initial direct costs.

We do not have a material amount of finance leases and the majority of our operating leases, for which we serve as the lessee, consist primarily of real-estate property for our offices around the world. Both the asset and liability are measured at the present value of the future lease payments, with the asset being subject to adjustments such as initial direct costs, prepaid lease payments, and lease incentives. Many of our leases provide for renewal and/or termination options, as well as escalation clauses, which are also factored into our lease payments when appropriate. Our leases have remaining lease terms of 1 year to 20 years. The discount rate used to measure the lease asset and liability is determined at the beginning of the lease term using the rate implicit in the lease, if readily determinable, or using the Company's collateralized credit-adjusted borrowing rate.

The following table presents information on our operating leases for the three and nine months ended September 30, 2019.

	Three months ended September 30, 2019	Nine months ended September 30, 2019
Operating lease cost	$ 80.9	$ 240.3
Short-term lease cost	3.1	13.1
Sublease income	(3.8)	(8.6)
Total lease cost	$ 80.2	$ 244.8

	Nine months ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities	$ 247.2
Right-of-use assets obtained in exchange for lease liabilities	$ 359.0

	As of September 30, 2019
Weighted-average remaining lease term	Eight years
Weighted-average discount rate	4.32%

Notes to Consolidated Financial Statements – (continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Our future payments of our operating leases as ofSeptember 30, 2019 are listed in the table below.

Period	Net Rent
2019	$ 83.6
2020	322.9
2021	291.5
2022	260.5
2023	202.3
Thereafter	861.2
Total future lease payments	2,022.0
Less: imputed interest	(326.0)
Present value of future lease payments	1,696.0
Less: current portion of operating leases	261.6
Non-current operating leases	$ 1,434.4

Our future payments of our operating leases as of December 31, 2018 are listed in the table below.

Period	Rent Obligations	Sublease Rental Income	Net Rent
2019	$ 352.0	$ (7.7)	$ 344.3
2020	324.3	(5.2)	319.1
2021	282.3	(2.2)	280.1
2022	242.5	(1.3)	241.2
2023	184.0	(0.6)	183.4
Thereafter	714.6	(0.5)	714.1
Total future lease payments	$ 2,099.7	$ (17.5)	$ 2,082.2

As of September 30, 2019, we have additional operating leases that have not yet commenced with future lease payments of approximately$151.0 that will commence between 2019 and 2020 with lease terms of 4 to 15 years.

Notes to Consolidated Financial Statements – (continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Note 4: Debt and Credit Arrangements

Long-Term Debt

A summary of the carrying amounts and fair values of our long-term debt is listed below.

		September 30, 2019		December 31, 2018	
	Effective Interest Rate	Book Value	Fair Value [1]	Book Value	Fair Value [1]
3.50% Senior Notes due 2020 (less unamortized discount and issuance costs of $0.5 and $1.5, respectively)	3.89%	$ 498.0	$ 505.8	$ 496.6	$ 499.9
3.75% Senior Notes due 2021 (less unamortized discount and issuance costs of $0.3 and $2.1, respectively)	3.98%	497.6	513.2	496.8	503.2
4.00% Senior Notes due 2022 (less unamortized discount and issuance costs of $0.8 and $0.6, respectively)	4.13%	248.6	258.6	248.2	250.3
3.75% Senior Notes due 2023 (less unamortized discount and issuance costs of $0.5 and $1.4, respectively)	4.32%	498.1	523.6	497.7	491.4
4.20% Senior Notes due 2024 (less unamortized discount and issuance costs of $0.5 and $1.9, respectively)	4.24%	497.6	535.9	497.3	492.6
4.65% Senior Notes due 2028 (less unamortized discount and issuance costs of $1.6 and $4.0, respectively)	4.78%	494.4	561.4	494.0	494.1
5.40% Senior Notes due 2048 (less unamortized discount and issuance costs of $2.8 and $5.4, respectively)	5.48%	491.8	596.7	491.7	474.1
Term Loan due 2021 - LIBOR plus 1.25%		100.0	100.0	400.0	400.0
Other notes payable and capitalized leases		44.3	44.3	38.0	38.0
Total long-term debt		3,370.4		3,660.3	
Less: current portion		3.3		0.1	
Long-term debt, excluding current portion		$ 3,367.1		$ 3,660.2	

1 See Note 14 for information on the fair value measurement of our long-term debt.

Term Loan Agreement

On October 1, 2018, in order to fund the acquisition of Acxiom, we entered into financing arrangements with third-party lenders under a three-year term loan agreement (the "Term Loan Agreement"). On June 13, 2019 and September 9, 2019, we repaid $100.0 and $200.0, respectively, of the outstanding balance which reduced our borrowings under the agreement to $100.0. Consistent with our other debt securities, the Term Loan Agreement includes covenants that, among other things, limit our liens and the liens of certain of our consolidated subsidiaries. We were in compliance with all of our covenants in the Term Loan Agreement as of September 30, 2019.

Credit Agreements

We maintain a committed corporate credit facility, originally dated as of July 18, 2008, which has been amended and restated from time to time (the "Credit Agreement"). We use our Credit Agreement to increase our financial flexibility, to provide letters of credit primarily to support obligations of our subsidiaries and to support our commercial paper program. The Credit Agreement is a revolving facility, expiring in October 2022, under which amounts borrowed by us or any of our subsidiaries designated under the Credit Agreement may be repaid and reborrowed, subject to an aggregate lending limit of $1,500.0, or the equivalent in other currencies. The Company has the ability to increase the commitments under the Credit Agreement from time to time by an additional amount of up to $250.0, provided the Company receives commitments for such increases and satisfies certain other conditions. The aggregate available amount of letters of credit outstanding may decrease or increase, subject to a sublimit on letters of credit of $50.0, or the equivalent in other currencies. Our obligations under the Credit Agreement are unsecured. As of September 30, 2019, there were no borrowings under the Credit Agreement; however, we had $8.6 of letters of credit under the Credit Agreement, which reduced our total availability to $1,491.4. We were in compliance with all of our covenants in the Credit Agreement as ofSeptember 30, 2019.

(Amounts in Millions, Except Per Share Amounts)

We also have uncommitted lines of credit with various banks that permit borrowings at variable interest rates and that are primarily used to fund working capital needs. We have guaranteed the repayment of some of these borrowings made by certain subsidiaries. If we lose access to these credit lines, we would have to provide funding directly to some of our operations. As of September 30, 2019, the Company had uncommitted lines of credit in an aggregate amount of $1,091.2, under which we had outstanding borrowings of $64.8 classified as short-term borrowings on our Consolidated Balance Sheet. The average amount outstanding during the third quarter of 2019 was $106.6, with a weighted-average interest rate of approximately 5.3%.

Commercial Paper

The Company is authorized to issue unsecured commercial paper up to a maximum aggregate amount outstanding at any time of $1,500.0. Borrowings under the program are supported by the Credit Agreement described above. Proceeds of the commercial paper are used for working capital and general corporate purposes, including the repayment of maturing indebtedness and other short-term liquidity needs. The maturities of the commercial paper vary but may not exceed 397 days from the date of issue. As of September 30, 2019, there was $180.0 of commercial paper outstanding classified as short-term borrowings on our Consolidated Balance Sheet. The average amount outstanding under the program during the third quarter of 2019 was $349.5, with a weighted-average interest rate of 2.5% and a weighted-average maturity of 9 days.

Note 5: Acquisitions

Acxiom Acquisition

On October 1, 2018, the Company completed its acquisition of Acxiom. The purchase accounting for the transaction was finalized during the third quarter of 2019, including the assignment of goodwill related to the transaction-associated synergies. There were no material adjustments to the preliminary amounts recorded.

Other Acquisitions

During the first nine months of 2019, we completed one acquisition, a content communications agency based in the U.K. This acquisition was included in the IAN reportable segment. During the first nine months of 2019, we recorded $7.6 of goodwill and intangible assets related to our acquisitions.

During the first nine months of 2018, we completed three acquisitions, including a full-service digital agency based in Brazil, an entertainment marketing and brand licensing agency in the fashion and lifestyle sector based in the United Kingdom., and a content-focused social creative agency based in the United Kingdom All three of our acquisitions were included in the CMG reportable segment. During the first nine months of 2018, we recorded $24.0 of goodwill and intangible assets related to our acquisitions.

The results of operations of our acquired companies were included in our consolidated results from the closing date of each acquisition.Details of cash paid for current and prior years' acquisitions are listed below.

	Nine months ended September 30,	
	2019	2018
Cost of investment: current-year acquisitions	$ 0.6	$ 12.3
Cost of investment: prior-year acquisitions	15.3	30.6
Less: net cash acquired	—	(0.5)
Total cost of investment	15.9	42.4
Operating payments [1]	9.3	18.3
Total cash paid for acquisitions [2]	$ 25.2	$ 60.7

1 Represents cash payments for amounts that have been recognized in operating expenses since the date of acquisition either relating to adjustments to estimates in excess of the initial value of contingent payments recorded or were contingent upon the future employment of the former owners of the acquired companies. Amounts are reflected in the operating section of the unaudited Consolidated Statements of Cash Flows.

2 Of the total cash paid for acquisitions, $0.6 and $12.0 for the nine months ended September 30, 2019 and 2018, respectively, are classified under the investing section of the unaudited Consolidated Statements of Cash Flows, as acquisitions, net of cash acquired. These amounts relate to initial payments for new transactions. Of the total cash paid for acquisitions, $15.3 and $30.4 for the nine months ended September 30, 2019 and 2018, respectively, are classified under the financing section of the unaudited Consolidated Statements of Cash Flows as acquisition-related payments. These amounts relate to deferred payments and increases in our ownership interest for prior acquisitions.

(Amounts in Millions, Except Per Share Amounts)

Redeemable Noncontrolling Interests

Many of our acquisitions include provisions under which the noncontrolling equity owners may require us to purchase additional interests in a subsidiary at their discretion. Redeemable noncontrolling interests are adjusted quarterly to their estimated redemption value, but not less than their initial fair value. Any adjustments to the redemption value impact retained earnings or additional paid in capital, except for foreign currency translation adjustments.

The following table presents changes in our redeemable noncontrolling interests.

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Balance at beginning of period	$ 167.9	$ 252.1
Change in related noncontrolling interests balance	(2.1)	(15.5)
Changes in redemption value of redeemable noncontrolling interests:		
Additions	24.3	0.0
Redemptions	(3.1)	(33.7)
Redemption value adjustments	(1.6)	(43.2)
Balance at end of period	$ 185.4	$ 159.7

Note 6: Earnings Per Share

The following sets forth basic and diluted earnings per common share available to IPG common stockholders.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net income available to IPG common stockholders	$ 165.6	$ 161.0	$ 327.1	$ 292.7
Weighted-average number of common shares outstanding - basic	386.7	382.6	385.8	383.2
Dilutive effect of stock options and restricted shares	5.1	5.8	4.5	5.2
Weighted-average number of common shares outstanding - diluted	391.8	388.4	390.3	388.4
Earnings per share available to IPG common stockholders:				
Basic	$ 0.43	$ 0.42	$ 0.85	$ 0.76
Diluted	$ 0.42	$ 0.41	$ 0.84	$ 0.75

Note 7: Supplementary Data

Accrued Liabilities

The following table presents the components of accrued liabilities.

	September 30, 2019	December 31, 2018
Salaries, benefits and related expenses	$ 395.3	$ 494.9
Interest	59.1	43.6
Acquisition obligations	41.6	65.7
Office and related expenses	24.3	52.2
Restructuring charges	3.6	0.0
Other	110.4	150.5
Total accrued liabilities	$ 634.3	$ 806.9

(Amounts in Millions, Except Per Share Amounts)

Other Expense, Net

Results of operations for the three and nine months ended September 30, 2019 and 2018 include certain items that are not directly associated with our revenue-producing operations.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net losses on sales of businesses	$ (7.7)	$ (5.8)	$ (19.5)	$ (50.0)
Other	0.3	(9.5)	1.4	(6.0)
Total other expense, net	$ (7.4)	$ (15.3)	$ (18.1)	$ (56.0)

Net losses on sales of businesses – During the three and nine months ended September 30, 2019, the amounts recognized were related to sales of businesses and the classification of certain assets and liabilities, consisting primarily of cash, as held for sale within our IAN reportable segment. During the three and nine months ended September 30, 2018, the amounts recognized were related to sales of businesses and the classification of certain assets and liabilities, consisting primarily of cash, as held for sale within our IAN and CMG reportable segments. The businesses held for sale primarily represent unprofitable, non-strategic agencies which are expected to be sold within the next twelve months.

Other – During the nine months ended September 30, 2019, the amounts recognized are primarily a result of changes in fair market value of equity investments, partially offset by the sale of an equity investment. During the three and nine months ended September 30, 2018, the amounts recognized are primarily a result of transaction-related costs from the Acxiom acquisition.

Share Repurchase Program

On July 2, 2018, in connection with the announcement of the Acxiom acquisition, we announced that share repurchases will be suspended for a period of time in order to reduce the increased debt levels incurred in conjunction with the acquisition. As of September 30, 2019, $338.4, excluding fees, remains available for repurchase under the share repurchase programs authorized in previous years, which have no expiration date.

Note 8: Income Taxes

For the three and nine months ended September 30, 2019, our income tax provision was negatively impacted by losses in certain foreign jurisdictions where we receive no tax benefit due to 100% valuation allowances, and net losses on sales of businesses and the classification of certain assets as held for sale, for which we did not receive a tax benefit, partially offset by excess tax benefits on employee share-based payments. For the nine months ended September 30, 2019, our income tax provision was also positively impacted by the settlement of state income tax audits.

We have various tax years under examination by tax authorities in various countries, and in various states, in which we have significant business operations. It is not yet known whether these examinations will, in the aggregate, result in our paying additional taxes. We believe our tax reserves are adequate in relation to the potential for additional assessments in each of the jurisdictions in which we are subject to taxation. We regularly assess the likelihood of additional tax assessments in those jurisdictions and, if necessary, adjust our reserves as additional information or events require.

With respect to all tax years open to examination by U.S. federal, various state and local, and non-U.S. tax authorities, we currently anticipate that total unrecognized tax benefits will decrease by an amount between $10.0 and $20.0 in the next twelve months, a portion of which will affect our effective income tax rate, primarily as a result of the settlement of tax examinations and the lapsing of statutes of limitations.

We are effectively settled with respect to U.S. federal income tax audits through 2012, with the exception of 2009. With limited exceptions, we are no longer subject to state and local income tax audits for years prior to 2013 or non-U.S. income tax audits for years prior to 2009.

(Amounts in Millions, Except Per Share Amounts)

Note 9: Restructuring Charges

In the first quarter of 2019, the Company implemented a cost initiative (the "2019 Plan") to better align our cost structure with our revenue primarily related to specific client losses occurring in 2018, the components of which are listed below.

	Nine months ended September 30, 2019
Severance and termination costs	$ 22.0
Lease restructuring costs	11.9
Total restructuring charges	$ 33.9

Net restructuring charges were comprised of $27.6 at IAN and $5.6 at CMG for the first nine months of 2019. All restructuring actions were identified and initiated by the end of the first quarter of 2019, with all actions substantially completed by the end of the second quarter of 2019 and we don't expect any further restructuring adjustments.

During the first nine months of 2019, severance and termination costs related to a planned reduction in workforces of 627 employees. The employee groups affected include executive, regional and account management as well as administrative, creative and media production personnel. Cash payments of $18.4 were made during the first nine months of 2019, with the remaining liability of $3.6 expected to be paid by the end of the fourth quarter of 2019.

Lease impairment costs relate to the office spaces that were vacated as part of the 2019 Plan, which includes impairment on the right-of-use asset of operating leases, furniture, and leasehold improvements. Given the remaining lease terms involved, the lease obligation will be paid out over a period of several years, net of sublease income.

Note 10: Incentive Compensation Plans

We issue stock-based compensation and cash awards to our employees under a plan established by the Compensation and Leadership Talent Committee of the Board of Directors (the "Compensation Committee") and approved by our shareholders. In May 2019, our shareholders approved the 2019 Performance Incentive Plan (the “2019 PIP”), replacing the 2014 Performance Incentive Plan (the “2014 PIP”) and previous incentive plans. The number of shares of common stock initially available for grants of all equity awards under the 2019 PIP is 27.0. Pursuant to the terms of the 2019 PIP, the number of shares that may be awarded to any one participant for any stock based awards is limited to 2.0 shares in the aggregate. The vesting period of awards granted is generally commensurate with the requisite service period. We generally issue new shares to satisfy the exercise of stock options or the distribution of other stock-based awards.

Additionally, under the 2019 PIP, we have the ability to issue performance cash awards. The performance cash awards are granted to certain employees who otherwise would have been eligible to receive performance-based stock awards. These awards have a service period vesting condition and a performance vesting condition. The amount of the performance cash award received by an employee with a performance vesting condition can range from 0% to 300% of the target amount of the original grant value. Performance cash awards generally vest in three years. A committee of the Board of Directors may grant performance cash awards to any eligible employee; however, no employee can receive more than $10.0 during a performance period.

We issued the following stock-based awards under the 2014 PIP and 2019 PIP during the nine months ended September 30, 2019.

	Awards	Weighted-average grant-date fair value (per award)
Restricted stock (shares or units)	2.5	$ 22.78
Performance-based stock (shares)	2.1	$ 20.16
Total stock-based compensation awards	4.6	

During the nine months ended September 30, 2019, the Compensation Committee granted performance cash awards under the 2014 and 2019 PIP and restricted cash awards under the 2009 Restricted Cash Plan with a total annual target value of $40.6 and $20.3, respectively. Cash awards are expensed over the vesting period, typically three years.

Notes to Consolidated Financial Statements – (continued)
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(Unaudited)

Note 11: Accumulated Other Comprehensive Loss, Net of Tax

The following tables present the changes in accumulated other comprehensive loss, net of tax, by component.

	Foreign Currency Translation Adjustments	Derivative Instruments	Defined Benefit Pension and Other Postretirement Plans	Total
Balance as of December 31, 2018	$ (716.4)	$ (5.3)	$ (219.4)	$ (941.1)
Other comprehensive (loss) income before reclassifications	(37.2)	0.0	1.6	(35.6)
Amount reclassified from accumulated other comprehensive loss, net of tax	5.2	1.4	3.9	10.5
Balance as of September 30, 2019	$ (748.4)	$ (3.9)	$ (213.9)	$ (966.2)

	Foreign Currency Translation Adjustments	Derivative Instruments	Defined Benefit Pension and Other Postretirement Plans	Total
Balance as of December 31, 2017	$ (585.3)	$ (6.8)	$ (235.7)	$ (827.8)
Other comprehensive loss before reclassifications	(119.6)	0.0	(0.6)	(120.2)
Amount reclassified from accumulated other comprehensive loss, net of tax	16.7	1.2	4.8	22.7
Balance as of September 30, 2018	$ (688.2)	$ (5.6)	$ (231.5)	$ (925.3)

Amounts reclassified from accumulated other comprehensive loss, net of tax, for thethree and nine months ended September 30, 2019 and 2018 are as follows:

	Three months ended September 30,		Nine months ended September 30,		Affected Line Item in the Consolidated Statements of Operations
	2019	2018	2019	2018	
Foreign currency translation adjustments	$ (0.6)	$ 3.3	$ 5.2	$ 16.7	Other expense, net
Losses on derivative instruments	0.6	0.6	1.8	1.7	Interest expense
Amortization of defined benefit pension and postretirement plan items	1.7	1.9	5.0	6.0	Other expense, net
Tax effect	(0.6)	(0.6)	(1.5)	(1.7)	Provision for income taxes
Total amount reclassified from accumulated other comprehensive loss, net of tax	$ 1.1	$ 5.2	$ 10.5	$ 22.7	

Notes to Consolidated Financial Statements – (continued)
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(Unaudited)

Note 12: Employee Benefits

We have a defined benefit pension plan that covers certain U.S. employees (the "Domestic Pension Plan"). We also have numerous funded and unfunded plans outside the U.S. The Interpublic Limited Pension Plan in the U.K. is a defined benefit plan and is our most material foreign pension plan in terms of the benefit obligation and plan assets. Some of our domestic and foreign subsidiaries provide postretirement health benefits and life insurance to eligible employees and, in certain cases, their dependents. The domestic postretirement benefit plan is our most material postretirement benefit plan in terms of the benefit obligation. Certain immaterial foreign pension and postretirement benefit plans have been excluded from the table below.

The components of net periodic cost for the Domestic Pension Plan, the significant foreign pension plans and the domestic postretirement benefit plan are listed below.

	Domestic Pension Plan		Foreign Pension Plans		Domestic Postretirement Benefit Plan	
Three months ended September 30,	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Service cost	$ 0.0	$ 0.0	$ 1.2	$ 1.1	$ 0.0	$ 0.0
Interest cost	1.2	1.2	3.0	3.1	0.3	0.3
Expected return on plan assets	(1.5)	(1.7)	(4.2)	(4.5)	0.0	0.0
Settlements and curtailments	0.0	0.0	0.0	0.1	0.0	0.0
Amortization of:						
Prior service cost (credit)	0.0	0.0	0.0	0.0	0.0	0.0
Unrecognized actuarial losses	0.5	0.4	1.2	1.4	0.0	0.0
Net periodic cost	$ 0.2	$ (0.1)	$ 1.2	$ 1.2	$ 0.3	$ 0.3

	Domestic Pension Plan		Foreign Pension Plans		Domestic Postretirement Benefit Plan	
Nine months ended September 30,	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Service cost	$ 0.0	$ 0.0	$ 3.5	$ 3.1	$ 0.0	$ 0.0
Interest cost	3.6	3.4	9.3	9.9	0.9	0.8
Expected return on plan assets	(4.4)	(5.0)	(13.0)	(14.2)	0.0	0.0
Settlements and curtailments	0.0	0.0	0.0	0.3	0.0	0.0
Amortization of:						
Prior service cost (credit)	0.0	0.0	0.1	0.1	(0.1)	(0.1)
Unrecognized actuarial losses	1.4	1.2	3.6	4.4	0.0	0.1
Net periodic cost	$ 0.6	$ (0.4)	$ 3.5	$ 3.6	$ 0.8	$ 0.8

The components of net periodic cost other than the service cost component are included in the line item 'Other expense, net" in the Consolidated Statements of Operations.

During the nine months ended September 30, 2019, we contributed $1.9 and $13.1 of cash to our domestic and foreign pension plans, respectively. For the remainder of 2019, we expect to contribute approximately $1.0 and $4.0 of cash to our domestic and foreign pension plans, respectively.

(Amounts in Millions, Except Per Share Amounts)

Note 13: Segment Information

As of September 30, 2019, we have two reportable segments: IAN and CMG. IAN is comprised of McCann Worldgroup, FCB (Foote, Cone & Belding), MullenLowe Group, IPG Mediabrands, Acxiom, our digital specialist agencies and our domestic integrated agencies. CMG is comprised of a number of our specialist marketing services offerings. We also report results for the Corporate and other group. Beginning in the first quarter of 2019, Acxiom's results are presented in IAN, although we continue to evaluate our financial reporting structure, and the profitability measure employed by our chief operating decision maker for allocating resources to operating divisions and assessing operating division performance is segment EBITA. Summarized financial information concerning our reportable segments is shown in the following table.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Total revenue:				
IAN	$ 1,903.9	$ 1,774.7	$ 5,744.7	$ 5,272.7
CMG	534.2	522.8	1,574.8	1,585.7
Total	$ 2,438.1	$ 2,297.5	$ 7,319.5	$ 6,858.4
Net revenue:				
IAN	$ 1,743.9	$ 1,580.5	$ 5,260.9	$ 4,690.9
CMG	317.5	315.2	931.2	927.0
Total	$ 2,061.4	$ 1,895.7	$ 6,192.1	$ 5,617.9
Segment EBITA:				
IAN	$ 261.2	$ 240.2	$ 637.4	$ 543.4
CMG	51.8	49.2	97.3	113.1
Corporate and other	(11.0)	(22.6)	(75.4)	(91.2)
Total	$ 302.0	$ 266.8	$ 659.3	$ 565.3
Amortization of acquired intangibles:				
IAN	$ 20.6	$ 3.9	$ 61.3	$ 11.9
CMG	1.1	1.2	3.3	3.7
Corporate and other	0.0	0.0	0.0	0.0
Total	$ 21.7	$ 5.1	$ 64.6	$ 15.6
Depreciation:				
IAN	$ 41.3	$ 33.0	$ 128.8	$ 98.2
CMG	4.8	4.9	14.3	14.5
Corporate and other	1.2	1.0	5.4	5.7
Total	$ 47.3	$ 38.9	$ 148.5	$ 118.4
Capital expenditures:				
IAN	$ 44.5	$ 35.2	$ 106.9	$ 82.9
CMG	4.0	4.2	7.9	7.2
Corporate and other	5.2	4.8	19.0	15.6
Total	$ 53.7	$ 44.2	$ 133.8	$ 105.7

Notes to Consolidated Financial Statements – (continued)
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	September 30, 2019	December 31, 2018
Total assets [1]:		
IAN	$ 13,998.5	$ 13,867.9
CMG	1,656.1	1,516.7
Corporate and other	343.0	235.7
Total	$ 15,997.6	$ 15,620.3

1 Results for December 31, 2018 have been restated to conform to the current-period presentation.

The following table presents the reconciliation of segment EBITA to Income before income taxes.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
IAN EBITA	$ 261.2	$ 240.2	$ 637.4	$ 543.4
CMG EBITA	51.8	49.2	97.3	113.1
Corporate and other EBITA	(11.0)	(22.6)	(75.4)	(91.2)
Less: consolidated amortization of acquired intangibles	21.7	5.1	64.6	15.6
Operating income	280.3	261.7	594.7	549.7
Total (expenses) and other income	(47.6)	(37.6)	(144.2)	(115.6)
Income before income taxes	$ 232.7	$ 224.1	$ 450.5	$ 434.1

Note 14: Fair Value Measurements

Authoritative guidance for fair value measurements establishes a fair value hierarchy which requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial Instruments that are Measured at Fair Value on a Recurring Basis

We primarily apply the market approach to determine the fair value of financial instruments that are measured at fair value on a recurring basis. There were no changes to our valuation techniques used to determine the fair value of financial instruments during the nine months ended September 30, 2019. The following tables present information about our financial instruments measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

Notes to Consolidated Financial Statements – (continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	September 30, 2019				
	Level 1	Level 2	Level 3	Total	Balance Sheet Classification
Assets					
Cash equivalents	$ 132.4	$ 0.0	$ 0.0	$ 132.4	Cash and cash equivalents
Liabilities					
Contingent acquisition obligations [1]	$ 0.0	$ 0.0	$ 106.2	$ 106.2	Accrued liabilities and Other non-current liabilities

	December 31, 2018				
	Level 1	Level 2	Level 3	Total	Balance Sheet Classification
Assets					
Cash equivalents	$ 132.1	$ 0.0	$ 0.0	$ 132.1	Cash and cash equivalents
Liabilities					
Contingent acquisition obligations [1]	$ 0.0	$ 0.0	$ 148.4	$ 148.4	Accrued liabilities and Other non-current liabilities

1 Contingent acquisition obligations includes deferred acquisition payments and unconditional obligations to purchase additional noncontrolling equity shares of consolidated subsidiaries. Fair value measurement of the obligations is based upon actual and projected operating performance targets as specified in the related agreements. The decrease in this balance of $42.2 from December 31, 2018 to September 30, 2019 is primarily due to payments and a reclassification from an arrangement during the second quarter of 2019. The amounts payable within the next twelve months are classified in accrued liabilities; any amounts payable thereafter are classified in other non-current liabilities.

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

The following table presents information about our financial instruments that are not measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

	September 30, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Total long-term debt	$ 0.0	$ 3,595.2	$ 44.3	$ 3,639.5	$ 0.0	$ 3,605.6	$ 38.0	$ 3,643.6

Our long-term debt is comprised of senior notes, a term loan and other notes payable. The fair value of our senior notes, which are traded over-the-counter, is based on quoted prices in markets that are not active. Therefore, these senior notes are classified as Level 2 within the fair value hierarchy. Our term loan is a fixed price commitment that cannot be traded on the open market, and therefore is classified as Level 2 within the fair value hierarchy. Our other notes payable are not actively traded, and their fair value is not solely derived from readily observable inputs. The fair value of our other notes payable is determined based on a discounted cash flow model and other proprietary valuation methods, and therefore is classified as Level 3 within the fair value hierarchy. See Note 4 for further information on our long-term debt.

Non-financial Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

Certain non-financial assets and liabilities are measured at fair value on a nonrecurring basis, primarily goodwill, intangible assets, and property and equipment. Accordingly, these assets are not measured and adjusted to fair value on an ongoing basis but are subject to periodic evaluations for potential impairment.

Note 15: Commitments and Contingencies

Legal Matters

We are involved in various legal proceedings, and subject to investigations, inspections, audits, inquiries and similar actions by governmental authorities, arising in the normal course of business. The types of allegations that arise in connection with such legal proceedings may vary in nature, but can include claims related to contract, employment, tax and intellectual property matters. We evaluate all cases each reporting period and record liabilities for losses from legal proceedings when we determine that it is probable that the outcome in a legal proceeding will be unfavorable and the amount, or potential range, of loss can be reasonably estimated. In certain cases, we cannot reasonably estimate the potential loss because, for example, the litigation is in its early stages. While any outcome related to litigation or such governmental proceedings in which we are involved cannot be predicted with certainty, management believes that the outcome of these matters, individually and in the aggregate, will not have a material adverse effect on our financial condition, results of operations or cash flows.

Guarantees

As discussed in our 2018 Annual Report on Form 10-K, we have guaranteed certain obligations of our subsidiaries relating principally to operating leases, uncommitted lines of credit and cash pooling arrangements. As of September 30, 2019 and December 31, 2018, the amount of parent company guarantees on lease obligations was $764.5 and $824.5, respectively, the amount of parent company guarantees relating to uncommitted lines of credit was $310.2 and $349.1, respectively, and the amount of parent company guarantees related to daylight overdrafts, primarily utilized to manage intra-day overdrafts due to timing of transactions under cash pooling arrangements without resulting in incremental borrowings, was $199.0 and $207.8, respectively.

Note 16: Recent Accounting Standards

Accounting pronouncements not listed below were assessed and determined to be not applicable or are expected to have minimal impact on our Consolidated Financial Statements.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued amended guidance on lease accounting. We adopted the standard using the modified retrospective approach with an effective date of January 1, 2019. Prior-year financial statements were not recast under the new standard. The adoption resulted in the presentation of a right-of-use asset and lease liability on our Consolidated Balance Sheet and corresponding impacts on our Consolidated Statement of Cash Flows, but did not have a significant impact on our Consolidated Statements of Operations. See Note 3 for further discussion on our adoption of the new leases standard.

Financial Instrument Credit Losses

In June 2016, the FASB issued amended guidance on the accounting for credit losses on certain types of financial instruments, including trade receivables. The new model uses a forward-looking expected loss method, as opposed to the incurred loss method in current U.S. GAAP, which will generally result in earlier recognition of allowances for losses. This amended guidance is effective beginning January 1, 2020, with early adoption permitted as early as January 1, 2019. We are currently assessing the impact the adoption of the amended guidance will have on our Consolidated Financial Statements.

Item 2. ***Management’s Discussion and Analysis of Financial Condition and Results of Operations***

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand The Interpublic Group of Companies, Inc. and its subsidiaries (the "Company," "IPG," "we," "us" or "our"). MD&A should be read in conjunction with our unaudited Consolidated Financial Statements and the accompanying notes included in this report and our 2018 Annual Report on Form 10-K, as well as our other reports and filings with the Securities and Exchange Commission (the "SEC"). Our Annual Report includes additional information about our significant accounting policies and practices as well as details about the most significant risks and uncertainties associated with our financial and operating results. Our MD&A includes the following sections:

EXECUTIVE SUMMARY provides a discussion about our strategic outlook, factors influencing our business and an overview of our results of operations.

RESULTS OF OPERATIONS provides an analysis of the consolidated and segment results of operations for the periods presented.

LIQUIDITY AND CAPITAL RESOURCES provides an overview of our cash flows, funding requirements, financing and sources of funds, and debt credit ratings.

CRITICAL ACCOUNTING ESTIMATES provides an update to the discussion in our 2018 Annual Report on Form 10-K of our accounting policies that require critical judgment, assumptions and estimates.

RECENT ACCOUNTING STANDARDS, by reference to Note 16 to the unaudited Consolidated Financial Statements, provides a discussion of certain accounting standards that have been recently adopted or that have not yet been required to be implemented and may be applicable to our future operations.

NON-GAAP FINANCIAL MEASURE, provides a reconciliation of non-GAAP financial measure with the most directly comparable generally accepted accounting principles in the United States ("U.S. GAAP") financial measures and sets forth the reasons we believe that presentation of the non-GAAP financial measure contained therein provides useful information to investors regarding our results of operations and financial condition.

EXECUTIVE SUMMARY

We are one of the world’s premier global advertising and marketing services companies. Our companies specialize in consumer advertising, digital marketing, media planning and buying, public relations, specialized communications disciplines and data management. Our agencies create customized marketing programs for clients that range in scale from large global marketers to regional and local clients. Comprehensive global services are critical to effectively serve our multinational and local clients in markets throughout the world as they seek to build brands, increase sales of their products and services, and gain market share.

We operate in a media landscape that continues to evolve at a rapid pace. Media channels continue to fragment, and clients face an increasingly complex consumer environment. To stay ahead of these challenges and to achieve our objectives, we have made and continue to make investments in creative and strategic talent in areas including fast-growth digital marketing channels, high-growth geographic regions and strategic world markets. We consistently review opportunities within our Company to enhance our operations through acquisitions and strategic alliances and internal programs that encourage intra-company collaboration. As appropriate, we also develop relationships with technology and emerging media companies that are building leading-edge marketing tools that complement our agencies' skill sets and capabilities.

Our financial goals include competitive organic net revenue growth and expansion of EBITA margin, as defined and discussed within the *Non-GAAP Financial Measure* section of this MD&A, which we expect will further strengthen our balance sheet and total liquidity and increase value to our shareholders. Accordingly, we remain focused on meeting the evolving needs of our clients while concurrently managing our cost structure. We continually seek greater efficiency in the delivery of our services, focusing on more effective resource utilization, including the productivity of our employees, real estate, information technology and shared services, such as finance, human resources and legal. The improvements we have made and continue to make in our financial reporting and business information systems in recent years allow us more timely and actionable insights from our global operations. Our disciplined approach to our balance sheet and liquidity provides us with a solid financial foundation and financial flexibility to manage and grow our business. We believe that our strategy and execution position us to meet our financial goals and to deliver long-term shareholder value.

When we analyze period-to-period changes in our operating performance, we determine the portion of the change that is attributable to changes in foreign currency rates and the net effect of acquisitions and divestitures, and the remainder we call organic change, which indicates how our underlying business performed. We exclude the impact of billable expenses in analyzing our operating performance as the fluctuations from period to period are not indicative of the performance of our underlying businesses and have no impact on our EBITA, as defined and discussed within the *Non-GAAP Financial Measure* section of this MD&A, or net income.

The change in our operating performance attributable to changes in foreign currency rates is determined by converting the prior-period reported results using the current-period exchange rates and comparing these prior-period adjusted amounts to the prior-period reported results. Although the U.S. Dollar is our reporting currency, a substantial portion of our revenues and expenses are generated in foreign currencies. Therefore, our reported results are affected by fluctuations in the currencies in which we conduct our international businesses. Our exposure is mitigated as the majority of our revenues and expenses in any given market are generally denominated in the same currency. Both positive and negative currency fluctuations against the U.S. Dollar affect our consolidated results of operations, and the magnitude of the foreign currency impact to our operations related to each geographic region depends on the significance and operating performance of the region. The foreign currencies that most adversely impacted our results during the first nine months of 2019 were the British Pound Sterling and Euro.

For purposes of analyzing changes in our operating performance attributable to the net effect of acquisitions and divestitures, transactions are treated as if they occurred on the first day of the quarter during which the transaction occurred. During the past few years, we have acquired companies that we believe will enhance our offerings, including the acquisition of Acxiom, and disposed of businesses that are not consistent with our strategic plan.

The metrics that we use to evaluate our financial performance include organic change in net revenue as well as the change in certain operating expenses, and the components thereof, expressed as a percentage of consolidated net revenue, as well as EBITA. These metrics are also used by management to assess the financial performance of our reportable segments, Integrated Agency Networks ("IAN") and Constituency Management Group ("CMG"). In certain of our discussions, we analyze net revenue by geographic region and by business sector, in which we focus on our top 100 clients, which typically constitute approximately 55% to 60% of our annual consolidated net revenues.

(Amounts in Millions, Except Per Share Amounts)

The following table presents a summary of our financial performance for thethree and nine months ended September 30, 2019and 2018.

	Three months ended September 30,				% Increase/ (Decrease)	Nine months ended September 30,				% Increase/ (Decrease)
Statement of Operations Data		2019		2018			2019		2018	
REVENUE:										
Net revenue	$	2,061.4	$	1,895.7	8.7 %	$	6,192.1	$	5,617.9	10.2 %
Billable expenses		376.7		401.8	(6.2)%		1,127.4		1,240.5	(9.1)%
Total revenue	$	2,438.1	$	2,297.5	6.1 %	$	7,319.5	$	6,858.4	6.7 %
OPERATING INCOME	$	280.3	$	261.7	7.1 %	$	594.7	$	549.7	8.2 %
EBITA [1]	$	302.0	$	266.8	13.2 %	$	659.3	$	565.3	16.6 %
NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS	$	165.6	$	161.0		$	327.1	$	292.7	
Earnings per share available to IPG common stockholders:										
Basic	$	0.43	$	0.42		$	0.85	$	0.76	
Diluted	$	0.42	$	0.41		$	0.84	$	0.75	
Operating Ratios										
Organic change in net revenue		1.4%		5.4%			3.5%		4.9%	
Operating margin on net revenue		13.6%		13.8%			9.6%		9.8%	
Operating margin on total revenue		11.5%		11.4%			8.1%		8.0%	
EBITA margin on net revenue [1]		14.7%		14.1%			10.6%		10.1%	
Expenses as a % of net revenue:										
Salaries and related expenses		64.7%		66.0%			66.8%		69.0%	
Office and other direct expenses		17.8%		16.7%			18.5%		17.3%	
Selling, general and administrative expenses		0.5%		1.1%			1.1%		1.5%	
Depreciation and amortization		3.3%		2.3%			3.4%		2.4%	
Restructuring charges [2]		0.0%		0.0%			0.5%		0.0%	

1 EBITA is a financial measure that is not defined by U.S. GAAP. Refer to the *Non-GAAP Financial Measure* section of this MD&A for additional information and for a reconciliation to U.S. GAAP measures.

2 Results include restructuring charges of $33.9 for the nine months ended September 30, 2019.

Our organic net revenue increase of 1.4% (which excludes results from Acxiom) for the third quarter of 2019 was driven by growth across most disciplines, attributable to net higher spending from existing clients, most notably in the healthcare, financial services, retail and technology and telecom sectors, partially offset by a decrease in the auto and transportation sector due to net client losses. During the third quarter of 2019, our EBITA margin grew to 14.7% from 14.1% in the prior-year period as the increase in net revenue outpaced the overall increase in our operating expense, excluding billable expenses and amortization of acquired intangibles.

Our organic net revenue increase of 3.5% (which excludes results from Acxiom) for the first nine months of 2019 was driven by growth throughout all geographic regions and most disciplines, attributable to a combination of net client wins and net higher spending from existing clients, most notably in the healthcare, financial services, industrials and consumer goods sectors, partially offset by a decrease in the auto and transportation sector. During the first nine months of 2019, our EBITA margin grew to 10.6%

(Amounts in Millions, Except Per Share Amounts)

from 10.1% in the prior-year period as the increase in net revenue outpaced the overall increase in our operating expense, excluding billable expenses and amortization of acquired intangibles. In the first nine months of 2019, our EBITA margin includes restructuring charges of0.5% of net revenue.

RESULTS OF OPERATIONS

Consolidated Results of Operations – Three and Nine Months Ended September 30, 2019 Compared to Three and Nine Months Ended September 30, 2018

Net Revenue

Our net revenue is directly impacted by the retention and spending levels of existing clients and by our ability to win new clients. Most of our expenses are recognized ratably throughout the year and are therefore less seasonal than revenue. Our net revenue is typically lowest in the first quarter and highest in the fourth quarter, reflecting the seasonal spending of our clients.

		Components of Change				Change	
	Three months ended September 30, 2018	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Three months ended September 30, 2019	Organic	Total
Consolidated	$ 1,895.7	$ (23.9)	$ 163.6	$ 26.0	$ 2,061.4	1.4 %	8.7 %
Domestic	1,160.9	0.0	159.2	(7.1)	1,313.0	(0.6)%	13.1 %
International	734.8	(23.9)	4.4	33.1	748.4	4.5 %	1.9 %
United Kingdom	174.0	(9.0)	6.3	0.8	172.1	0.5 %	(1.1)%
Continental Europe	152.0	(5.9)	(0.4)	10.0	155.7	6.6 %	2.4 %
Asia Pacific	210.6	(3.5)	(1.1)	(1.0)	205.0	(0.5)%	(2.7)%
Latin America	84.0	(5.2)	(0.3)	19.3	97.8	23.0 %	16.4 %
Other	114.2	(0.3)	(0.1)	4.0	117.8	3.5 %	3.2 %

The slight organic decrease during the third quarter of 2019 in our domestic market was primarily driven by the impact of certain client assignments lost in the second half of 2018, which were largely offset by growth at our advertising businesses and marketing service specialists. In our international markets, the 4.5% organic increase was driven by growth across nearly all geographic regions, primarily at our media and advertising businesses as well as public relations agencies. Consolidated net acquisitions includes net revenue mostly from Acxiom, which we acquired on October 1, 2018, partially offset by divestitures, mostly in our domestic market, Asia Pacific and Continental Europe regions.

		Components of Change				Change	
	Nine months ended September 30, 2018	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Nine months ended September 30, 2019	Organic	Total
Consolidated	$ 5,617.9	$ (119.1)	$ 495.3	$ 198.0	$ 6,192.1	3.5%	10.2 %
Domestic	3,424.7	0.0	478.4	61.7	3,964.8	1.8%	15.8 %
International	2,193.2	(119.1)	16.9	136.3	2,227.3	6.2%	1.6 %
United Kingdom	513.2	(29.7)	20.8	18.5	522.8	3.6%	1.9 %
Continental Europe	489.4	(30.6)	(1.4)	38.4	495.8	7.8%	1.3 %
Asia Pacific	603.6	(23.0)	1.2	6.3	588.1	1.0%	(2.6)%
Latin America	239.9	(25.7)	(1.5)	57.5	270.2	24.0%	12.6 %
Other	347.1	(10.1)	(2.2)	15.6	350.4	4.5%	1.0 %

The 1.8% organic increase during the first nine months of 2019 in our domestic market was primarily driven by growth at our advertising and media businesses. In our international markets, the 6.2% organic increase was driven by growth across all geographic regions and most disciplines, primarily at our media and advertising businesses as well as public relations agencies. Consolidated net acquisitions includes net revenue mostly from Acxiom, which we acquired on October 1, 2018, partially offset by divestitures, mostly in our domestic market, Asia Pacific and Continental Europe regions.

Refer to the segment discussion later in this MD&A for information on changes in net revenue by segment.

Management's Discussion and Analysis of Financial Condition and Results of Operations - (continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Salaries and Related Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Increase/ (Decrease)	2019	2018	% Increase/ (Decrease)
Salaries and related expenses	$ 1,334.4	$ 1,251.4	6.6%	$ 4,136.7	$ 3,874.6	6.8%
As a % of net revenue:						
Salaries and related expenses	**64.7%**	**66.0%**		**66.8%**	**69.0%**	
Base salaries, benefits and tax	56.5%	56.8%		56.9%	58.2%	
Incentive expense	2.0%	2.7%		3.3%	3.4%	
Severance expense	0.6%	0.6%		0.6%	1.0%	
Temporary help	4.2%	4.4%		4.2%	4.4%	
All other salaries and related expenses	1.4%	1.5%		1.8%	2.0%	

Net revenue growth of 8.7% outpaced the increase in salaries and related expenses of 6.6% during the third quarter of 2019 as compared to the prior-year period. Base salaries, benefits and tax, temporary help expenses and incentive expense all increased at rates less than net revenue growth. The improved ratio was primarily due to the inclusion of Acxiom, which has a lower ratio of salaries and related expenses as a percentage of its net revenue.

Net revenue growth of 10.2% outpaced the increase in salaries and related expenses of 6.8% during the first nine months of 2019 as compared to the prior-year period, primarily driven by factors similar to those noted above for the third quarter of 2019. The improved ratio was a result of carefully managing our employee costs, and to a lesser extent, lower net benefit expenses.

Office and Other Direct Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Increase/ (Decrease)	2019	2018	% Increase/ (Decrease)
Office and other direct expenses	$ 367.9	$ 317.0	16.1%	$ 1,144.4	$ 974.1	17.5%
As a % of net revenue:						
Office and other direct expenses	**17.8%**	**16.7%**		**18.5%**	**17.3%**	
Occupancy expense	6.5%	7.0%		6.5%	6.9%	
All other office and other direct expenses [1]	11.3%	9.7%		12.0%	10.4%	

1 Includes client service costs, non-pass through production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency losses (gains) and other expenses.

Office and other direct expenses increased by 16.1% compared to net revenue growth of 8.7% during the third quarter of 2019 as compared to the prior-year period. The increase in office and other direct expenses was mainly due to the inclusion of Acxiom, which has a higher ratio of office and other direct expenses as a percentage of its net revenue, primarily driven by client service costs. Additionally, the overall office and other direct expenses ratio benefited primarily from leverage on occupancy expense, partially offset by an increase in professional fees.

Office and other direct expenses increased by 17.5% compared to net revenue growth of 10.2% during the first nine months of 2019 as compared to the prior-year period, primarily driven by factors similar to those noted above for the third quarter of 2019.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") are primarily the unallocated expenses of our Corporate and other group, as detailed further in the segment discussion later in this MD&A, excluding depreciation and amortization. For the three and nine months ended September 30, 2019, SG&A as a percentage of net revenue decreased as compared to the prior-year period. The decrease was primarily attributable to lower professional fees, mainly driven by transaction costs related to the Acxiom acquisition in 2018 and an increase in allocated service fees from Selling, General and Administrative expenses to Cost of Services, mainly as a result of the inclusion of Acxiom, partially offset by higher incentive expense in 2019.

(Amounts in Millions, Except Per Share Amounts)

Depreciation and Amortization

Depreciation and amortization as a percentage of net revenue increased to 3.3% in the third quarter of 2019 from 2.3% in the prior-year period, and 3.4% in the first nine months of 2019 from 2.4% in the prior-year period, primarily due to the inclusion of Acxiom.

Restructuring Charges

In the first quarter of 2019, the Company implemented a cost initiative (the "2019 Plan") to better align our cost structure with our revenue primarily related to specific client losses occurring in 2018, the components of which are listed below. All restructuring actions were substantially completed by the end of the second quarter of 2019 and we don't expect any further restructuring adjustments.

	Nine months ended September 30, 2019
Severance and termination costs	$ 22.0
Lease impairment costs	11.9
Total restructuring charges	$ 33.9

The following table presents the 2019 Plan restructuring charges and employee headcount reduction for the first nine months ended September 30, 2019.

	Restructuring Charges	Headcount Reduction (Actual Number)
Domestic	$ 26.3	507
International	7.6	120
Consolidated	$ 33.9	627

EXPENSES AND OTHER INCOME

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Cash interest on debt obligations	$ (47.6)	$ (27.0)	$ (142.6)	$ (70.9)
Non-cash interest	(2.1)	(0.6)	(8.5)	(2.7)
Interest expense	(49.7)	(27.6)	(151.1)	(73.6)
Interest income	9.5	5.3	25.0	14.0
Net interest expense	(40.2)	(22.3)	(126.1)	(59.6)
Other expense, net	(7.4)	(15.3)	(18.1)	(56.0)
Total (expenses) and other income	$ (47.6)	$ (37.6)	$ (144.2)	$ (115.6)

Net Interest Expense

For the three and nine months ended September 30, 2019, net interest expense increased by $17.9 and $66.5, respectively, as compared to the prior-year period, primarily attributable to increased cash interest expense from the issuance of long-term debt in 2018 in order to finance the Acxiom acquisition, partially offset by an increase in interest income, primarily due to higher cash balances in international markets.

(Amounts in Millions, Except Per Share Amounts)

Other Expense, Net

Results of operations for the three and nine months ended September 30, 2019 and 2018 include certain items that are not directly associated with our revenue-producing operations.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net losses on sales of businesses	$ (7.7)	$ (5.8)	$ (19.5)	$ (50.0)
Other	0.3	(9.5)	1.4	(6.0)
Total other expense, net	$ (7.4)	$ (15.3)	$ (18.1)	$ (56.0)

Net losses on sales of businesses – During the three and nine months ended September 30, 2019, the amounts recognized were related to sales of businesses and the classification of certain assets and liabilities, consisting primarily of cash, as held for sale within our IAN reportable segment. During the three and nine months ended September 30, 2018, the amounts recognized were related to sales of businesses and the classification of certain assets and liabilities, consisting primarily of cash, as held for sale within our IAN and CMG reportable segments. The businesses held for sale primarily represent unprofitable, non-strategic agencies which are expected to be sold within the next twelve months.

Other – During the nine months ended September 30, 2019, the amounts recognized are primarily a result of changes in fair market value of equity investments, partially offset by the sale of an equity investment. During the three and nine months ended September 30, 2018, the amounts recognized are primarily a result of transaction-related costs from the Acxiom acquisition.

INCOME TAXES

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Income before income taxes	$ 232.7	$ 224.1	$ 450.5	$ 434.1
Provision for income taxes	$ 64.6	$ 60.7	$ 118.7	$ 137.0

Our tax rates are affected by many factors, including our worldwide earnings from various countries, changes in legislation and tax characteristics of our income. For the three and nine months ended September 30, 2019, our income tax provision was negatively impacted by losses in certain foreign jurisdictions where we receive no tax benefit due to 100% valuation allowances, and net losses on sales of businesses and the classification of certain assets as held for sale, for which we did not receive a tax benefit, partially offset by excess tax benefits on employee share-based payments. For the nine months ended September 30, 2019, our income tax provision was also positively impacted by the settlement of state income tax audits.

For the three and nine months ended September 30, 2018, our income tax provision was negatively impacted by losses in certain foreign jurisdictions where we receive no tax benefit due to 100% valuation allowances, by losses on sales of businesses, and the classification of certain assets as held for sale, for which we received a minimal tax benefit, by tax expense associated with the change to our assertion regarding the permanent reinvestment of undistributed earnings attributable to certain foreign subsidiaries, and by tax expense related to the true-up of our December 31, 2017 tax reform estimates as permitted by SEC Staff issued Staff Accounting Bulletin No. 118. This was partially offset by a tax benefit related to foreign tax credits from a distribution of unremitted earnings. For the nine months ended September 30, 2018, our income tax provision also included research and development credits based on the conclusion of multi-year studies.

EARNINGS PER SHARE

Basic earnings per share available to IPG common stockholders for the three and nine months ended September 30, 2019 were $0.43 and $0.85, respectively, compared to $0.42 and $0.76 for the three and nine months ended September 30, 2018, respectively. Diluted earnings per share available to IPG common stockholders for the three and nine months ended September 30, 2019 were $0.42 and $0.84, respectively, compared to $0.41 and $0.75 for the three and nine months ended September 30, 2018, respectively.

Basic and diluted earnings per share for the three months ended September 30, 2019 included negative impacts of $0.05 and $0.04, respectively, from the amortization of acquired intangibles and $0.02 from net losses on sales of businesses and the classification of certain assets as held for sale.

(Amounts in Millions, Except Per Share Amounts)

Basic and diluted earnings per share for the nine months ended September 30, 2019 included negative impacts of $0.13 from the amortization of acquired intangibles, negative impacts of $0.06 from first-quarter restructuring charges, negative impacts of $0.06 from net losses on sales of businesses and the classification of certain assets as held for sale and positive impacts of $0.04 from a tax benefit related to the conclusion and settlement of tax examinations of previous years.

Basic and diluted earnings per share for the three months ended September 30, 2018 included negative impacts of $0.01 from the amortization of acquired intangibles, negative impacts of $0.01 from net losses on sales of businesses and the classification of certain assets as held for sale, and negative impacts of $0.05 from transaction costs related to the Acxiom acquisition.

Basic and diluted earnings per share for the nine months ended September 30, 2018 included negative impacts of $0.04 from the amortization of acquired intangibles, negative impacts of $0.13 from net losses on sales of businesses and the classification of certain assets as held for sale, and negative impacts of $0.05 from transaction costs related to the Acxiom acquisition.

Segment Results of Operations – Three and Nine Months Ended September 30, 2019 Compared to Three and Nine Months Ended September 30, 2018

As discussed in Note 13 to the unaudited Consolidated Financial Statements, we have two reportable segments as of September 30, 2019: IAN and CMG. We also report results for the "Corporate and other" group.

IAN

Net Revenue

		Components of Change				Change	
	Three months ended September 30, 2018	**Foreign Currency**	**Net Acquisitions/ (Divestitures)**	**Organic**	**Three months ended September 30, 2019**	**Organic**	**Total**
Consolidated	$ 1,580.5	$ (20.0)	$ 163.9	$ 19.5	$ 1,743.9	1.2 %	10.3%
Domestic	952.9	0.0	159.5	(9.4)	1,103.0	(1.0)%	15.8%
International	627.6	(20.0)	4.4	28.9	640.9	4.6 %	2.1%

The organic increase was attributable to net higher spending from existing clients, most notably in the healthcare, financial services, retail and technology and telecom sectors, partially offset by a decrease in the auto and transportation sector due to net client losses. The slight organic decrease in our domestic market was primarily driven by the impact of certain client assignments lost in the second half of 2018, which were largely offset by growth at our advertising businesses and marketing service specialists. The international organic increase was driven by growth across nearly all geographic regions, primarily at our media and advertising businesses, most notably in the Latin America and Continental Europe regions. Consolidated net acquisitions includes net revenue mostly from Acxiom, which we acquired on October 1, 2018, partially offset by divestitures, mostly from our domestic market, Asia Pacific and Continental Europe regions.

		Components of Change				Change	
	Nine months ended September 30, 2018	**Foreign Currency**	**Net Acquisitions/ (Divestitures)**	**Organic**	**Nine months ended September 30, 2019**	**Organic**	**Total**
Consolidated	$ 4,690.9	$ (102.7)	$ 492.8	$ 179.9	$ 5,260.9	3.8%	12.2%
Domestic	2,814.2	0.0	480.1	59.7	3,354.0	2.1%	19.2%
International	1,876.7	(102.7)	12.7	120.2	1,906.9	6.4%	1.6%

The organic increase was attributable to a combination of net client wins and net higher spending from existing clients, most notably in the healthcare, financial services, industrials and consumer goods sectors, partially offset by a decrease in the auto and transportation sector. The organic increases in our domestic and international market were primarily driven by growth at our media and advertising businesses, most notably in the Latin America and Continental Europe regions. Consolidated net acquisitions includes net revenue mostly from Acxiom, which we acquired on October 1, 2018, partially offset by divestitures, mostly from our domestic market, Asia Pacific and Continental Europe regions.

(Amounts in Millions, Except Per Share Amounts)

Segment EBITA

	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
Segment EBITA [1]	$ 261.2	$ 240.2	8.7%	$ 637.4	$ 543.4	17.3%
EBITA margin on net revenue [1]	15.0%	15.2%		12.1%	11.6%	

1 Segment EBITA and EBITA margin on net revenue include $27.6 of restructuring charges in the first nine months of 2019. See "Restructuring Charges" in MD&A and Note 9 to the Consolidated Financial Statements for the further information.

EBITA margin slightly decreased during the third quarter of 2019 when compared to the third quarter of 2018, as the increase in operating expenses, excluding billable expenses and amortization of acquired intangibles, outpaced the net revenue growth of 10.3%, which was discussed in detail above. The net revenue growth outpaced the increase in salaries and related expenses as compared to the prior-year period, primarily driven by lower percentages of its net revenue in base salaries, benefits and tax, temporary help expenses and incentive expense. The improved ratio was primarily due to the inclusion of Acxiom, which has a lower ratio of salaries and related expenses as a percentage of its net revenue. The increase in office and other direct expenses outpaced the growth in net revenue as compared to the prior-year period, mainly due to the inclusion of Acxiom, which has a higher ratio of office and other direct expense as a percentage of its net revenue, primarily driven by client service costs. Additionally, overall office and other direct expenses primarily benefited from leverage on occupancy expense, partially offset by an increase in professional fees.

EBITA margin expanded during the first nine months of 2019 when compared to the first nine months of 2018, as the net revenue growth of 12.2%, which was discussed in detail above, outpaced the increase in operating expenses, excluding billable expenses and amortization of acquired intangibles. The net revenue growth outpaced the increase in salaries and related expenses and the increase in office and other direct expenses outpaced the growth in net revenue as compared to the prior-year period, primarily driven by factors similar to those noted above for the third quarter of 2019. The improved ratio in salaries and related expenses was a result of carefully managing our employee costs, and to a lesser extent, lower net benefit expenses which included a gain from an employer related contract. During the first nine months of 2019, segment EBITA includes restructuring charges of$27.6 to better align our cost structure with our revenue.

Depreciation and amortization as a percentage of net revenue increased to 3.5% in the third quarter and first nine months of 2019 from 2.3% in the prior-year period, primarily due to the inclusion of Acxiom.

We considered the potential for goodwill impairment at two of our reporting units as a result of specific clients losses and forecasted events. Our review did not indicate an impairment triggering event as of September 30, 2019.

CMG

Net Revenue

	Three months ended September 30, 2018	Components of Change: Foreign Currency	Components of Change: Net Acquisitions/ (Divestitures)	Components of Change: Organic	Three months ended September 30, 2019	Change: Organic	Change: Total
Consolidated	$ 315.2	$ (3.9)	$ (0.3)	$ 6.5	$ 317.5	2.1%	0.7%
Domestic	208.0	0.0	(0.3)	2.3	210.0	1.1%	1.0%
International	107.2	(3.9)	0.0	4.2	107.5	3.9%	0.3%

The organic increase was attributable to a combination of net client wins and net higher spending from existing clients, most notably in the healthcare sector, partially offset by a decrease in the auto and transportation sector. The organic increase in our domestic market was primarily due to growth at our sports marketing business. The international organic increase was driven by growth across nearly all geographic regions and most disciplines, primarily at our public relations agencies and branding businesses, most notably in the United Kingdom and Continental Europe regions.

Management's Discussion and Analysis of Financial Condition and Results of Operations - (continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	Nine months ended September 30, 2018	Components of Change: Foreign Currency	Components of Change: Net Acquisitions/ (Divestitures)	Components of Change: Organic	Nine months ended September 30, 2019	Change: Organic	Change: Total
Consolidated	$ 927.0	$ (16.4)	$ 2.5	$ 18.1	$ 931.2	2.0%	0.5%
Domestic	610.5	0.0	(1.7)	2.0	610.8	0.3%	0.0%
International	316.5	(16.4)	4.2	16.1	320.4	5.1%	1.2%

The organic increase was primarily attributable to net client wins, most notably in the healthcare sector, partially offset by a decrease in the auto and transportation sector. The organic increase in our domestic market was primarily due to growth at our sports marketing business and public relations agencies, partially offset by declines at our event businesses,. The international organic increase was driven by growth across all geographic regions and most disciplines, primarily at our public relations agencies and sports marketing business, most notably in the United Kingdom.

Segment EBITA

	Three months ended September 30, 2019	Three months ended September 30, 2018	Change	Nine months ended September 30, 2019	Nine months ended September 30, 2018	Change
Segment EBITA [1]	$ 51.8	$ 49.2	5.3%	$ 97.3	$ 113.1	(14.0)%
EBITA margin on net revenue [1]	16.3%	15.6%		10.4%	12.2%	

1 Segment EBITA and EBITA margin on net revenue include $5.6 of restructuring charges in the first nine months of 2019. See "Restructuring Charges" in MD&A and Note 9 to the Consolidated Financial Statements for the further information.

EBITA margin increased during the third quarter of 2019 when compared to the third quarter of 2018, as the net revenue growth of 0.7%, which was discussed in detail above, outpaced the increase in operating expenses, excluding billable expenses and amortization of acquired intangibles, primarily driven by leverage in office and other direct expenses and lower incentive expense, partially offset by a year-over-year change in contingent acquisition obligations.

EBITA margin decreased during the first nine months of 2019 when compared to the first nine months of 2018, as the increase in operating expenses, primarily driven by the restructuring charges of $5.6 in the first quarter of 2019, higher salaries and related expenses to support business growth and a year-over-year change in contingent acquisition obligations, outpaced net revenue growth of 0.5%, which was discussed in detail above.

Depreciation and amortization as a percentage of net revenue remained relatively flat in thethird quarter and first nine months of 2019 as compared to the prior-year period.

CORPORATE AND OTHER

Corporate and other is primarily comprised of selling, general and administrative expenses including corporate office expenses as well as shared service center and certain other centrally managed expenses that are not fully allocated to operating divisions; salaries, long-term incentives, annual bonuses and other miscellaneous benefits for corporate office employees; professional fees related to internal control compliance, financial statement audits and legal, information technology and other consulting services that are engaged and managed through the corporate office; and rental expense for properties occupied by corporate office employees. A portion of centrally managed expenses is allocated to operating divisions based on a formula that uses the planned revenues of each of the operating units. Amounts allocated also include specific charges for information technology-related projects, which are allocated based on utilization.

Corporate and other expenses decreased by $11.6 to $11.0 during the third quarter of 2019 and by $15.8 to $75.4 during the first nine months of 2019 as compared to the prior-year period, primarily attributable to lower professional fees, mainly driven by transaction costs related to the Acxiom acquisition during the third quarter of 2018 and an increase in allocated service fees, mainly as a result of the inclusion of Acxiom, partially offset by higher incentive expense in2019.

During the first nine months of 2019, corporate and other expense includes $0.7 of restructuring charges. See "Restructuring Charges" in MD&A and Note 9 to the Consolidated Financial Statements for the further information.

(Amounts in Millions, Except Per Share Amounts)

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW OVERVIEW

The following tables summarize key financial data relating to our liquidity, capital resources and uses of capital.

	Nine months ended September 30,	
Cash Flow Data	**2019**	**2018**
Net income, adjusted to reconcile to net cash used in operating activities[1]	$ 637.3	$ 533.8
Net cash used in working capital[2]	(160.3)	(867.3)
Changes in other assets and liabilities using cash	(53.4)	6.8
Net cash provided by (used in) operating activities	$ 423.6	$ (326.7)
Net cash used in investing activities	(120.7)	(116.6)
Net cash (used in) provided by financing activities	(445.0)	1,550.6

1 Reflects net income adjusted primarily for depreciation and amortization of fixed assets and intangible assets, amortization of restricted stock and other non-cash compensation, net losses on sales of businesses and deferred income taxes.

2 Reflects changes in accounts receivable, other current assets, accounts payable, accrued liabilities and contract liabilities.

Operating Activities

Due to the seasonality of our business, we typically use cash from working capital in the first nine months of a year, with the largest impact in the first quarter, and generate cash from working capital in the fourth quarter, driven by the seasonally strong media spending by our clients. Quarterly and annual working capital results are impacted by the fluctuating annual media spending budgets of our clients as well as their changing media spending patterns throughout each year across various countries.

The timing of media buying on behalf of our clients across various countries affects our working capital and operating cash flow and can be volatile. In most of our businesses, our agencies enter into commitments to pay production and media costs on behalf of clients. To the extent possible, we pay production and media charges after we have received funds from our clients. The amounts involved, which substantially exceed our revenues, primarily affect the level of accounts receivable, accounts payable, accrued liabilities and contract liabilities. Our assets include both cash received and accounts receivable from clients for these pass-through arrangements, while our liabilities include amounts owed on behalf of clients to media and production suppliers. Our accrued liabilities are also affected by the timing of certain other payments. For example, while annual cash incentive awards are accrued throughout the year, they are generally paid during the first quarter of the subsequent year.

Net cash provided by operating activities during the first nine months of 2019 was $423.6, which was an increase of $750.3 as compared to the first nine months of 2018, primarily as a result of a decrease in working capital usage of $707.0. Working capital usage in the first nine months of 2019 was unseasonably low, primarily attributable to the timing of sizable cash collections that were received in the first half of 2019 instead of the fourth quarter of 2018, mainly driven by our media businesses.

Investing Activities

Net cash used in investing activities during the first nine months of 2019 primarily consisted of payments for capital expenditures of $133.8, related mostly to leasehold improvements and computer software and hardware.

Financing Activities

Net cash used in financing activities during the first nine months of 2019 was driven by the payment of dividends of $272.2 and the payment of $300.0 of the outstanding balance of our three-year term loan we entered into to fund the acquisition of Acxiom (the "Term Loan Agreement"), partially offset by an increase in short-term borrowings of $173.1, related mostly to an increase of outstanding commercial paper.

Foreign Exchange Rate Changes

The effect of foreign exchange rate changes on cash, cash equivalents and restricted cash included in the unaudited Consolidated Statements of Cash Flows resulted in a net decrease of $11.1 during the first nine months of 2019.

LIQUIDITY OUTLOOK

We expect our cash flow from operations and existing cash and cash equivalents to be sufficient to meet our anticipated operating requirements at a minimum for the next twelve months. We also have a commercial paper program, a committed corporate credit facility and uncommitted lines of credit to support our operating needs. Borrowings under our commercial paper program are supported by our committed credit agreement. We continue to maintain a disciplined approach to managing liquidity, with flexibility over significant uses of cash, including our capital expenditures, cash used for new acquisitions, our common stock repurchase program and our common stock dividends.

From time to time, we evaluate market conditions and financing alternatives for opportunities to raise additional funds or otherwise improve our liquidity profile, enhance our financial flexibility and manage market risk. Our ability to access the capital markets depends on a number of factors, which include those specific to us, such as our credit ratings, and those related to the financial markets, such as the amount or terms of available credit. There can be no guarantee that we would be able to access new sources of liquidity, or continue to access existing sources of liquidity, on commercially reasonable terms, or at all.

Funding Requirements

Our most significant funding requirements include our operations, non-cancelable operating lease obligations, capital expenditures, acquisitions, common stock dividends, taxes, and debt service. Additionally, we may be required to make payments to minority shareholders in certain subsidiaries if they exercise their options to sell us their equity interests.

Notable funding requirements include:

- Debt service – As of September 30, 2019, we had outstanding short-term borrowings of $244.8 primarily from our uncommitted lines of credit and commercial paper program used primarily to fund seasonal working capital needs. The remainder of our debt is primarily long-term, with maturities scheduled from 2020 through 2048. On June 13, 2019 and September 9, 2019, we repaid $100.0 and $200.0, respectively, of the outstanding balance under the Term Loan Agreement which reduced our borrowings under the agreement to $100.0.
- Acquisitions – We paid cash of $0.6 for acquisitions completed in the first nine months of 2019. We also paid $24.6 in deferred payments for prior acquisitions as well as ownership increases in our consolidated subsidiaries. In addition to potential cash expenditures for new acquisitions, we expect to pay approximately $42.0 over the next twelve months related to prior acquisitions. We may also be required to pay approximately $31.0 related to put options held by minority shareholders if exercised over the next twelve months. We will continue to evaluate strategic opportunities to grow and continue to strengthen our market position, particularly in our digital and marketing services offerings, and to expand our presence in high-growth and key strategic world markets.
- Dividends – In the first nine months of 2019, we paid a quarterly cash dividend of $0.235 per share on our common stock, which corresponded to an aggregate dividend payment of $272.2. Assuming we continue to pay a quarterly dividend of $0.235 per share, and there is no significant change in the number of outstanding shares as of September 30, 2019, we would expect to pay approximately $364.0 over the next twelve months.

Share Repurchase Program

On July 2, 2018, in connection with the announcement of the Acxiom acquisition, we announced that share repurchases will be suspended for a period of time in order to reduce the increased debt levels incurred in conjunction with the acquisition. As of September 30, 2019, $338.4, excluding fees, remains available for repurchase under the share repurchase programs authorized in previous years, which have no expiration date.

FINANCING AND SOURCES OF FUNDS

Substantially all of our operating cash flow is generated by our agencies. Our cash balances are held in numerous jurisdictions throughout the world, including at the holding company level. Below is a summary of our sources of liquidity.

(Amounts in Millions, Except Per Share Amounts)

Credit Agreements

We maintain a committed corporate credit facility, originally dated as of July 18, 2008, which has been amended and restated from time to time (the "Credit Agreement"). We use our Credit Agreement to increase our financial flexibility, to provide letters of credit primarily to support obligations of our subsidiaries and to support our commercial paper program. The Credit Agreement is a revolving facility, expiring in October 2022, under which amounts borrowed by us or any of our subsidiaries designated under the Credit Agreement may be repaid and reborrowed, subject to an aggregate lending limit of $1,500.0, or the equivalent in other currencies. The Company has the ability to increase the commitments under the Credit Agreement from time to time by an additional amount of up to $250.0, provided the Company receives commitments for such increases and satisfies certain other conditions. The aggregate available amount of letters of credit outstanding may decrease or increase, subject to a sublimit on letters of credit of $50.0, or the equivalent in other currencies. Our obligations under the Credit Agreement are unsecured. As of September 30, 2019, there were no borrowings under the Credit Agreement; however, we had $8.6 of letters of credit under the Credit Agreement, which reduced our total availability to $1,491.4.

We were in compliance with all of our covenants in the Credit Agreement as of September 30, 2019. The financial covenants in the Credit Agreement require that we maintain, as of the end of each fiscal quarter, certain financial measures for the four quarters then ended. The table below sets forth the financial covenants in effect as of September 30, 2019.

Financial Covenants	Four Quarters Ended September 30, 2019	EBITDA Reconciliation		Four Quarters Ended September 30, 2019
Interest coverage ratio (not less than) [1]	5.00x	Operating income	$	1,053.8
Actual interest coverage ratio	8.53x	Add:		
Leverage ratio (not greater than) [1]	3.75x	Depreciation and amortization		368.9
Actual leverage ratio	2.54x	EBITDA [1]	$	1,422.7

1 The interest coverage ratio is defined as EBITDA, as defined in the Credit Agreement and the Term Loan Agreement, to net interest expense for the four quarters then ended. The leverage ratio is defined as debt as of the last day of such fiscal quarter to EBITDA for the four quarters then ended. Pursuant to Amendment No. 1 to the Credit Agreement, the maximum leverage ratio decreased from 4.00x to 3.75x on the last day of the fourth full fiscal quarter ending after the Acxiom closing date on October 1, 2018.

We also have uncommitted lines of credit with various banks that permit borrowings at variable interest rates and that are primarily used to fund working capital needs. We have guaranteed the repayment of some of these borrowings made by certain subsidiaries. If we lose access to these credit lines, we would have to provide funding directly to some of our operations. As of September 30, 2019, the Company had uncommitted lines of credit in an aggregate amount of $1,091.2, under which we had outstanding borrowings of $64.8 classified as short-term borrowings on our Consolidated Balance Sheet. The average amount outstanding during the third quarter of 2019 was $106.6, with a weighted-average interest rate of approximately 5.3%.

Commercial Paper

The Company is authorized to issue unsecured commercial paper up to a maximum aggregate amount outstanding at any time of $1,500.0. Borrowings under the program are supported by the Credit Agreement described above. Proceeds of the commercial paper are used for working capital and general corporate purposes, including the repayment of maturing indebtedness and other short-term liquidity needs. The maturities of the commercial paper vary but may not exceed 397 days from the date of issue. As of September 30, 2019, there was $180.0 of commercial paper outstanding classified as short-term borrowings on our Consolidated Balance Sheet. The average amount outstanding under the program during the third quarter of 2019 was $349.5, with a weighted-average interest rate of 2.5% and a weighted-average maturity of nine days.

Cash Pooling

We aggregate our domestic cash position on a daily basis. Outside the United States, we use cash pooling arrangements with banks to help manage our liquidity requirements. In these pooling arrangements, several IPG agencies agree with a single bank that the cash balances of any of the agencies with the bank will be subject to a full right of set-off against amounts other agencies owe the bank, and the bank provides for overdrafts as long as the net balance for all agencies does not exceed an agreed-upon level. Typically, each agency pays interest on outstanding overdrafts and receives interest on cash balances. Our unaudited Consolidated Balance Sheets reflect cash, net of bank overdrafts, under all of our pooling arrangements, and as of September 30, 2019, the amount netted was $2,009.5.

DEBT CREDIT RATINGS

Our debt credit ratings as of October 15, 2019, are listed below.

	Moody’s Investors Service	S&P Global Ratings	Fitch Ratings
Short-term rating	P-2	A-2	F2
Long-term rating	Baa2	BBB	BBB+
Outlook	Stable	Negative	Stable

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning credit rating agency. The rating of each credit rating agency should be evaluated independently of any other rating. Credit ratings could have an impact on liquidity, either adverse or favorable, because, among other things, they could affect funding costs in the capital markets or otherwise. For example, our Credit Agreement fees and borrowing rates are based on a credit ratings grid, and our access to the commercial paper market is contingent on our maintenance of sufficient short-term debt ratings.

CRITICAL ACCOUNTING ESTIMATES

Our significant accounting policies are described in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2018, included in our 2018 Annual Report on Form 10-K. As summarized in Item 7, *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report, we believe that certain of these policies are critical because they are important to the presentation of our financial condition and results of operations, and they require management’s most difficult, subjective or complex judgments, often as a result of the need to estimate the effect of matters that are inherently uncertain. These critical estimates relate to revenue recognition, income taxes, goodwill and other intangible assets, and pension and postretirement benefits. We base our estimates on historical experience and various other factors that we believe to be relevant under the circumstances. Estimation methodologies are applied consistently from year to year, and there have been no significant changes in the application of critical accounting estimates since December 31, 2018. Actual results may differ from these estimates under different assumptions or conditions.

RECENT ACCOUNTING STANDARDS

See Note 16 to the unaudited Consolidated Financial Statements for further information on certain accounting standards that have been recently adopted or that have not yet been required to be implemented and may be applicable to our future operations.

NON-GAAP FINANCIAL MEASURE

This MD&A includes both financial measures in accordance with U.S. GAAP, as well as a non-GAAP financial measure. The non-GAAP financial measure represents Net Income Available to IPG Common Stockholders before Provision for Income Taxes, Total (Expenses) and Other Income, Equity in Net Loss of Unconsolidated Affiliates, Net Income Attributable to Noncontrolling Interests and Amortization of Acquired Intangibles, which we refer to as "EBITA".

EBITA should be viewed as supplemental to, and not as an alternative for Net Income Available to IPG Common Stockholders calculated in accordance with U.S. GAAP ("net income") or operating income calculated in accordance with U.S. GAAP ("operating income"). This section also includes reconciliation of this non-GAAP financial measure to the most directly comparable U.S. GAAP financial measures, as presented below.

EBITA is used by our management as an additional measure of our Company's performance for purposes of business decision-making, including developing budgets, managing expenditures, and evaluating potential acquisitions or divestitures. Period-to-period comparisons of EBITA help our management identify additional trends in our Company's financial results that may not be shown solely by period-to-period comparisons of net income or operating income. In addition, we may use EBITA in the incentive compensation programs applicable to some of our employees in order to evaluate our Company's performance. Our management recognizes that EBITA has inherent limitations because of the excluded items, particularly those items that are recurring in nature. Management also reviews operating and net income as well as the specific items that are excluded from EBITA, but included in net income or operating income, as well as trends in those items. The amounts of those items are set forth, for the applicable periods, in the reconciliation of EBITA to net income that accompany our disclosure documents containing non-GAAP financial measures, including the reconciliations contained in this MD&A.

We believe that the presentation of EBITA is useful to investors in their analysis of our results for reasons similar to the reasons why our management finds it useful and because it helps facilitate investor understanding of decisions made by management in light of the performance metrics used in making those decisions. In addition, as more fully described below, we believe that providing EBITA, together with a reconciliation of this non-GAAP financial measure to net income, helps investors make comparisons between our Company and other companies that may have different capital structures, different effective income tax rates and tax attributes, different capitalized asset values and/or different forms of employee compensation. However, EBITA is intended to provide a supplemental way of comparing our Company with other public companies and is not intended as a substitute for comparisons based on net income or operating income. In making any comparisons to other companies, investors need to be aware that companies may use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measures and the corresponding U.S. GAAP measures provided by each company under the applicable rules of the SEC.

The following is an explanation of the items excluded by us from EBITA but included in net loss:

- ***Total (Expense) and Other Income, Provision for Income Taxes, Equity in Net Income (Loss) of Unconsolidated Affiliates and Net Income Attributable to Noncontolling Interests.*** We exclude these items (i) because these items are not directly attributable to the performance of our business operations and, accordingly, their exclusion assists management and investors in making period-to-period comparisons of operating performance and (ii) to assist management and investors in making comparisons to companies with different capital structures. Investors should note that these items will recur in future periods.

- ***Amortization of Acquired Intangibles***. Amortization of acquired intangibles is a non-cash expense relating to intangible assets arising from acquisitions that are expensed on a straight-line basis over the estimated useful life of the related assets. We exclude amortization of acquired intangibles because we believe that (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and (ii) such expenses can vary significantly between periods as a result of new acquisitions and full amortization of previously acquired intangible assets. Accordingly, we believe that this exclusion assists management and investors in making period-to-period comparisons of operating performance. Investors should note that the use of intangible assets contributed to revenue in the periods presented and will contribute to future revenue generation and should also note that such expense may recur in future periods.

Management's Discussion and Analysis of Financial Condition and Results of Operations - (continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

The following table presents the reconciliation of Net Income Available to IPG Common Stockholders to EBITA for the third quarter and first nine months of 2019 and 2018.

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Net Revenue	**$ 2,061.4**	**$ 1,895.7**	**$ 6,192.1**	**$ 5,617.9**
EBITA Reconciliation:				
Net Income Available to IPG Common Stockholders[1]	**$ 165.6**	**$ 161.0**	**$ 327.1**	**$ 292.7**
Add Back:				
Provision for income taxes	64.6	60.7	118.7	137.0
Subtract:				
Total (expenses) and other income	(47.6)	(37.6)	(144.2)	(115.6)
Equity in net income (loss) of unconsolidated affiliates	0.3	0.1	(0.1)	(1.9)
Net income attributable to noncontrolling interests	(2.8)	(2.5)	(4.6)	(2.5)
Operating Income[1]	**280.3**	**261.7**	**594.7**	**549.7**
Add Back:				
Amortization of acquired intangibles	21.7	5.1	64.6	15.6
EBITA[1]	**$ 302.0**	**$ 266.8**	**$ 659.3**	**$ 565.3**
EBITA Margin on Net Revenue[1]	***14.7%***	***14.1%***	***10.6%***	***10.1%***

1 Calculations include restructuring charges of $33.9 for the nine months ended September 30, 2019.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

In the normal course of business, we are exposed to market risks related to interest rates, foreign currency rates and certain balance sheet items. There has been no significant change in our exposure to market risk during the third quarter of 2019. Our exposure to market risk for changes in interest rates primarily relates to the fair market value and cash flows of our debt obligations. As of September 30, 2019, and December 31, 2018, approximately 89% and 86%, respectively, of our debt obligations bore fixed interest rates. We have, from time to time, used interest rate swaps for risk management purposes to manage our exposure to changes in interest rates. For further discussion of our exposure to market risk, refer to Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, in our 2018 Annual Report on Form 10-K.

Item 4. ***Controls and Procedures***

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2019, the Company’s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Changes in Internal Control Over Financial Reporting

There has been no change in internal control over financial reporting in the quarter endedSeptember 30, 2019, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. *Legal Proceedings*

Information about our legal proceedings is set forth in Note15 to the unaudited Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Item 1A. *Risk Factors*

In the third quarter of 2019, there have been no material changes in the risk factors we have previously disclosed in Item 1A,*Risk Factors,* in our 2018 Annual Report on Form 10-K.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

(c) The following table provides information regarding our purchases of our equity securities during the period from July 1,2019 to September 30, 2019:

	Total Number of Shares (or Units) Purchased [1]		Average Price Paid per Share (or Unit) [2]	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs [3]		Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs [3]
July 1 - 31	5,547	$	23.04	—	$	338,421,933
August 1 - 31	1,121	$	19.96	—	$	338,421,933
September 1 - 30	713	$	21.20	—	$	338,421,933
Total	7,381	$	22.40	—		

1 The total number of shares of our common stock, par value $0.10 per share, purchased were withheld under the terms of grants under employee stock-based compensation plans to offset tax withholding obligations that arose upon vesting and release of restricted shares (the "Withheld Shares").

2 The average price per share for each of the months in the fiscal quarter and for the three-month period was calculated by dividing (a) the sum for the applicable period of the aggregate value of the tax withholding obligations by (b) the sum of the number of Withheld Shares.

3 In February 2017, the Company's Board of Directors (the "Board") authorized a share repurchase program to repurchase from time to time up to $300.0 million, excluding fees, of our common stock (the "2017 Share Repurchase Program"). In February 2018, the Board authorized a share repurchase program to repurchase from time to time up to $300.0 million, excluding fees, of our common stock, which was in addition to any amounts remaining under the 2017 Share Repurchase Program. On July 2, 2018, in connection with the announcement of the Acxiom Acquisition, we announced that share repurchases will be suspended for a period of time in order to reduce the increased debt levels incurred in conjunction with the acquisition, and no shares were repurchased pursuant to the share repurchase programs in the periods reflected. There are no expiration dates associated with the share repurchase programs.

Item 6. *Exhibits*

All exhibits required pursuant to Item 601 of Regulation S-K to be filed as part of this report or incorporated herein by reference to other documents, are listed in the Index to Exhibits below.

INDEX TO EXHIBITS

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32	Certification of the Chief Executive Officer and the Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended.
101	Interactive Data File, for the period ended September 30, 2019. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
104	Cover Page Interactive Data File. The cover page XBRL tags are embedded within the inline XBRL document and are included in Exhibit 101.

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.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By /s/ *Michael I. Roth*

Michael I. Roth
Chairman and Chief Executive Officer

Date: October 25, 2019

By /s/ *Christopher F. Carroll*

Christopher F. Carroll
Senior Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

Date: October 25, 2019

EXHIBIT 31.1

CERTIFICATION

I, Michael I. Roth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Interpublic Group of Companies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ *Michael I. Roth*

Michael I. Roth

Chairman and Chief Executive Officer

Date: October 25, 2019

EXHIBIT 31.2

CERTIFICATION

I, Frank Mergenthaler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Interpublic Group of Companies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ *Frank Mergenthaler*

Frank Mergenthaler

Executive Vice President and Chief Financial Officer

Date: October 25, 2019

EXHIBIT 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of The Interpublic Group of Companies, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter endedSeptember 30, 2019 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ *Michael I. Roth*

Michael I. Roth
Chairman and Chief Executive Officer

Dated: October 25, 2019

/s/ *Frank Mergenthaler*

Frank Mergenthaler
Executive Vice President and Chief Financial Officer

Dated: October 25, 2019