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, 2020

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 of October 15, 2020 was 390,034,693.

INDEX

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:

- the effects of a challenging economy on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- the outbreak of the novel coronavirus (COVID-19), including the measures to contain its spread, and the impact on the economy and demand for our services, which may precipitate or exacerbate other risks and uncertainties;
- 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.

Table of Contents

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,	
	2020	**2019**	**2020**	**2019**
REVENUE:				
Net revenue	$ 1,954.6	$ 2,061.4	$ 5,780.1	$ 6,192.1
Billable expenses	170.9	376.7	730.9	1,127.4
Total revenue	2,125.5	2,438.1	6,511.0	7,319.5
OPERATING EXPENSES:				
Salaries and related expenses	1,269.9	1,334.4	3,998.8	4,136.7
Office and other direct expenses	307.9	367.9	1,003.1	1,144.4
Billable expenses	170.9	376.7	730.9	1,127.4
Cost of services	1,748.7	2,079.0	5,732.8	6,408.5
Selling, general and administrative expenses	9.9	9.8	36.4	69.3
Depreciation and amortization	71.0	69.0	216.9	213.1
Restructuring charges	47.3	0.0	159.9	33.9
Total operating expenses	1,876.9	2,157.8	6,146.0	6,724.8
OPERATING INCOME	248.6	280.3	365.0	594.7
EXPENSES AND OTHER INCOME:				
Interest expense	(50.8)	(49.7)	(145.4)	(151.1)
Interest income	6.1	9.5	22.7	25.0
Other expense, net	(11.3)	(7.4)	(54.6)	(18.1)
Total (expenses) and other income	(56.0)	(47.6)	(177.3)	(144.2)
Income before income taxes	192.6	232.7	187.7	450.5
(Benefit of) provision for income taxes	(86.3)	64.6	(50.1)	118.7
Income of consolidated companies	278.9	168.1	237.8	331.8
Equity in net (loss) income of unconsolidated affiliates	(0.4)	0.3	(0.6)	(0.1)
NET INCOME	278.5	168.4	237.2	331.7
Net loss (income) attributable to noncontrolling interests	1.2	(2.8)	1.6	(4.6)
NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS	$ 279.7	$ 165.6	$ 238.8	$ 327.1
Earnings per share available to IPG common stockholders:				
Basic	$ 0.72	$ 0.43	$ 0.61	$ 0.85
Diluted	$ 0.71	$ 0.42	$ 0.61	$ 0.84
Weighted-average number of common shares outstanding:				
Basic	389.6	386.7	388.9	385.8
Diluted	393.9	391.8	392.6	390.3

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, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
NET INCOME	$ 278.5	$ 168.4	$ 237.2	$ 331.7
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation:				
Foreign currency translation adjustments	46.5	(50.9)	(58.3)	(38.4)
Reclassification adjustments recognized in net income	9.6	(0.6)	9.3	5.2
	56.1	(51.5)	(49.0)	(33.2)
Derivative instruments:				
Changes in fair value of derivative instruments	4.5	0.0	3.6	0.0
Recognition of previously unrealized losses in net income	0.6	0.6	1.8	1.8
Income tax effect	(1.3)	(0.2)	(1.4)	(0.4)
	3.8	0.4	4.0	1.4
Defined benefit pension and other postretirement plans:				
Net actuarial gains for the period	0.0	0.0	2.2	0.7
Amortization of unrecognized losses, transition obligation and prior service cost included in net income	1.8	1.7	5.5	5.0
Other	0.4	(0.1)	(1.0)	0.2
Income tax effect	(0.4)	(0.2)	(1.6)	(0.4)
	1.8	1.4	5.1	5.5
Other comprehensive income (loss), net of tax	61.7	(49.7)	(39.9)	(26.3)
TOTAL COMPREHENSIVE INCOME	340.2	118.7	197.3	305.4
Less: comprehensive (loss) income attributable to noncontrolling interests	(0.8)	1.4	(3.7)	3.4
COMPREHENSIVE INCOME ATTRIBUTABLE TO IPG	$ 341.0	$ 117.3	$ 201.0	$ 302.0

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, 2020	December 31, 2019
ASSETS:		
Cash and cash equivalents	$ 1,628.0	$ 1,192.2
Accounts receivable, net of allowance of $90.7 and $40.2, respectively	3,297.4	5,209.2
Accounts receivable, billable to clients	1,817.2	1,934.1
Assets held for sale	20.0	22.8
Other current assets	521.7	412.4
Total current assets	7,284.3	8,770.7
Property and equipment, net of accumulated depreciation and amortization of $1,169.8 and $1,116.4, respectively	709.8	778.1
Deferred income taxes	291.4	252.1
Goodwill	4,875.4	4,894.4
Other intangible assets	949.3	1,014.3
Operating lease right-of-use assets	1,550.2	1,574.4
Other non-current assets	414.3	467.9
TOTAL ASSETS	$ 16,074.7	$ 17,751.9
LIABILITIES:		
Accounts payable	$ 5,105.9	$ 7,205.4
Accrued liabilities	644.7	742.8
Contract liabilities	611.3	585.6
Short-term borrowings	46.3	52.4
Current portion of long-term debt	506.6	502.0
Current portion of operating leases	263.6	267.2
Liabilities held for sale	49.5	65.0
Total current liabilities	7,227.9	9,420.4
Long-term debt	3,411.3	2,771.9
Non-current operating leases	1,471.3	1,429.6
Deferred compensation	388.2	425.0
Other non-current liabilities	662.6	714.7
TOTAL LIABILITIES	13,161.3	14,761.6
Redeemable noncontrolling interests (see Note 5)	152.8	164.7
STOCKHOLDERS' EQUITY:		
Common stock	38.9	38.7
Additional paid-in capital	1,028.1	977.3
Retained earnings	2,623.4	2,689.9
Accumulated other comprehensive loss, net of tax	(967.8)	(930.0)
Total IPG stockholders' equity	2,722.6	2,775.9
Noncontrolling interests	38.0	49.7
TOTAL STOCKHOLDERS' EQUITY	2,760.6	2,825.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 16,074.7	$ 17,751.9

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, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 237.2	$ 331.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	216.9	213.1
Non-cash restructuring charges	95.7	11.7
Amortization of restricted stock and other non-cash compensation	56.4	58.3
Net losses on sales of businesses	51.8	19.5
Provision for uncollectible receivables	49.8	7.7
Net amortization of bond discounts and deferred financing costs	8.6	7.0
Deferred income tax	(9.4)	(1.5)
Other	20.7	(1.6)
Changes in assets and liabilities, net of acquisitions and divestitures, providing (using) cash:		
Accounts receivable	1,759.9	1,010.2
Accounts receivable, billable to clients	83.0	(152.0)
Other current assets	(60.7)	(29.5)
Accounts payable	(2,014.7)	(952.7)
Accrued liabilities	(61.3)	(73.5)
Contract liabilities	34.1	37.2
Other non-current assets and liabilities	(142.9)	(62.0)
Net cash provided by operating activities	325.1	423.6
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(112.0)	(133.8)
Acquisitions, net of cash acquired	(2.5)	(0.6)
Other investing activities	(18.0)	13.7
Net cash used in investing activities	(132.5)	(120.7)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	646.2	0.0
Net increase in short-term borrowings	1.9	173.1
Exercise of stock options	0.0	4.2
Common stock dividends	(298.6)	(272.2)
Acquisition-related payments	(40.6)	(15.3)
Tax payments for employee shares withheld	(22.2)	(22.3)
Distributions to noncontrolling interests	(13.7)	(12.4)
Repayment of long-term debt	(0.5)	(300.2)
Other financing activities	(10.2)	0.1
Net cash provided by (used in) financing activities	262.3	(445.0)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(20.3)	(11.1)
Net increase (decrease) in cash, cash equivalents and restricted cash	434.6	(153.2)
Cash, cash equivalents and restricted cash at beginning of period	1,195.7	677.2
Cash, cash equivalents and restricted cash at end of period	$ 1,630.3	$ 524.0

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		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total IPG Stockholders’ Equity	Noncontrolling Interests	Total Stockholders’ Equity
	Shares	Amount						
Balance at June 30, 2020	389.6	$ 38.9	$ 996.3	$ 2,444.3	$ (1,029.1)	$ 2,450.4	$ 40.7	$ 2,491.1
Net income (loss)				279.7		279.7	(1.2)	278.5
Other comprehensive income					61.3	61.3	0.4	61.7
Reclassifications related to redeemable noncontrolling interests							2.9	2.9
Distributions to noncontrolling interests							(4.3)	(4.3)
Change in redemption value of redeemable noncontrolling interests				—		—		—
Common stock dividends ($0.255 per share)				(100.6)		(100.6)		(100.6)
Stock-based compensation	0.2	0.0	23.1			23.1		23.1
Exercise of stock options	0.0	0.0	0.1			0.1		0.1
Shares withheld for taxes	(0.1)	0.0	(0.2)			(0.2)		(0.2)
Other			8.8			8.8	(0.5)	8.3
Balance at September 30, 2020	389.7	$ 38.9	$ 1,028.1	$ 2,623.4	$ (967.8)	$ 2,722.6	$ 38.0	$ 2,760.6

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total IPG Stockholders’ Equity	Noncontrolling Interests	Total Stockholders’ Equity
	Shares	Amount						
Balance at December 31, 2019	387.0	$ 38.7	$ 977.3	$ 2,689.9	$ (930.0)	$ 2,775.9	$ 49.7	$ 2,825.6
Cumulative effect of accounting change				(6.6)		(6.6)		(6.6)
Net income (loss)				238.8		238.8	(1.6)	237.2
Other comprehensive loss					(37.8)	(37.8)	(2.1)	(39.9)
Reclassifications related to redeemable noncontrolling interests							5.9	5.9
Distributions to noncontrolling interests							(13.7)	(13.7)
Change in redemption value of redeemable noncontrolling interests				3.1		3.1		3.1
Common stock dividends ($0.765 per share)				(301.8)		(301.8)		(301.8)
Stock-based compensation	3.8	0.4	63.7			64.1		64.1
Exercise of stock options	0.0	0.0	0.5			0.5		0.5
Shares withheld for taxes	(1.1)	(0.2)	(22.2)			(22.4)		(22.4)
Other			8.8			8.8	(0.2)	8.6
Balance at September 30, 2020	389.7	$ 38.9	$ 1,028.1	$ 2,623.4	$ (967.8)	$ 2,722.6	$ 38.0	$ 2,760.6

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		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total IPG Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount						
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				—		—		—
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		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total IPG Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount						
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 ($0.705 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.

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 effects of the novel coronavirus ("COVID-19") pandemic have negatively impacted and will likely continue to negatively impact our results of operations, cash flows and financial position. The Company's Consolidated Financial Statements presented herein reflect the latest estimates and assumptions made by management that affect the reported amounts of assets and liabilities and related disclosures as of the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting periods presented. The Company believes it has used reasonable estimates and assumptions to assess the fair values of goodwill, long-lived assets and indefinite-lived intangible assets; assessment of the annual effective tax rate; valuation of deferred income taxes and allowance for expected credit losses on future uncollectible accounts receivable.

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 Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Annual Report").

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 in the current period relate to the Company's implementation of restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business, as discussed further in Note 7. Restructuring charges mainly include severance and termination costs and lease impairments costs.

Segment information for the prior period has been recast to conform to the current-period presentation.

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.

(Amounts in Millions, Except Per Share Amounts)

Note 2: Revenue

Disaggregation of Revenue

We have two reportable segments as of September 30, 2020: IAN and CMG, as further discussed in Note 11. 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 a comprehensive array of global public relations and communication services as well as providing events, sports and entertainment marketing, corporate and brand identity, and strategic marketing consulting.

Our agencies are located in over 100 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:	**2020**	**2019**	**2020**	**2019**
United States	$ 1,354.8	$ 1,550.9	$ 4,234.0	$ 4,681.1
International:				
United Kingdom	172.4	201.9	528.8	617.9
Continental Europe	174.5	177.6	508.5	565.8
Asia Pacific	198.1	262.7	609.9	753.3
Latin America	83.2	109.2	235.7	300.3
Other	142.5	135.8	394.1	401.1
Total International	770.7	887.2	2,277.0	2,638.4
Total Consolidated	$ 2,125.5	$ 2,438.1	$ 6,511.0	$ 7,319.5

	Three months ended September 30,		Nine months ended September 30,	
Net revenue:	**2020**	**2019**	**2020**	**2019**
United States	$ 1,273.4	$ 1,313.0	$ 3,820.6	$ 3,964.8
International:				
United Kingdom	162.0	172.1	474.9	522.8
Continental Europe	158.0	155.7	453.7	495.8
Asia Pacific	166.0	205.0	487.4	588.1
Latin America	78.5	97.8	220.1	270.2
Other	116.7	117.8	323.4	350.4
Total International	681.2	748.4	1,959.5	2,227.3
Total Consolidated	$ 1,954.6	$ 2,061.4	$ 5,780.1	$ 6,192.1

IAN	Three months ended September 30,		Nine months ended September 30,	
Total revenue:	**2020**	**2019**	**2020**	**2019**
United States	$ 1,130.5	$ 1,177.8	$ 3,402.7	$ 3,584.7
International	653.1	718.5	1,872.2	2,133.4
Total IAN	$ 1,783.6	$ 1,896.3	$ 5,274.9	$ 5,718.1
Net revenue:				
United States	$ 1,093.8	$ 1,098.3	$ 3,254.1	$ 3,339.5
International	591.7	640.9	1,681.6	1,906.9
Total IAN	$ 1,685.5	$ 1,739.2	$ 4,935.7	$ 5,246.4

(Amounts in Millions, Except Per Share Amounts)

CMG	Three months ended September 30,		Nine months ended September 30,	
Total revenue:	**2020**	**2019**	**2020**	**2019**
United States	$ 224.3	$ 373.1	$ 831.3	$ 1,096.4
International	117.6	168.7	404.8	505.0
Total CMG	$ 341.9	$ 541.8	$ 1,236.1	$ 1,601.4
Net revenue:				
United States	$ 179.6	$ 214.7	$ 566.5	$ 625.3
International	89.5	107.5	277.9	320.4
Total CMG	$ 269.1	$ 322.2	$ 844.4	$ 945.7

Contract Balances

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

	September 30, 2020	December 31, 2019
Accounts receivable, net of allowance of $90.7 and $40.2, respectively	$ 3,297.4	$ 5,209.2
Accounts receivable, billable to clients	1,817.2	1,934.1
Contract assets	47.5	63.0
Contract liabilities (deferred revenue)	611.3	585.6

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 with the exception of our data management contracts. For those contracts with a term of more than one year, we had approximately $667.0 of unsatisfied performance obligations as of September 30, 2020, which will be recognized as services are performed over the remaining contractual terms through 2026.

(Amounts in Millions, Except Per Share Amounts)

Note 3: Debt and Credit Arrangements

Long-Term Debt

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

	Effective Interest Rate	September 30, 2020	December 31, 2019
3.50% Senior Notes due 2020 (less unamortized discount and issuance costs of $0.0 and $0.0, respectively)	3.89%	$ 500.0	$ 498.5
3.75% Senior Notes due 2021 (less unamortized discount and issuance costs of $0.1 and $1.1, respectively)	3.98%	498.8	497.9
4.00% Senior Notes due 2022 (less unamortized discount and issuance costs of $0.4 and $0.4, respectively)	4.13%	249.2	248.7
3.75% Senior Notes due 2023 (less unamortized discount and issuance costs of $0.4 and $1.0, respectively)	4.32%	498.6	498.2
4.20% Senior Notes due 2024 (less unamortized discount and issuance costs of $0.4 and $1.5, respectively)	4.24%	498.1	497.8
4.65% Senior Notes due 2028 (less unamortized discount and issuance costs of $1.4 and $3.6, respectively)	4.78%	495.0	494.6
4.75% Senior Notes due 2030 (less unamortized discount and issuance costs of $3.7 and $5.8, respectively)	4.92%	640.5	—
5.40% Senior Notes due 2048 (less unamortized discount and issuance costs of $2.7 and $5.2, respectively)	5.48%	492.1	491.9
Other notes payable and capitalized leases		45.6	46.3
Total long-term debt		3,917.9	3,273.9
Less: current portion		506.6	502.0
Long-term debt, excluding current portion		$ 3,411.3	$ 2,771.9

As of September 30, 2020 and December 31, 2019, the estimated fair value of the Company's long-term debt was $4,381.3 and $3,565.5, respectively. Refer to Note 12 for details.

Debt Transactions

3.50% Senior Notes Due 2020

Our 3.50% Senior Notes in aggregate principal amount of $500.0 matured on October 1, 2020 and we used available cash, including the proceeds from the offering of our 4.75% Senior Notes, to fund the principal repayment.

4.75% Senior Notes Due 2030

On March 30, 2020, we issued a total of $650.0 in aggregate principal amount of 4.75% senior unsecured notes (the “4.75% Senior Notes”) due March 30, 2030. Upon issuance, the 4.75% Senior Notes were reflected in our unaudited Consolidated Balance Sheets at $640.0, net of discount of $3.8 and net of capitalized debt issuance costs, including commissions and offering expenses of $6.2, both of which will be amortized in interest expense through the maturity date using the effective method. Interest is payable semi-annually in arrears on March 30th and September 30th of each year, commencing on September 30, 2020.

Consistent with our other outstanding debt securities, the newly issued 4.75% Senior Notes include covenants that, among other things, limit our liens and the liens of certain of our consolidated subsidiaries, but do not require us to maintain any financial ratios or specified levels of net worth or liquidity. We may redeem the 4.75% Senior Notes at any time in whole, or from time to time in part, in accordance with the provisions of the indenture, including the supplemental indenture, under which the 4.75% Senior Notes were issued. Additionally, upon the occurrence of a change of control repurchase event with respect to the 4.75% Senior Notes, each holder of the 4.75% Senior Notes has the right to require the Company to purchase that holder’s 4.75% Senior Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, unless the Company has exercised its option to redeem all the 4.75% Senior Notes.

Credit Arrangements

Credit Agreement

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 November 2024, 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 of $50.0, or the equivalent in other currencies. Our obligations under the Credit Agreement are unsecured. As of September 30, 2020, there were no borrowings under the Credit Agreement; however, we had $9.0 of letters of credit under the Credit Agreement, which reduced our total availability to $1,491.0. We were in compliance with all of our covenants in the Credit Agreement as of September 30, 2020.

364-Day Credit Facility

On March 27, 2020, we entered into an agreement for a 364-day revolving credit facility (the "364-Day Credit Facility") that matures on March 26, 2021. The 364-Day Credit Facility is a revolving facility, under which amounts borrowed by us may be repaid and reborrowed, subject to an aggregate lending limit of $500.0. The cost structure of the 364-Day Credit Agreement is based on the Company’s current credit ratings. The applicable margin for Base Rate Advances (as defined in the 364-Day Credit Facility) is 0.250%, the applicable margin for Eurodollar Rate Advances (as defined in the 364-Day Credit Facility) is 1.250%, and the facility fee payable on a lender’s revolving commitment is 0.250%. In addition, the 364-Day Credit Facility includes covenants that, among other things, (i) limit our liens and the liens of our consolidated subsidiaries, and (ii) limit subsidiary debt. The 364-Day Credit Facility also contains a financial covenant that requires us to maintain, on a consolidated basis as of the end of each fiscal quarter, a leverage ratio for the four quarters then ended. The leverage ratio and other covenants set forth in the 364-Day Credit Facility are equivalent to the covenants contained in the Company’s existing Credit Agreement, which remains in full effect. As of September 30, 2020, there were no borrowings under the 364-Day Credit Facility, and we were in compliance with all of our covenants in the 364-Day Credit Facility.

The Amendments

On July 28, 2020, we entered into Amendment No. 1 to the Credit Agreement and Amendment No. 1 to the 364-Day Credit Facility (together, the “Amendments”). The Amendments increased the maximum leverage ratio covenant to 4.25x in the case of the 364-Day Credit Facility and, in the case of the Credit Agreement, to (i) 4.25x through the quarter ended June 30, 2021, and (ii) 3.50x thereafter. Amendment No.1 to the Credit Agreement also increased the Applicable Margin (as defined in the Credit Agreement) for any borrowings we make under the Credit Agreement if our long-term public debt ratings are BB+/Ba1 or below at the time of borrowing. We have the option to terminate Amendment No.1 to the Credit Agreement at any time, provided that at the time we deliver a termination notice, the leverage ratio as of the end of the most recently ended fiscal quarter did not exceed 3.50x. The Credit Agreement reverts to its original terms on June 30, 2021, or following any such early termination, whichever is earlier. We paid amendment fees of $2.0 in connection with the Amendments.

Uncommitted Lines of Credit

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, 2020, the Company had uncommitted lines of credit in an aggregate amount of $929.8, under which we had outstanding borrowings of $46.3 classified as short-term borrowings on our Consolidated Balance Sheet. The average amount outstanding during the third quarter of 2020 was $78.1, with a weighted-average interest rate of approximately 2.9%.

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. There was no commercial paper outstanding during the third quarter of 2020.

(Amounts in Millions, Except Per Share Amounts)

Note 4: 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,	
	2020	2019	2020	2019
Net income available to IPG common stockholders	$ 279.7	$ 165.6	$ 238.8	$ 327.1
Weighted-average number of common shares outstanding - basic	389.6	386.7	388.9	385.8
Dilutive effect of stock options and restricted shares	4.3	5.1	3.7	4.5
Weighted-average number of common shares outstanding - diluted	393.9	391.8	392.6	390.3
Earnings per share available to IPG common stockholders:				
Basic	$ 0.72	$ 0.43	$ 0.61	$ 0.85
Diluted	$ 0.71	$ 0.42	$ 0.61	$ 0.84

Note 5: Supplementary Data

Accrued Liabilities

The following table presents the components of accrued liabilities.

	September 30, 2020	December 31, 2019
Salaries, benefits and related expenses	$ 415.6	$ 494.1
Interest	58.7	38.8
Acquisition obligations	49.9	45.7
Restructuring charges	25.9	1.6
Office and related expenses	22.7	26.9
Income taxes payable	0.0	43.2
Other	71.9	92.5
Total accrued liabilities	$ 644.7	$ 742.8

Other Expense, Net

Results of operations for the three and nine months ended September 30, 2020 and 2019 include certain items that are not directly associated with our revenue-producing operations.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net losses on sales of businesses	$ (8.6)	$ (7.7)	$ (51.8)	$ (19.5)
Other	(2.7)	0.3	(2.8)	1.4
Total other expense, net	$ (11.3)	$ (7.4)	$ (54.6)	$ (18.1)

Net losses on sales of businesses – During the three and nine months ended September 30, 2020, 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. 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. 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 were primarily a result of changes in the fair market value of equity investments, partially offset by the sale of an equity investment.

(Amounts in Millions, Except Per Share Amounts)

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, 2020, $338.4, excluding fees, remains available for repurchase under the share repurchase programs authorized in previous years, which have no expiration date.

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, if necessary, 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,	
	2020	**2019**
Balance at beginning of period	$ 164.7	$ 167.9
Change in related noncontrolling interests balance	(6.0)	(2.1)
Changes in redemption value of redeemable noncontrolling interests:		
Additions	0.0	24.3
Redemptions	(2.5)	(3.1)
Redemption value adjustments	(3.4)	(1.6)
Balance at end of period	$ 152.8	$ 185.4

Note 6: Income Taxes

For the three and nine months ended September 30, 2020, our income tax benefit was positively impacted by the settlement of the 2006 through 2016 U.S. Federal income tax audit, partially offset by losses in certain foreign jurisdictions where we received no tax benefit due to 100% valuation allowances, by net losses on sales of businesses and the classification of certain assets as held for sale for which we received minimal tax benefit and by tax expense associated with the change to our assertion regarding the permanent reinvestment of undistributed earnings attributable to certain foreign subsidiaries.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted and signed into law. The CARES Act includes several provisions for corporations including increasing the amount of deductible interest, allowing companies to carryback certain net operating losses ("NOLs") and increasing the amount of NOLs that corporations can use to offset income. The CARES Act did not materially affect our quarter or year-to-date income tax provision, deferred tax assets and liabilities, or related taxes payable, nor do we expect it to have a material impact for the full year.

In 2020, in response to changes in non-US tax law, a decision was made to change our indefinite reinvestment assertion on a $120.0 of undistributed foreign earnings of specific subsidiaries. We recorded $10.4 of income tax costs associated with this change to our assertion.

In the third quarter of 2020, in response to restructuring actions taken within foreign subsidiaries, a decision was made to change our indefinite reinvestment assertion on a $46.0 of undistributed foreign earnings of specific subsidiaries. We recorded $3.2 of income tax costs associated with this change to our assertion.

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.

On July 29, 2020, the Internal Revenue Service notified the Company that the U.S. Federal income tax audit of years 2006 through 2016 has been finalized and settled. As a result, we recognized an income tax benefit of $136.2 in the third quarter of 2020.

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 2016. 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 7: Restructuring Charges

The components of restructuring charges for 2020 and 2019 restructuring plans are listed below.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Severance and termination costs	$ 17.9	$ 0.0	$ 62.5	$ 22.0
Lease impairment costs	26.6	0.0	92.3	11.9
Other restructuring costs	2.8	0.0	5.1	0.0
Total restructuring charges	$ 47.3	$ 0.0	$ 159.9	$ 33.9

2020 Restructuring Plan

In the second and third quarters of 2020, the Company took restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business (the “2020 Plan”). Most of these actions are based on our recent experience and learning in the COVID-19 pandemic and a resulting review of our operations, which continues, to address certain operating expenses such as occupancy expense and salaries and related expenses.

Net restructuring charges were comprised of $24.9 at IAN and $17.2 at CMG for the three months ended September 30, 2020, which include non-cash lease impairment costs of $14.3 and $12.8, respectively. Net restructuring charges were comprised of $93.7 at IAN and $53.9 at CMG for the nine months ended September 30, 2020, which include non-cash lease impairment costs of $50.1 and $39.6, respectively.

Restructuring actions under the 2020 Plan were identified and initiated during the second quarter of 2020, with additional actions in the third quarter and expected in the fourth quarter and all actions to be substantially complete by the end of the fourth quarter of 2020.

During the first nine months of 2020, severance and termination costs were related to a planned reduction in workforce of 971 employees. The employee groups affected include executive, regional and account management as well as administrative, creative and media production personnel.

Lease impairment costs, which relate to the office spaces that were vacated as part of the 2020 Plan, included impairments of operating lease right-of-use assets and associated leasehold improvements, furniture and asset retirement obligations. Lease impairments were calculated based on estimated fair values using market participant assumptions including forecasted net discounted cash flows related to the operating lease right-of-use assets.

A summary of the restructuring activities related to the 2020 Plan is as follows:

	2020 Plan			
	Restructuring Expense	Non-Cash Items	Cash Payments	Liability at September 30, 2020
Severance and termination costs	$ 62.5	$ 1.0	$ 34.0	$ 27.5
Lease impairment costs	92.3	92.3	0.0	0.0
Other	5.1	2.4	2.7	0.0
Total	$ 159.9	$ 95.7	$ 36.7	$ 27.5

2019 Restructuring Plan

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. 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 there have not been any restructuring adjustments.

(Amounts in Millions, Except Per Share Amounts)

Note 8: Incentive Compensation Plans

We issue stock-based compensation and cash awards to our employees under various plans established by the Compensation and Leadership Talent Committee of the Board of Directors (the "Compensation Committee") and approved by our stockholders. We issued the following stock-based awards under the 2019 Performance Incentive Plan (the "2019 PIP") during the nine months ended September 30, 2020.

	Awards	Weighted-average grant-date fair value (per award)
Restricted stock (shares or units)	2.3	$ 20.74
Performance-based stock (shares)	2.4	$ 18.69
Total stock-based compensation awards	4.7	

During the nine months ended September 30, 2020, the Compensation Committee granted performance cash awards under the 2019 PIP and restricted cash awards under the 2009 Restricted Cash Plan with a total annual target value of $43.3 and $36.2, respectively. Cash awards are expensed over the vesting period, which is typically three years for performance cash awards and two years or three years for restricted cash awards.

Note 9: 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, 2019	$ (697.7)	$ (3.5)	$ (228.8)	$ (930.0)
Other comprehensive (loss) income before reclassifications	(56.2)	2.7	0.8	(52.7)
Amount reclassified from accumulated other comprehensive loss, net of tax	9.3	1.3	4.3	14.9
Balance as of September 30, 2020	$ (744.6)	$ 0.5	$ (223.7)	$ (967.8)

	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)

Amounts reclassified from accumulated other comprehensive loss, net of tax, for the three and nine months ended September 30, 2020 and 2019 are as follows:

	Three months ended September 30,		Nine months ended September 30,		Affected Line Item in the Consolidated Statements of Operations
	2020	2019	2020	2019	
Foreign currency translation adjustments	$ 9.6	$ (0.6)	$ 9.3	$ 5.2	Other expense, net
Losses on derivative instruments	0.6	0.6	1.8	1.8	Interest expense
Amortization of defined benefit pension and postretirement plan items	1.8	1.7	5.5	5.0	Other expense, net
Tax effect	(0.6)	(0.6)	(1.7)	(1.5)	(Benefit of) provision for income taxes
Total amount reclassified from accumulated other comprehensive loss, net of tax	$ 11.4	$ 1.1	$ 14.9	$ 10.5	

(Amounts in Millions, Except Per Share Amounts)

Note 10: 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,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Service cost	$ 0.0	$ 0.0	$ 1.2	$ 1.2	$ 0.0	$ 0.0
Interest cost	0.9	1.2	2.4	3.0	0.2	0.3
Expected return on plan assets	(1.4)	(1.5)	(4.7)	(4.2)	0.0	0.0
Amortization of:						
Prior service cost (credit)	0.0	0.0	0.0	0.0	(0.1)	0.0
Unrecognized actuarial losses	0.4	0.5	1.4	1.2	0.1	0.0
Net periodic cost	$ (0.1)	$ 0.2	$ 0.3	$ 1.2	$ 0.2	$ 0.3

	Domestic Pension Plan		Foreign Pension Plans		Domestic Postretirement Benefit Plan	
Nine Months Ended September 30,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Service cost	$ 0.0	$ 0.0	$ 3.5	$ 3.5	$ 0.0	$ 0.0
Interest cost	2.8	3.6	7.0	9.3	0.6	0.9
Expected return on plan assets	(4.2)	(4.4)	(14.0)	(13.0)	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	1.2	1.4	4.1	3.6	0.2	0.0
Net periodic cost	$ (0.2)	$ 0.6	$ 0.7	$ 3.5	$ 0.7	$ 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, 2020, we contributed $1.3 and $13.9 of cash to our domestic and foreign pension plans, respectively. For the remainder of 2020, 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 11: Segment Information

As of September 30, 2020, we have two reportable segments: IAN and CMG. IAN is comprised of McCann Worldgroup, FCB (Foote, Cone & Belding), MullenLowe Group, Media, Data Services and Tech, which includes IPG Mediabrands, Acxiom and Kinesso, our digital specialist agencies and our domestic integrated agencies. CMG is comprised of a number of our specialist marketing services offerings including Weber Shandwick, DeVries, Golin, FutureBrand, Jack Morton and Octagon Worldwide. We also report results for the "Corporate and other" group. 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,	
	2020	**2019**	**2020**	**2019**
Total revenue:				
IAN	$ 1,783.6	$ 1,896.3	$ 5,274.9	$ 5,718.1
CMG	341.9	541.8	1,236.1	1,601.4
Total	$ 2,125.5	$ 2,438.1	$ 6,511.0	$ 7,319.5
Net revenue:				
IAN	$ 1,685.5	$ 1,739.2	$ 4,935.7	$ 5,246.4
CMG	269.1	322.2	844.4	945.7
Total	$ 1,954.6	$ 2,061.4	$ 5,780.1	$ 6,192.1
Segment EBITA [1]:				
IAN	$ 260.0	$ 262.3	$ 459.4	$ 640.7
CMG	25.9	50.7	21.9	94.0
Corporate and other	(16.0)	(11.0)	(51.9)	(75.4)
Total	$ 269.9	$ 302.0	$ 429.4	$ 659.3
Amortization of acquired intangibles:				
IAN	$ 20.2	$ 20.6	$ 61.2	$ 61.3
CMG	1.1	1.1	3.2	3.3
Corporate and other	0.0	0.0	0.0	0.0
Total	$ 21.3	$ 21.7	$ 64.4	$ 64.6
Depreciation and amortization [2]:				
IAN	$ 43.8	$ 40.9	$ 133.8	$ 127.9
CMG	5.0	5.2	15.5	15.2
Corporate and other	0.9	1.2	3.2	5.4
Total	$ 49.7	$ 47.3	$ 152.5	$ 148.5
Capital expenditures:				
IAN	$ 31.7	$ 44.5	$ 85.2	$ 106.9
CMG	1.2	4.0	4.1	7.9
Corporate and other	7.2	5.2	22.7	19.0
Total	$ 40.1	$ 53.7	$ 112.0	$ 133.8

1 Adjusted EBITA is calculated as net income available to IPG common stockholders before (benefit of) provision for incomes taxes, total (expenses) and other income, equity in net (loss) income of unconsolidated affiliates, net loss (income) attributable to noncontrolling interests and amortization of acquired intangibles.
2 Excludes amortization of acquired intangibles.

(Amounts in Millions, Except Per Share Amounts)

	September 30, 2020	December 31, 2019
Total assets:		
IAN	$ 13,307.4	$ 15,155.2
CMG	1,505.4	1,725.5
Corporate and other	1,261.9	871.2
Total	$ 16,074.7	$ 17,751.9

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
IAN EBITA	$ 260.0	$ 262.3	$ 459.4	$ 640.7
CMG EBITA	25.9	50.7	21.9	94.0
Corporate and other EBITA	(16.0)	(11.0)	(51.9)	(75.4)
Less: consolidated amortization of acquired intangibles	21.3	21.7	64.4	64.6
Operating income	248.6	280.3	365.0	594.7
Total (expenses) and other income	(56.0)	(47.6)	(177.3)	(144.2)
Income before income taxes	$ 192.6	$ 232.7	$ 187.7	$ 450.5

Note 12: 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, 2020. The following tables present information about our financial instruments measured at fair value on a recurring basis as of September 30, 2020 and December 31, 2019, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

(Amounts in Millions, Except Per Share Amounts)

	September 30, 2020				
	Level 1	Level 2	Level 3	Total	Balance Sheet Classification
Assets					
Cash equivalents	$ 103.1	$ 0.0	$ 0.0	$ 103.1	Cash and cash equivalents
Liabilities					
Contingent acquisition obligations [1]	$ 0.0	$ 0.0	$ 94.7	$ 94.7	Accrued liabilities and Other non-current liabilities

	December 31, 2019				
	Level 1	Level 2	Level 3	Total	Balance Sheet Classification
Assets					
Cash equivalents	$ 786.0	$ 0.0	$ 0.0	$ 786.0	Cash and cash equivalents
Liabilities					
Contingent acquisition obligations [1]	$ 0.0	$ 0.0	$ 114.1	$ 114.1	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 $19.4 from December 31, 2019 to September 30, 2020 is primarily due to acquisition payments, partially offset by valuation adjustments, an increase in deferred acquisition payments and exercises of put options. 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, 2020 and December 31, 2019, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

	September 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Total long-term debt	$ 0.0	$ 4,335.9	$ 45.4	$ 4,381.3	$ 0.0	$ 3,520.0	$ 45.5	$ 3,565.5

Our long-term debt is comprised of senior notes 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. 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. See Note 3 for further information on our long-term debt.

The discount rates used as significant unobservable inputs in the Level 3 fair value measurements of our contingent acquisition obligations and long-term debt as of September 30, 2020 ranged from 1.0% to 4.0% and 0.5% to 3.5%, respectively.

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 (Level 3), 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.

During the second and third quarters of 2020, recent economic developments related to the COVID-19 pandemic contributed to declines in our most recent forecasted financial results. We evaluated our reporting units including the impact of these declines, restructuring actions taken in the second and third quarters of 2020 and other reporting unit specific factors.

During the third quarter of 2020, we considered the potential for goodwill impairment of our reporting units. Our review did not indicate an impairment triggering event as of September 30, 2020.

During the second quarter of 2020, we concluded that this constituted a goodwill triggering event for one reporting unit, requiring us to evaluate its goodwill for impairment. Based on the results of a quantitative interim impairment test, we concluded that the reporting unit's goodwill was not impaired as of June 30, 2020, because the fair value of the reporting unit was in excess of its carrying value. We also considered the potential for goodwill impairment of our other reporting units and our review did not indicate an impairment triggering event as of June 30, 2020.

Note 13: Commitments and Contingencies

Guarantees

As discussed in our 2019 Annual Report, 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, 2020 and December 31, 2019, the amount of parent company guarantees on lease obligations was $658.0 and $739.1, respectively, the amount of parent company guarantees relating to uncommitted lines of credit was $275.1 and $293.8, 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 $213.7 and $207.7, respectively.

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.

Note 14: 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.

Current Expected Credit Losses

In June 2016, the Financial Accounting Standards Board ("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. We adopted this standard using the modified retrospective approach with an effective date of January 1, 2020. The adoption of this amended guidance did not have a material impact on our Consolidated Financial Statements.

Fair Value Measurement Disclosures

In August 2018, the FASB issued amended disclosure requirements for fair value measurements by removing, modifying and adding certain disclosures. This amended guidance was effective beginning January 1, 2020. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

Income Taxes

In December 2019, the FASB issued amended guidance to simplify the accounting for income taxes by removing certain exceptions and amending certain sections of existing guidance under ASC 740. This amended guidance is effective January 1, 2021 with early adoption permitted as early as January 1, 2020. 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 Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Annual Report"), as well as our other reports and filings with the Securities and Exchange Commission (the "SEC"). Our 2019 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 2019 Annual Report of our accounting policies that require critical judgment, assumptions and estimates.

RECENT ACCOUNTING STANDARDS, by reference to Note 14 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

Impact of COVID-19

In March 2020, the World Health Organization categorized the novel coronavirus ("COVID-19") as a pandemic, and it continues to spread extensively throughout the United States and the rest of the world with different geographical locations impacted more than others. The outbreak of COVID-19 and public and private sector measures to reduce its transmission, such as forced business closures and limits on operations, the imposition of social distancing and orders to work-from-home, stay-at-home and shelter-in-place, have adversely impacted our business and demand for our services. Some businesses have adjusted, reduced or suspended operating activities, which has negatively impacted the markets we serve. We continue to believe that our focus on our strategic strengths, which include talent, our differentiated go-to-market strategy, data management capabilities, and the relevance of our offerings, position us well to navigate a rapidly changing marketplace. The effects of the COVID-19 pandemic have negatively impacted and will likely continue to negatively impact our results of operations, cash flows and financial position; however, the extent of the impact will vary depending on the duration and severity of the economic and operational impacts of COVID-19.

We have taken steps to protect the safety of our employees, and to support their working arrangements, with a majority of our worldwide workforce continuing to work from home. We believe we have had significant success in maintaining and continuing to advance the quality of our services notwithstanding extensive changes required by the pandemic. With respect to managing costs, we have multiple initiatives underway to align our expenses with changes in revenue. The steps we have taken across our agencies and corporate group include deferred merit increases, freezes on hiring and temporary labor, major cuts in non-essential spending, staff reductions, furloughs in markets where that option is available and salary reductions, including voluntary salary reductions for our senior corporate management team.

In the second and third quarters of 2020, the Company took restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business (the "2020 Plan"). Most of these actions are based on our recent experience and learning in the COVID-19 pandemic and a resulting review of our operations, which continues, to address certain operating expenses such as occupancy expense and salaries and related expenses. Notably, we foresee a greater role for work-from-home in a hybrid office-home model to deliver and support our services in a post-COVID world. In addition, we remain committed to and have intensified our efforts around cash flow discipline, including the identification of significant capital expenditures that can be deferred, and working capital management.

We began to see the effects of COVID-19 on client spending throughout the year since March, first in the Asia Pacific region in the first quarter and subsequently in the U.S., Europe and other markets beginning in March and continuing throughout the second and third quarters. Growth in our retail and healthcare sector clients was offset by broad-based declines across most other sectors due to economic conditions, though more so in our second quarter than our third quarter, with the greatest declines in our experiential and events businesses. We expect continued negative impacts on our fourth-quarter results as clients continue to respond to the current economic conditions by reducing their marketing budgets, which will affect the demand for our services. See Item 1A, *Risk Factors*, in this Quarterly Report on Form 10-Q.

We have also taken steps to strengthen our financial position during this period of heightened uncertainty, as discussed in more detail below under "Liquidity and Capital Resources." On March 30, 2020, we issued $650.0 aggregate principal amount of 4.75% senior unsecured notes due 2030 (the "4.75% Senior Notes") and on March 27, 2020, we entered into a new $500.0 364-day revolving credit facility. On July 28, 2020, we entered into amendments to our committed corporate credit facility and our new 364-day credit facility to increase our flexibility under the maximum leverage ratio covenant in each facility. We believe these steps will further enhance our financial resources as we navigate the period ahead.

Our Business

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, strategic and technology 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 Adjusted 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.

Our Financial Information

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 operating income 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 2020 were the Brazilian Real, Argentine Peso, Mexican Peso, South African Rand and Indian Rupee.

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 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 Adjusted 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.

Results for the three and nine months ended September 30, 2020, are not indicative of the results that may be expected for the fiscal year ending December 31, 2020. The Consolidated Financial Statements and MD&A presented herein reflect the latest estimates and assumptions made by us that affect the reported amounts of assets and liabilities and related disclosures as of the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting periods presented. We believe we have used reasonable estimates and assumptions to assess the fair values of the Company's goodwill, long-lived assets and indefinite-lived intangible assets; assessment of the annual effective tax rate; valuation of deferred income taxes and the allowance for expected credit losses on future uncollectible accounts receivable. If actual market conditions vary significantly from those currently projected, these estimates and assumptions could materially change resulting in adjustments to the carrying values of our assets and liabilities.

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 a summary of our financial performance for the three and nine months ended September 30, 2020 and 2019.

Statement of Operations Data	Three months ended September 30, 2020	Three months ended September 30, 2019	% Increase/ (Decrease)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	% Increase/ (Decrease)
REVENUE:						
Net revenue	$ 1,954.6	$ 2,061.4	(5.2)%	$ 5,780.1	$ 6,192.1	(6.7)%
Billable expenses	170.9	376.7	(54.6)%	730.9	1,127.4	(35.2)%
Total revenue	$ 2,125.5	$ 2,438.1	(12.8)%	$ 6,511.0	$ 7,319.5	(11.0)%
OPERATING INCOME	$ 248.6	$ 280.3	(11.3)%	$ 365.0	$ 594.7	(38.6)%
Adjusted EBITA [1]	$ 269.9	$ 302.0	(10.6)%	$ 429.4	$ 659.3	(34.9)%
NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS	$ 279.7	$ 165.6		$ 238.8	$ 327.1	
Earnings per share available to IPG common stockholders:						
Basic	$ 0.72	$ 0.43		$ 0.61	$ 0.85	
Diluted	$ 0.71	$ 0.42		$ 0.61	$ 0.84	
Operating Ratios						
Organic change in net revenue	(3.7)%	1.4 %		(4.5)%	3.5 %	
Operating margin on net revenue	12.7 %	13.6 %		6.3 %	9.6 %	
Operating margin on total revenue	11.7 %	11.5 %		5.6 %	8.1 %	
Adjusted EBITA margin on net revenue [1]	13.8 %	14.7 %		7.4 %	10.6 %	
Expenses as a % of net revenue:						
Salaries and related expenses	65.0 %	64.7 %		69.2 %	66.8 %	
Office and other direct expenses	15.8 %	17.8 %		17.4 %	18.5 %	
Selling, general and administrative expenses	0.5 %	0.5 %		0.6 %	1.1 %	
Depreciation and amortization	3.6 %	3.3 %		3.8 %	3.4 %	
Restructuring charges [2]	2.4 %	0.0 %		2.8 %	0.5 %	

1 Adjusted EBITA is a financial measure that is not defined by U.S. GAAP. Adjusted EBITA is calculated as net income available to IPG common stockholders before (benefit of) provision for incomes taxes, total (expenses) and other income, equity in net (loss) income of unconsolidated affiliates, net loss (income) attributable to noncontrolling interests and amortization of acquired intangibles. 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 $47.3 and $159.9 for the three and nine months ended September 30, 2020 and $33.9 for the nine months ended September 30, 2019, respectively. See *"Restructuring Charges"* in this MD&A and Note 7 to the Consolidated Financial Statements for further information.

Our organic net revenue decrease of 3.7% for the third quarter of 2020 was primarily from the auto and transportation, technology and telecom, and financial services sectors, partially offset by a combination of net client wins and net higher spending from existing clients in the healthcare and retail sectors. During the third quarter of 2020, our Adjusted EBITA margin decreased to 13.8% from 14.7% in the prior-year period as the decrease in net revenue, discussed below in the *"Results of Operations"* section, exceeded the overall decrease in our operating expense, excluding billable expenses and amortization of acquired intangibles.

Our organic net revenue decrease of 4.5% for the first nine months of 2020 was primarily from the auto and transportation, financial services, government and consumer goods sectors, partially offset by a combination of net client wins and net higher spending from existing clients in the healthcare and retail sectors. During the first nine months of 2020, our Adjusted EBITA margin decreased to 7.4% from 10.6% in the prior-year period as the decrease in net revenue, discussed below in the *“Results of Operations”* section, exceeded the overall decrease in our operating expense, excluding billable expenses and amortization of acquired intangibles.

(Amounts in Millions, Except Per Share Amounts)

RESULTS OF OPERATIONS

Consolidated Results of Operations – Three and Nine Months Ended September 30, 2020 Compared to Three and Nine Months Ended September 30, 2019

Net Revenue

In a typical year, 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, 2019	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Three months ended September 30, 2020	Organic	Total
Consolidated	$ 2,061.4	$ (6.3)	$ (23.5)	$ (77.0)	$ 1,954.6	(3.7)%	(5.2)%
Domestic	1,313.0	—	(7.6)	(32.0)	1,273.4	(2.4)%	(3.0)%
International	748.4	(6.3)	(15.9)	(45.0)	681.2	(6.0)%	(9.0)%
United Kingdom	172.1	7.1	0.6	(17.8)	162.0	(10.3)%	(5.9)%
Continental Europe	155.7	6.1	(7.4)	3.6	158.0	2.3 %	1.5 %
Asia Pacific	205.0	(0.3)	(7.5)	(31.2)	166.0	(15.2)%	(19.0)%
Latin America	97.8	(17.5)	(1.5)	(0.3)	78.5	(0.3)%	(19.7)%
Other	117.8	(1.7)	(0.1)	0.7	116.7	0.6 %	(0.9)%

The organic decrease during the third quarter of 2020 in our domestic market was primarily driven by the revenue declines due to the impact of the pandemic on the economy at our sports and event marketing businesses, primarily due to sports and other event cancellations and discretionary digital project-based offerings. The organic decrease in our domestic market was partially offset by growth at our advertising and media businesses. In our international markets, the organic decrease was mainly driven by the revenue declines at our advertising businesses and public relations agencies, primarily in the Asia Pacific and United Kingdom regions. The organic decrease in our international market was partially offset by growth at our advertising and media businesses in the Continental Europe region.

		Components of Change				Change	
	Nine months ended September 30, 2019	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Nine months ended September 30, 2020	Organic	Total
Consolidated	$ 6,192.1	$ (71.7)	$ (58.8)	$ (281.5)	$ 5,780.1	(4.5)%	(6.7)%
Domestic	3,964.8	—	(15.7)	(128.5)	3,820.6	(3.2)%	(3.6)%
International	2,227.3	(71.7)	(43.1)	(153.0)	1,959.5	(6.9)%	(12.0)%
United Kingdom	522.8	(2.0)	1.1	(47.0)	474.9	(9.0)%	(9.2)%
Continental Europe	495.8	(4.6)	(22.7)	(14.8)	453.7	(3.0)%	(8.5)%
Asia Pacific	588.1	(12.3)	(19.0)	(69.4)	487.4	(11.8)%	(17.1)%
Latin America	270.2	(46.6)	(2.2)	(1.3)	220.1	(0.5)%	(18.5)%
Other	350.4	(6.2)	(0.3)	(20.5)	323.4	(5.9)%	(7.7)%

The organic decrease during the first nine months of 2020 in our domestic market was primarily driven by the revenue declines due to the impact of the pandemic on the economy at our sports and event marketing businesses, primarily due to sports and other event cancellations and discretionary digital project-based offerings. The decrease was partially offset by growth at our advertising businesses. In our international markets, the organic decrease was primarily driven by the revenue declines at our advertising businesses and public relations agencies, primarily in the Asia Pacific and United Kingdom regions as well as the revenue declines at our media businesses, primarily in the Continental Europe and Asia Pacific 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,		
	2020	**2019**	**% Increase/ (Decrease)**	**2020**	**2019**	**% Increase/ (Decrease)**
Salaries and related expenses	$ 1,269.9	$ 1,334.4	(4.8)%	$ 3,998.8	$ 4,136.7	(3.3)%
As a % of net revenue:						
Salaries and related expenses	**65.0 %**	**64.7 %**		**69.2 %**	**66.8 %**	
Base salaries, benefits and tax	55.0 %	56.5 %		58.6 %	56.9 %	
Incentive expense	4.4 %	2.0 %		4.1 %	3.7 %	
Severance expense	0.8 %	0.6 %		1.6 %	0.6 %	
Temporary help	3.5 %	4.2 %		3.7 %	4.2 %	
All other salaries and related expenses	1.3 %	1.4 %		1.2 %	1.4 %	

Salaries and related expenses decreased by 4.8% compared to net revenue decline of 5.2% during the third quarter of 2020 as compared to the prior-year period. The decrease was primarily driven by reductions in base salaries, benefits and tax and lower temporary help expenses in response to the declines in net revenue, which were primarily due to the effects of the COVID-19 pandemic on economic conditions. The cumulative decreases were partially offset by increased severance and incentive expenses. The increase in incentive expense for the quarter is related to better than projected performance in the quarter as well as timing related adjustments in the comparable prior-year quarter.

Salaries and related expenses decreased by 3.3% compared to net revenue decline of 6.7% during the first nine months of 2020 as compared to the prior-year period, primarily driven by factors similar to those noted above for the third quarter of 2020.

Office and Other Direct Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2020	**2019**	**% Increase/ (Decrease)**	**2020**	**2019**	**% Increase/ (Decrease)**
Office and other direct expenses	$ 307.9	$ 367.9	(16.3)%	$ 1,003.1	$ 1,144.4	(12.3)%
As a % of net revenue:						
Office and other direct expenses	**15.8 %**	**17.8 %**		**17.4 %**	**18.5 %**	
Occupancy expense	6.3 %	6.5 %		6.5 %	6.5 %	
All other office and other direct expenses [1]	9.5 %	11.3 %		10.9 %	12.0 %	

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 decreased by 16.3% compared to net revenue decline of 5.2% during the third quarter of 2020 as compared to the prior-year period. The decrease in office and other direct expenses was mainly due to decreases in travel and entertainment expenses and new business and promotion expenses as well as lower occupancy expense and professional consulting fees, partially offset by an increase in bad debt expense and a year-over-year change in contingent acquisition obligations.

Office and other direct expenses decreased by 12.3% compared to net revenue decline of 6.7% during the first nine months of 2020 as compared to the prior-year period. The decrease in office and other direct expenses was mainly due to factors similar to those noted above for the second quarter of 2020.

(Amounts in Millions, Except Per Share Amounts)

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 months ended September 30, 2020, SG&A as a percentage of net revenue remained flat as compared to the prior-year period. For the nine months ended September 30, 2020, SG&A as a percentage of net revenue decreased as compared to the prior-year period, primarily attributable to a decrease in employee insurance expense, resulting from fewer insurance claims with elective procedures and routine care being delayed in 2020 as well as a decrease in travel and entertainment expenses.

Depreciation and Amortization

During the three and nine months ended September 30, 2020, depreciation and amortization expenses increased compared to the prior-year periods.

Restructuring Charges

The components of restructuring charges for 2020 and 2019 restructuring plans are listed below.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Severance and termination costs	$ 17.9	$ 0.0	$ 62.5	$ 22.0
Lease impairment costs	26.6	0.0	92.3	11.9
Other restructuring costs	2.8	0.0	5.1	0.0
Total restructuring charges	$ 47.3	$ 0.0	$ 159.9	$ 33.9

2020 Restructuring Plan

In the second and third quarters of 2020, the Company took restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business (the “2020 Plan”). Most of these actions are based on our recent experience and learning in the COVID-19 pandemic and a resulting review of our operations, which continues, to address certain operating expenses such as occupancy expense and salaries and related expenses.

Net restructuring charges were comprised of $24.9 at IAN and $17.2 at CMG for the three months ended September 30, 2020, which include non-cash lease impairment costs of $14.3 and $12.8, respectively. Net restructuring charges were comprised of $93.7 at IAN and $53.9 at CMG for the nine months ended September 30, 2020, which include non-cash lease impairment costs of $50.1 and $39.6, respectively.

Restructuring actions under the 2020 Plan were identified and initiated during the second quarter of 2020, with additional actions in the third quarter and expected in the fourth quarter and all actions to be substantially complete by the end of the fourth quarter of 2020.

During the first nine months of 2020, severance and termination costs were related to a planned reduction in workforce of 971 employees. The employee groups affected include executive, regional and account management as well as administrative, creative and media production personnel.

Lease impairment costs, which relate to the office spaces that were vacated as part of the 2020 Plan, included impairments of operating lease right-of-use assets and associated leasehold improvements, furniture and asset retirement obligations. Lease impairments were calculated based on estimated fair values using market participant assumptions including forecasted net discounted cash flows related to the operating lease right-of-use assets.

A summary of the restructuring activities related to the 2020 Plan is as follows:

(Amounts in Millions, Except Per Share Amounts)

	2020 Plan			
	Restructuring Expense	Non-Cash Items	Cash Payments	Liability at September 30, 2020
Severance and termination costs	$ 62.5	$ 1.0	$ 34.0	$ 27.5
Lease impairment costs	92.3	92.3	0.0	0.0
Other	5.1	2.4	2.7	0.0
Total	$ 159.9	$ 95.7	$ 36.7	$ 27.5

The resulting restructuring charges of $47.3 and $159.9 for the three and nine months ended September 30, 2020, respectively, to reduce our ongoing expenses such as occupancy expense and salaries and related expenses, reflects the breadth of our review. These actions, taken during the second and third quarters of 2020, reduce our global real estate footprint by approximately 8% or 900,000 square feet and, further, address selected levels of management and staffing with severance costs for 971 employees for the nine months ended September 30, 2020. Of the total charges for the nine months ended September 30, 2020, $95.7 or 60%, is non-cash, mainly representing the write-off of right-of-use assets of operating leases. We expect to realize approximately $110.0 to $130.0 of annualized cost savings associated with the actions taken during the second and third quarters of 2020.

As part of our continuing review, we also anticipate that we will take additional actions in the fourth quarter of 2020, the majority of which will be non-cash, real estate related charges. These are also expected to result in significant restructuring expense and structural savings, and the 2020 Plan is expected to be concluded by the end of 2020. The amount and type of additional actions will be dependent on market conditions over the remainder of the year.

2019 Restructuring Plan

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. 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 there have not been any restructuring adjustments.

EXPENSES AND OTHER INCOME

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Cash interest on debt obligations	$ (48.5)	$ (47.6)	$ (140.4)	$ (142.6)
Non-cash interest	(2.3)	(2.1)	(5.0)	(8.5)
Interest expense	(50.8)	(49.7)	(145.4)	(151.1)
Interest income	6.1	9.5	22.7	25.0
Net interest expense	(44.7)	(40.2)	(122.7)	(126.1)
Other expense, net	(11.3)	(7.4)	(54.6)	(18.1)
Total (expenses) and other income	$ (56.0)	$ (47.6)	$ (177.3)	$ (144.2)

Other Expense, Net

Results of operations for the three and nine months ended September 30, 2020 and 2019 include certain items that are not directly associated with our revenue-producing operations.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net losses on sales of businesses	$ (8.6)	$ (7.7)	$ (51.8)	$ (19.5)
Other	(2.7)	0.3	(2.8)	1.4
Total other expense, net	$ (11.3)	$ (7.4)	$ (54.6)	$ (18.1)

(Amounts in Millions, Except Per Share Amounts)

Net losses on sales of businesses – During the three and nine months ended September 30, 2020, 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. 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. 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 were primarily a result of changes in fair market value of equity investments, partially offset by the sale of an equity investment.

INCOME TAXES

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Income before income taxes	$ 192.6	$ 232.7	$ 187.7	$ 450.5
(Benefit of) provision for income taxes	$ (86.3)	$ 64.6	$ (50.1)	$ 118.7

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, 2020, our income tax benefit was positively impacted by the settlement of the 2006 through 2016 U.S. Federal income tax audit, partially offset by losses in certain foreign jurisdictions where we received no tax benefit due to 100% valuation allowances, by net losses on sales of businesses and the classification of certain assets as held for sale for which we received minimal tax benefit and by tax expense associated with the change to our assertion regarding the permanent reinvestment of undistributed earnings attributable to certain foreign subsidiaries.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted and signed into law. The CARES Act includes several provisions for corporations including increasing the amount of deductible interest, allowing companies to carryback certain net operating losses (“NOLs”) and increasing the amount of NOLs that corporations can use to offset income. The CARES Act did not materially affect our quarter or year-to-date income tax provision, deferred tax assets and liabilities, or related taxes payable, nor do we expect it to have a material impact for the full year.

In 2020, in response to changes in non-US tax law, a decision was made to change our indefinite reinvestment assertion on a $120.0 of undistributed foreign earnings of specific subsidiaries. We recorded $10.4 of income tax costs associated with this change to our assertion.

In the third quarter of 2020, in response to restructuring actions taken within foreign subsidiaries, a decision was made to change our indefinite reinvestment assertion on a $46.0 of undistributed foreign earnings of specific subsidiaries. We recorded $3.2 of income tax costs associated with this change to our assertion.

On July 29, 2020, the Internal Revenue Service notified the Company that the U.S. Federal income tax audit of years 2006 through 2016 has been finalized and settled. As a result, we recognized an income tax benefit of $136.2 in the third quarter of 2020.

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.

EARNINGS PER SHARE

Basic earnings per share available to IPG common stockholders for the three and nine months ended September 30, 2020 was $0.72 and $0.61, respectively, compared to basic earnings per share of $0.43 and $0.85 for the three and nine months ended September 30, 2019, respectively. Diluted earnings per share available to IPG common stockholders for the three and nine months ended September 30, 2020 was $0.71 and $0.61, respectively, compared to diluted earnings per share of $0.42 and $0.84 for the three and nine months ended September 30, 2019, respectively.

(Amounts in Millions, Except Per Share Amounts)

Basic and diluted earnings per share for the three months ended September 30, 2020 included a negative impact of $0.04 from the amortization of acquired intangibles, a negative impact of $0.09 from restructuring charges, a negative impact of $0.02 from net losses on sales of businesses and the classification of certain assets as held for sale and a net positive impact of $0.34 from discrete tax items.

Basic and diluted earnings per share for the nine months ended September 30, 2020 included a negative impact of $0.13 from the amortization of acquired intangibles, a negative impact of $0.32 from restructuring charges, negative impacts of $0.13 and $0.12, respectively, from net losses on sales of businesses and the classification of certain assets as held for sale and net positive impacts of $0.32 and $0.31, respectively, from discrete tax items.

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.

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

Segment Results of Operations – Three and Nine Months Ended September 30, 2020 Compared to Three and Nine Months Ended September 30, 2019

As discussed in Note 11 to the unaudited Consolidated Financial Statements, we have two reportable segments as of September 30, 2020: IAN and CMG. We also report results for the "Corporate and other" group. Segment information for the prior period has been recast to conform to the current-period presentation.

IAN

Net Revenue

		Components of Change				Change	
	Three months ended September 30, 2019	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Three months ended September 30, 2020	Organic	Total
Consolidated	$ 1,739.2	$ (8.3)	$ (21.6)	$ (23.8)	$ 1,685.5	(1.4)%	(3.1)%
Domestic	1,098.3	0.0	(6.7)	2.2	1,093.8	0.2 %	(0.4)%
International	640.9	(8.3)	(14.9)	(26.0)	591.7	(4.1)%	(7.7)%

The organic decrease during the third quarter of 2020 was mainly attributable to lower spending from existing clients, primarily related to the COVID-19 pandemic. The revenue decrease was in the financial services, auto and transportation and technology and telecom sectors, partially offset by net client wins and net higher spending from existing clients in the healthcare and retail sectors. The organic increase during the third quarter of 2020 in our domestic market was primarily driven by growths at our advertising and media businesses, partially offset by the revenue declines related to discretionary-based digital service offerings due to the impact of the pandemic on the economy. In our international markets, the organic decrease was mainly driven by the revenue declines at our advertising businesses, primarily in the Asia Pacific and United Kingdom regions, partially offset by growth at our advertising and media businesses in the Continental Europe region.

		Components of Change				Change	
	Nine months ended September 30, 2019	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Nine months ended September 30, 2020	Organic	Total
Consolidated	$ 5,246.4	$ (66.9)	$ (55.2)	$ (188.6)	$ 4,935.7	(3.6)%	(5.9)%
Domestic	3,339.5	0.0	(14.0)	(71.4)	3,254.1	(2.1)%	(2.6)%
International	1,906.9	(66.9)	(41.2)	(117.2)	1,681.6	(6.1)%	(11.8)%

The organic decrease during the first nine months of 2020 was mainly attributable to lower spending from existing clients, primarily related to the COVID-19 pandemic and net client losses. The revenue decrease was in the auto and transportation, consumer goods, financial services and government sectors, partially offset by net client wins and net higher spending from existing clients in the healthcare and retail sectors. The organic decrease during the first nine months of 2020 in our domestic market was primarily driven by the revenue declines due to the impact of the pandemic on the economy at discretionary-based digital service offerings and media businesses partially offset by growth at our advertising businesses. In our international markets, the organic decrease was mainly driven by the revenue declines at our advertising businesses, primarily in the Asia Pacific and United Kingdom regions, as well as the revenue declines at our media businesses, primarily in the Continental Europe and Asia Pacific regions.

(Amounts in Millions, Except Per Share Amounts)

Segment EBITA

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Segment EBITA [1]	$ 260.0	$ 262.3	(0.9)%	$ 459.4	$ 640.7	(28.3)%
Segment EBITA margin on net revenue [1]	15.4 %	15.1 %		9.3 %	12.2 %	

1 Segment EBITA and Segment EBITA margin on net revenue include $24.9 and $93.7 of restructuring charges in the third quarter and first nine months of 2020, respectively, and $27.6 of restructuring charges in the first nine months of 2019. See *"Restructuring Charges"* in this MD&A and Note 7 to the unaudited Consolidated Financial Statements for further information.

Segment EBITA margin improved during the third quarter of 2020 when compared to the prior-year period, as the overall decrease in operating expenses, including restructuring charges and excluding billable expenses and amortization of acquired intangibles exceeded the decrease in net revenue of 3.1%. The decrease in salaries and related expenses was primarily driven by reductions in base salaries, benefits and tax and lower temporary help expenses in response to the declines in net revenue, primarily due to the effects of the COVID-19 pandemic on economic conditions. The cumulative decreases were partially offset by increased severance and incentive expenses. The increase in incentive expense for the quarter is related to better than projected performance in the quarter as well as timing related adjustments in the comparable prior-year quarter. The decrease in office and other direct expenses was primarily driven by decreases in travel and entertainment expenses and new business and promotion expenses as well as lower occupancy expense and professional fees, partially offset by an increase in bad debt expense and a year-over-year change in contingent acquisition obligations. During the third quarter of 2020, segment EBITA included restructuring charges of $24.9.

Segment EBITA margin decreased during the first nine months of 2020 when compared to the prior-year period, as the decrease in net revenue of 5.9% exceeded the overall decrease in the operating expenses, including restructuring charges and excluding billable expenses and amortization of acquired intangibles. The decrease in salaries and related expenses and office and other direct expenses were mainly due to factors similar to those noted above for the third quarter of 2020. During the first nine months of 2020, segment EBITA included restructuring charges of $93.7, compared to restructuring charges of $27.6 during the first nine months of 2019.

Depreciation and amortization, excluding amortization of acquired intangibles, as a percentage of net revenue was 2.6% and 2.7% during the third quarter and first nine months of 2020, respectively, which increased compared to the prior-year periods.

CMG

Net Revenue

		Components of Change				Change	
	Three months ended September 30, 2019	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Three months ended September 30, 2020	Organic	Total
Consolidated	$ 322.2	$ 2.0	$ (1.9)	$ (53.2)	$ 269.1	(16.5)%	(16.5)%
Domestic	214.7	0.0	(0.9)	(34.2)	179.6	(15.9)%	(16.3)%
International	107.5	2.0	(1.0)	(19.0)	89.5	(17.7)%	(16.7)%

The organic decrease during the third quarter of 2020 was mainly attributable to lower spending from existing clients, primarily related to the COVID-19 pandemic. The revenue decrease was in the auto and transportation, technology and telecom and financial services sectors, partially offset by a combination of net client wins and net higher spending from existing clients in the healthcare sector. The organic decrease during the third quarter of 2020 in our domestic market was primarily driven by the revenue declines at our sports and event marketing businesses, primarily due to sports and other event cancellations. In our international markets, the organic decrease was mainly driven by the revenue declines at our public relations agencies, primarily in the Asia Pacific and United Kingdom regions.

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

		Components of Change				Change	
	Nine months ended September 30, 2019	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Nine months ended September 30, 2020	Organic	Total
Consolidated	$ 945.7	$ (4.8)	$ (3.6)	$ (92.9)	$ 844.4	(9.8)%	(10.7)%
Domestic	625.3	0.0	(1.7)	(57.1)	566.5	(9.1)%	(9.4)%
International	320.4	(4.8)	(1.9)	(35.8)	277.9	(11.2)%	(13.3)%

The organic decrease during the first nine months of 2020 was mainly attributable to lower spending from existing clients, primarily related to the COVID-19 pandemic. The revenue decrease was in the auto and transportation, technology and telecom and financial services sectors, partially offset by a combination of net client wins and net higher spending from existing clients in the healthcare and food and beverage sectors. The organic decreases during the first nine months of 2020 in our domestic and international market were primarily driven by the factors similar to those noted above for the second quarter of 2020.

Segment EBITA

	Three months ended September 30,		Change	Nine months ended September 30,		Change
	2020	2019		2020	2019	
Segment EBITA [1]	$ 25.9	$ 50.7	(48.9)%	$ 21.9	$ 94.0	(76.7)%
Segment EBITA margin on net revenue [1]	9.6 %	15.7 %		2.6 %	9.9 %	

1 Segment EBITA and Segment EBITA margin on net revenue include $17.2 and $53.9 of restructuring charges in the third quarter and first nine months of 2020, respectively, and $5.6 of restructuring charges in the first nine months of 2019. See *"Restructuring Charges"* in this MD&A and Note 7 to the unaudited Consolidated Financial Statements for further information.

Segment EBITA margin decreased during the three months ended September 30, 2020 when compared to the prior-year period, as the decrease in net revenue exceeded the overall decrease in operating expenses, including restructuring charges and excluding billable expenses and amortization of acquired intangibles. The decrease in salaries and related expenses was primarily driven by reductions in base salaries, benefits and tax and lower temporary help expenses in response to the declines in net revenue, primarily due to the impact of the COVID-19 on economic conditions. The decrease in office and other direct expenses was primarily driven by decreases in travel and entertainment expenses and new business and promotion expenses as well as lower occupancy expense. During the third quarter of 2020, segment EBITA included restructuring charges of $17.2.

Segment EBITA margin decreased during the nine months ended September 30, 2020 when compared to the prior-year period, as the decrease in net revenue exceeded the overall decrease in the operating expenses, including restructuring charges and excluding billable expenses and amortization of acquired intangibles. The decrease in salaries and related expenses and office and other direct expenses was primarily driven by factors similar to those noted above for the third quarter of 2020 as well as an increase in severance expense. During the first nine months of 2020, segment EBITA included restructuring charges of $53.9 compared to $5.6 during the first nine months of 2019.

Depreciation and amortization, excluding amortization of acquired intangibles, as a percentage of net revenue was 1.9% and 1.8% during the third quarter and first nine months of 2020, respectively, which increased as compared to the prior-year periods.

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.

During the third quarter of 2020, Corporate and Other expenses increased by $5.0 to $16.0 compared to the prior-year period, primarily attributable to an increase in restructuring charges, partially offset by a decrease in selling, general and administrative expenses, which was discussed in the *Results of Operations* section. During the first nine months of 2020, Corporate and Other expenses decreased by $23.5 to $51.9 compared to the prior-year period, primarily attributable to a decrease in selling, general and administrative expenses, which was discussed in the *Results of Operations* section, partially offset by an increase in restructuring charges.

(Amounts in Millions, Except Per Share Amounts)

During the third quarter and first nine months of 2020, Corporate and Other expense includes $5.2 and $12.3 of restructuring charges, respectively, compared to $0.7 of restructuring charges during the first nine months of 2019.

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	**2020**	**2019**
Net income, adjusted to reconcile to net cash provided by operating activities [1]	$ 727.7	$ 645.9
Net cash used in working capital [2]	(259.7)	(160.3)
Changes in other assets and liabilities using cash	(142.9)	(62.0)
Net cash provided by operating activities	$ 325.1	$ 423.6
Net cash used in investing activities	(132.5)	(120.7)
Net cash provided by (used in) financing activities	262.3	(445.0)

1 Reflects net income adjusted primarily for depreciation and amortization of fixed assets and intangible assets, non-cash restructuring charges, amortization of restricted stock and other non-cash compensation, and net losses on sales of businesses.
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 2020 was $325.1, which was a decrease of $98.5 as compared to the first nine months of 2019, primarily as a result of an increase in working capital usage of $99.4. Working capital was impacted by the spending levels of our clients and was primarily attributable to our media business.

Investing Activities

Net cash used in investing activities during the first nine months of 2020 was $132.5, which was an increase of $11.8 as compared to the first nine months of 2019, primarily due to an increase in cash sold from dispositions during the first nine months of 2020, partially offset by a decrease in capital expenditures, which consisted primarily of decreases in computer hardware and lease-related costs. The payments for capital expenditures were $112.0 and $133.8 in the first nine months of 2020 and 2019, respectively.

Financing Activities

Net cash provided by financing activities during the first nine months of 2020 was driven by the net proceeds of $646.2 from the issuance of our 4.75% Senior Notes, partially offset by the payment of common stock dividends of $298.6.

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 $20.3 during the first nine months of 2020. The decrease was primarily a result of the U.S. Dollar being stronger than several foreign currencies, including the South African Rand, Brazilian Real, Mexican Peso and Canadian Dollar as of September 30, 2020 as compared to December 31, 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, a 364-day credit facility and uncommitted lines of credit to support our operating needs. Borrowings under our commercial paper program are supported by our committed corporate 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. Particularly in light of the current market conditions, 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 – Our 3.50% Senior Notes in aggregate principal amount of $500.0 matured on October 1, 2020 and we used available cash, including the proceeds from the offering of our 4.75% Senior Notes, to fund the principal repayment. As of September 30, 2020, we had outstanding short-term borrowings of $46.3 from our uncommitted lines of credit used primarily to fund short-term working capital needs. The remainder of our debt is primarily long-term, with maturities scheduled from 2021 through 2048. On March 30, 2020, we issued $650.0 in aggregate principal amount of our 4.75% Senior Notes.
- Acquisitions – We paid cash of $2.8, net of cash acquired of $2.5, for acquisitions completed in the first nine months of 2020. We also paid deferred payments of $42.8 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 $50.0 over the next twelve months related to prior acquisitions. We may also be required to pay approximately $36.0 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 2020, we paid a quarterly cash dividend of $0.255 per share on our common stock, which corresponded to an aggregate dividend payment of $298.6. Assuming we continue to pay a quarterly dividend of $0.255 per share, and there is no significant change in the number of outstanding shares as of September 30, 2020, we would expect to pay approximately $397.0 over the next twelve months. Whether to declare and the amount of any such future dividend is at the discretion of our Board of Directors and will depend upon factors such as our earnings, financial position and cash requirements.
- Restructuring – In the first nine months of 2020, we paid cash of $36.7 for restructuring costs related to our 2020 Plan designed to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business. As of September 30, 2020, our remaining liability related to restructuring actions was $27.5. Most of our restructuring actions are based on our recent experience and learning in the COVID-19 pandemic and a resulting review of our operations, which continues, to address certain operating expenses such as occupancy expense and salaries and related expenses.

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, 2020, $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.

Credit Arrangements

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 November 2024, 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 of $50.0, or the equivalent in other currencies. Our obligations under the Credit Agreement are unsecured. As of September 30, 2020, there were no borrowings under the Credit Agreement; however, we had $9.0 of letters of credit under the Credit Agreement, which reduced our total availability to $1,491.0.

On March 27, 2020, we entered into an agreement for a 364-day revolving credit facility (the “364-Day Credit Facility”) that matures on March 26, 2021. The 364-Day Credit Facility is a revolving facility, under which amounts borrowed by us may be repaid and reborrowed, subject to an aggregate lending limit of $500.0. The cost structure of the 364-Day Credit Agreement is based on our current credit ratings. The applicable margin for Base Rate Advances (as defined in the 364-Day Credit Facility) is 0.250%, the applicable margin for Eurodollar Rate Advances (as defined in the 364-Day Credit Facility) is 1.250%, and the facility fee payable on a lender’s revolving commitment is 0.250%. In addition, the 364-Day Credit Facility includes covenants that, among other things, (i) limit our liens and the liens of our consolidated subsidiaries, and (ii) limit subsidiary debt. The 364-Day Credit Facility also contains a financial covenant that requires us to maintain, on a consolidated basis as of the end of each fiscal quarter, a leverage ratio for the four quarters then ended. The leverage ratio and other covenants set forth in the 364-Day Credit Facility are equivalent to the covenants contained in the Company’s existing Credit Agreement, which remains in full effect. As of September 30, 2020, there were no borrowings under the 364-Day Credit Facility.

On July 28, 2020, we entered into Amendment No. 1 to the Credit Agreement and Amendment No. 1 to the 364-Day Credit Facility (together, the “Amendments”). The Amendments increased the maximum leverage ratio covenant to 4.25x in the case of the 364-Day Credit Facility and, in the case of the Credit Agreement, to (i) 4.25x through the quarter ended June 30, 2021, and (ii) 3.50x thereafter. Amendment No.1 to the Credit Agreement also increased the Applicable Margin (as defined in the Credit Agreement) for any borrowings we make under the Credit Agreement if our long-term public debt ratings are BB+/Ba1 or below at the time of borrowing. We have the option to terminate Amendment No.1 to the Credit Agreement at any time, provided that at the time we deliver a termination notice, the leverage ratio as of the end of the most recently ended fiscal quarter did not exceed 3.50x. The Credit Agreement reverts to its original terms on June 30, 2021, or following any such early termination, whichever is earlier. We paid amendment fees of $2.0 in connection with the Amendments.

We were in compliance with all of our covenants in both the Credit Agreement and the 364-Day Credit Facility as of September 30, 2020. The financial covenant in the Credit Agreement and the 364-Day Credit Facility requires that we maintain, as of the end of each fiscal quarter, a certain leverage ratio for the four quarters then ended. The table below sets forth the financial covenant in effect as of September 30, 2020.

(Amounts in Millions, Except Per Share Amounts)

Financial Covenant	Four Quarters Ended September 30, 2020
Leverage ratio (not greater than) [1, 2]	4.25x
Actual leverage ratio	3.01x

Credit Agreement EBITDA Reconciliation	Four Quarters Ended September 30, 2020
Net income available to IPG common stockholders	$ 567.7
Non-operating adjustments [3]	288.6
Operating income	856.3
Add:	
Depreciation and amortization	388.5
Other non-cash charges reducing operating income	74.0
Credit Agreement EBITDA [1]	$ 1,318.8

1 The leverage ratio is defined as debt as of the last day of such fiscal quarter to EBITDA (as defined in the Credit Agreement and the 364-Day Credit Facility) for the four quarters then ended.
2 On July 28, 2020, the Amendments increased the maximum leverage ratio covenant to 4.25x in the case of the 364-Day Credit Facility and, in the case of the Credit Agreement, to (i) 4.25x through the quarter ended June 30, 2021, and (ii) 3.50x thereafter.
3 Includes adjustments of the following items from our consolidated statement of operations: (benefit of) provision for income taxes, total (expenses) and other income, equity in net (loss) income of unconsolidated affiliates, and net loss (income) attributable to noncontrolling interests.

Uncommitted Lines of Credit

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, 2020, the Company had uncommitted lines of credit in an aggregate amount of $929.8, under which we had outstanding borrowings of $46.3 classified as short-term borrowings on our Consolidated Balance Sheet. The average amount outstanding during the third quarter of 2020 was $78.1, with a weighted-average interest rate of approximately 2.9%.

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. There was no commercial paper outstanding during the third quarter of 2020.

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, 2020, the amount netted was $2,622.1.

DEBT CREDIT RATINGS

Our debt credit ratings as of October 15, 2020, 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	Negative	Negative	Negative

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, 2019, included in our 2019 Annual Report. As summarized in Item 7, *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, in our 2019 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, 2019, other than as noted below. Actual results may differ from these estimates under different assumptions or conditions.

Goodwill

We review goodwill for impairment annually as of October 1st each year, or whenever events or significant changes in circumstances indicate that the carrying value may not be recoverable. We evaluate the recoverability of goodwill at a reporting unit level.

During the second and third quarters of 2020, recent economic developments related to the COVID-19 pandemic contributed to declines in our most recent forecasted financial results. We evaluated our reporting units including the impact of these declines, restructuring actions taken in the second and third quarters of 2020 and other reporting unit specific factors.

During the third quarter of 2020, we considered the potential for goodwill impairment of our reporting units. Our review did not indicate an impairment triggering event as of September 30, 2020.

The impact of COVID-19 on our forecasts remains uncertain and increases the subjectivity that will be involved in evaluating our goodwill for potential impairments going forward. If the future were to differ adversely from these assumptions, the estimated fair value may decline and result in non-cash charges against our earnings.

During the second quarter of 2020, we concluded that these factors constituted a goodwill triggering event for one reporting unit, requiring us to evaluate its goodwill for impairment. The fair value of the reporting unit for which we performed the quantitative interim impairment test was estimated using a combination of the income approach, which incorporates the use of the discounted cash flow method, and the market approach, which incorporates the use of earnings and revenue multiples based on market data. We generally applied an equal weighting to the income and market approaches for our analysis. For the income approach, we used projections, which require the use of significant estimates and assumptions specific to the reporting unit as well as those based on general economic conditions. Factors specific to the reporting unit include revenue growth, profit margins, terminal value growth rates, capital expenditures projections, assumed tax rates, discount rates and other assumptions deemed reasonable by management. For the market approach, we used judgment in identifying the relevant comparable-company market multiples.

The discount rate used for the reporting unit is influenced by general market conditions as well as factors specific to the reporting unit. For the interim impairment test of goodwill, the discount rate we used for our reporting unit tested was 13.0%, and the terminal value growth rate was 3.0%. The terminal value growth rate represents the expected long-term growth rate for our industry, which incorporates the type of services each reporting unit provides as well as the global economy. The revenue growth rates utilized in the interim impairment test for our reporting unit were between 6.0% and 8.0%. Factors influencing the revenue growth rates include the nature of the services the reporting unit provides for its clients, the geographic locations in which the reporting unit conducts business and the maturity of the reporting unit. We believe that the estimates and assumptions we made are reasonable, but they are susceptible to change from period to period. Actual results of operations, cash flows and other factors will likely differ from the estimates used in our valuation, and it is possible that differences and changes could be material. A deterioration in profitability, adverse market conditions, significant client losses, changes in spending levels of our existing clients or a different economic outlook than currently estimated by management could have a significant impact on the estimated fair value of our reporting unit and could result in an impairment charge in the future.

We also performed a sensitivity analysis to detail the impact that changes in assumptions may have on the outcome of the first step of the impairment test. Our sensitivity analysis provides a range of fair value for the reporting unit, where the low end of the range increases discount rates by 0.5%, and the high end of the range decreases discount rates by 0.5%. We use the average of our fair values for purposes of our comparison between carrying value and fair value for the quantitative impairment test.

(Amounts in Millions, Except Per Share Amounts)

The table below displays the midpoint of the fair value range for the reporting unit tested in the interim impairment test, indicating that the fair value exceeded the carrying value for the reporting unit by greater than 10%.

	Q2 2020 Interim Impairment Test	
Reporting Unit	**Goodwill as of 6/30/2020**	**Fair value exceeds carrying value by:**
A	$ 209.1	> 10%

Based on the analysis described above, for the reporting unit for which we performed the quantitative interim impairment test of goodwill, we concluded that our goodwill was not impaired as of June 30, 2020, because the fair value of the reporting unit was in excess of its net book value.

During the second quarter of 2020, we also considered the potential for goodwill impairment of our other reporting units. Our review of our other reporting units did not indicate an impairment triggering event as of June 30, 2020.

RECENT ACCOUNTING STANDARDS

See Note 14 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 (Benefit of) Provision for Income Taxes, Total (Expenses) and Other Income, Equity in Net (Loss) Income of Unconsolidated Affiliates, Net Loss (Income) Attributable to Noncontrolling Interests and Amortization of Acquired Intangibles, which we refer to as “Adjusted EBITA”.

Adjusted 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.

Adjusted 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 Adjusted 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 use Adjusted EBITA in the incentive compensation programs applicable to some of our employees in order to evaluate our Company’s performance. Our management recognizes that Adjusted EBITA has inherent limitations because of the excluded items, particularly those items that are recurring in nature. Management also reviews operating income and net income as well as the specific items that are excluded from Adjusted 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 Adjusted 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 Adjusted 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 Adjusted 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, Adjusted 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 Adjusted EBITA but included in net loss:

- ***Total (Expense) and Other Income, (Benefit of) Provision for Income Taxes, Equity in Net (Loss) Income of Unconsolidated Affiliates and Net Loss (Income) Attributable to Noncontrolling 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 Adjusted EBITA for the three and nine months ended September 30, 2020 and 2019.

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Net Revenue	**$ 1,954.6**	**$ 2,061.4**	**$ 5,780.1**	**$ 6,192.1**
Adjusted EBITA Reconciliation:				
Net Income Available to IPG Common Stockholders [1]	**$ 279.7**	**$ 165.6**	**$ 238.8**	**$ 327.1**
Add Back:				
(Benefit of) provision for income taxes	(86.3)	64.6	(50.1)	118.7
Subtract:				
Total (expenses) and other income	(56.0)	(47.6)	(177.3)	(144.2)
Equity in net (loss) income of unconsolidated affiliates	(0.4)	0.3	(0.6)	(0.1)
Net loss (income) attributable to noncontrolling interests	1.2	(2.8)	1.6	(4.6)
Operating Income [1]	**248.6**	**280.3**	**365.0**	**594.7**
Add Back:				
Amortization of acquired intangibles	21.3	21.7	64.4	64.6
Adjusted EBITA [1]	**$ 269.9**	**$ 302.0**	**$ 429.4**	**$ 659.3**
Adjusted EBITA Margin on Net Revenue [1]	***13.8 %***	***14.7 %***	***7.4 %***	***10.6 %***

1 Calculations include restructuring charges of $47.3 and $159.9 for the three and nine months ended September 30, 2020, respectively and $33.9 for the nine months ended September 30, 2020. See *"Restructuring Charges"* in this MD&A and Note 7 to the Consolidated Financial Statements for further information.

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. From time to time, we use derivative instruments, pursuant to established guidelines and policies, to manage some portion of these risks. Derivative instruments utilized in our hedging activities are viewed as risk management tools and are not used for trading or speculative purposes. There has been no significant change in our exposure to market risk during the third quarter of 2020. 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, 2020, and December 31, 2019, approximately 98% and 97%, respectively, of our debt obligations bore fixed interest rates. For further discussion of our exposure to market risk, refer to Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, in our 2019 Annual Report.

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, 2020, 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 ended September 30, 2020, 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 Note 13 to the unaudited Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Item 1A. ***Risk Factors***

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item 1A, *Risk Factors*, in our 2019 Annual Report, on Form 10-K (the "2019 Annual Report") which could materially affect our business, financial condition or future results. The risks described in our 2019 Annual Report are not the only risks facing the Company. For example, these risks now include the impacts from the novel coronavirus ("COVID-19") pandemic on the Company's business, financial condition and results of operations. Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and/or operating results. The risk factors included in our 2019 Annual Report should be read in conjunction with the updated risks described below.

- ***The COVID-19 pandemic has adversely impacted our business, financial condition and results of operations, and the extent of the continuing impact is highly uncertain and cannot be predicted.***

The global spread of COVID-19 has created significant worldwide operational volatility, uncertainty and disruption. The COVID-19 pandemic has adversely impacted our business, financial condition and results of operations, and the extent of the continuing impact will depend on numerous evolving factors, which are highly uncertain, rapidly changing and cannot be predicted, including:

- the duration, severity and scope of the pandemic;
- governmental, business and individual actions that have been and continue to be taken in response to the outbreak, including travel restrictions, quarantines, social distancing, work-at-home, stay-at-home and shelter-in-place orders and shut-downs;
- the impact of the pandemic on the financial markets and economic activity generally;
- the effect of the pandemic on our clients and other business partners;
- our ability to access usual sources of liquidity on reasonable terms;
- our ability to comply with the financial covenant in our Credit Agreement if the material economic downturn results in increased indebtedness or substantially lower EBITDA;
- potential goodwill or impairment charges;
- our ability to achieve the benefits of the 2020 restructuring plan and other cost-saving initiatives;
- increased cybersecurity risks as a result of remote working conditions;
- our ability during the pandemic to provide our services, including the health and wellbeing of our employees; and
- the ability of our clients to pay for our services during and following the pandemic.

The COVID-19 pandemic has significantly increased financial and economic volatility and uncertainty. The continued downturn in the economy has had, and we expect will continue to have, a negative impact on many of our clients. Some clients have responded to the weak economic and financial conditions by reducing their marketing budgets, thereby decreasing the market and demand for our services. In addition, many businesses have adjusted, reduced or suspended operating activities, which has negatively impacted the markets we serve. All of the foregoing has impacted, and will likely continue to impact, our business, financial condition, results of operations and forward-looking expectations.

Furthermore, modified processes, procedures and controls have been required to respond to the changes in our business environment, as the majority of our employees have continued to work from home and many onsite locations remain closed. The significant increase in remote working of our employees may exacerbate certain risks to our business, including the increased demand for information technology resources, increased risk of malicious technology-related events, such as cyberattacks and phishing attacks, and increased risk of improper dissemination of personal, proprietary or confidential information.

The potential effects of COVID-19 could also heighten the risks disclosed in many of our risk factors that are included in Part I, Item 1A, *Risk Factors*, in our 2019 Annual Report, including as a result of, but not limited to, the factors described above. Because the COVID-19 situation is unprecedented, complex and continually evolving, the other potential impacts to our risk factors that are described in our 2019 Annual Report are uncertain. See Item 1A, *Risk Factors*, in our 2019 Annual Report.

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, 2020 to September 30, 2020:

	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	8,508	$ 18.03	—	$ 338,421,933
August 1 - 31	1,674	$ 18.18	—	$ 338,421,933
September 1 - 30	955	$ 16.81	—	$ 338,421,933
Total	11,137	$ 17.95	—	

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
10.1	Amended and Restated Employee Stock Purchase Plan (2016) of the Company.
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, 2020. 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 23, 2020

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

Date: October 23, 2020

EXHIBIT 10.1

THE INTERPUBLIC GROUP OF COMPANIES, INC.
EMPLOYEE STOCK PURCHASE PLAN (2016)
As Amended for Purchase Periods commencing on and after October 1, 2020

The purpose of the Plan is to provide employees an opportunity to purchase shares of IPG stock through offerings to be made from time to time during the ten-year period commencing January 1, 2016. 10,000,000 shares in the aggregate were reserved for this purpose.

1. *Administration*: The Plan shall be administered by the Committee. The Committee shall have authority to adopt rules and regulations for the administration of the Plan; its interpretations and decisions with regard thereto shall be final and conclusive.

2. *Eligibility*: All employees of the Corporation and any subsidiaries designated by the Committee shall be eligible to participate in the Plan. In addition, employees of any subsidiary designated by the MHRC or General Counsel of the Corporation (each as described in Section 17) shall be eligible to participate in the Plan, provided that the MHRC or General Counsel has determined that extending eligibility to such subsidiary will not have an MFI. In each case, participation in the Plan shall be subject to such rules as the Committee may prescribe from time to time, which rules, however, shall neither permit nor deny participation in the Plan contrary to the requirements of the Code and the regulations promulgated thereunder.

Unless the Committee determines otherwise, the following employees shall not be eligible to participate in an offering:

a. employees who are not employed by the Corporation or a participating subsidiary on the 60th day preceding the Date of Offering; provided that an employee who terminates employment with the Corporation and participating subsidiaries and is rehired by the Corporation or a participating subsidiary within 60 days after such termination shall be treated for purposes of this paragraph as having been employed by the Corporation or a participating subsidiary during the period from termination to rehire;

b. employees whose customary employment on the Date of Offering is less than 20 hours per week; and

c. employees who are classified as temporary employees unless, as of the Date of Offering, more than five months have elapsed since their original date of hire.

Notwithstanding the foregoing, no employee may be granted an option to purchase IPG stock under an offering if, immediately after the option is granted, such employee owns 5% or more of the total combined voting power or value of all classes of stock of the Corporation or its subsidiaries. For purposes of the preceding sentence, the rules of Section 424(d) of the Code shall apply in determining the stock ownership of an individual, and stock that an employee may purchase under outstanding options shall be treated as stock owned by the employee.

3. *Offerings*: The Corporation shall make one or more offerings to eligible employees to purchase IPG stock under the Plan.

a. *Initial Purchase Period*. The first offering under the Plan shall begin on January 1, 2016. The initial Purchase Period shall be the six month period beginning on January 1, 2016, and ending on June 30, 2016.

b. *Subsequent Purchase Periods*. Each offering after the initial Purchase Period shall begin on the Date of Offering specified by the Committee, which shall be no earlier than July 1, 2016, and shall continue for a period of approximately three months. The terms and conditions of each such offering shall specify the number of shares of IPG stock that may be purchased thereunder. The Purchase Period for one offering shall not overlap with the Purchase Period for any other offering.

An eligible employee's participation in the Initial Offering and any subsequent offering shall be based on the Compensation that such eligible employee receives during the Purchase Period for such offering (or during the portion of such Purchase Period for which such election applies).

4. *Participation*: An employee who is eligible to participate in an offering may elect, at the time and in the manner approved by the Committee, to participate in such offering. Such election shall authorize a regular payroll deduction from the employee's Compensation and shall specify the date on which such deduction is to commence, which may not be retroactive.

5. *Deductions*: The Corporation shall maintain payroll deduction accounts for all participating employees. An eligible employee may authorize a payroll deduction, with respect to an offering, of up to a maximum of 10% of the Compensation he receives during the Purchase Period for such offering (or during the portion of such Purchase Period for which such election applies).

No employee may be granted an option that permits his rights to purchase stock under the Plan, or any other stock purchase plan of the Corporation or its subsidiaries, to accrue (within the meaning of Section 423(b)(8) of the Code and the regulations there under) at a rate that exceeds $25,000 of the fair market value of stock (determined at the date of the offering) for each calendar year in which the option is outstanding at any time.

6. *Deduction Changes*:

a. An eligible employee may elect, at the time and in the manner approved by the Committee, to increase or decrease his payroll deduction. The change shall not become effective before the next pay period after the employee makes such election. During a Purchase Period, an eligible employee may elect to increase his payroll deduction only once or to reduce his payroll deduction only once.

b. If an eligible employee goes on a leave of absence without pay for a period of 90 days or less and does not withdraw the cash balance of his payroll deduction account, his deductions shall end following his last full pay period worked but shall resume automatically upon his return to work. If a leave of absence without pay is for a period of more than 90 days, the eligible employee's deductions shall be canceled and shall not resume automatically upon a return to work.

7. *Withdrawal of Funds*: An employee may at any time and for any reason permanently withdraw the balance accumulated in his payroll deduction account hereunder, and thereby withdraw from participation in the then-current offering. Partial withdrawals shall not be permitted.

8. *Purchase of Shares*: Each employee participating in any offering under the Plan shall be granted an option, on the Date of Offering, for as many shares of IPG stock as he elects to purchase with the following amounts:

   a. up to 10% of the Compensation received by such employee during the specified Purchase Period (or during the portion of such Purchase Period in which the eligible employee elects to participate), to be paid by payroll deductions during such period; and

   b. the balance (if any) carried forward from his payroll deduction account for the preceding Purchase Period pursuant to the final paragraph of this Section 8.

Notwithstanding the preceding sentence, in no event may the number of shares of IPG stock purchased by any employee under an offering with a Purchase Period of three months exceed 900 shares (or, under an offering with a Purchase Period of six months, 1,800 shares).

Payroll deductions from an eligible employee's Compensation shall be made under each offering to the extent authorized by such employee in a manner approved by the Committee and subject to the limitations that apply to such offering. A separate payroll deduction account shall be maintained for each participating employee with respect to each offering. The payroll deductions from an eligible employee's Compensation during the Purchase Period for an offering shall be credited to such employee's payroll deduction account for such offering.

The purchase price for each share purchased under any offering shall be equal to 90% of the lesser of (i) the Average Market Price on the Date of Offering or (ii) the Average Market Price on the last business day of the Purchase Period specified by the offering.

As of the last business day of each Purchase Period, the balance in each participating employee's payroll deduction account and the purchase price for such Purchase Period shall be determined. If a participating employee has sufficient funds in his payroll deduction account to purchase one or more full shares of IPG stock as of such date, the employee shall be deemed to have exercised his option to purchase such full share or shares (up to the applicable share limit) of IPG stock at such price, his payroll deduction account shall be charged for the amount of the aggregate purchase price for such share or shares, and the ownership of such share or shares shall be appropriately evidenced on the books of the Corporation. If an employee purchases shares of IPG stock hereunder, the Corporation shall deliver, or cause to be delivered, promptly to such employee, a statement reflecting the status of his payroll deduction account.

A participating employee may not purchase a share of IPG stock under any offering after the end of the applicable Purchase Period for such offering. Any balance remaining in an employee's payroll deduction account at the end of a Purchase Period shall returned to the employee, unless such remaining balance is less than the purchase price for one share, in which case such remaining balance shall be carried forward into the employee's payroll deduction account for the following Purchase Period. Any balance remaining in an employee's payroll deduction account at the termination of the Plan shall be refunded automatically to such employee in accordance with Section 18 hereof unless a successor plan becomes effective immediately following the termination of the Plan.

9. [Reserved]

10. *Registration of Certificates*: Certificates for shares of IPG stock purchased under the Plan shall be registered only in the name of the employee, provided that if the employee so elects, in a manner approved by the Committee, such certificates shall be registered in the employee's name jointly with a member of his family, with right of survivorship. If an employee resides in a

jurisdiction that does not recognize such a joint tenancy, such employee may elect, in a manner approved by the Committee, to have such certificates for shares of IPG stock registered in his name as tenant in common with a member of his family, without right of survivorship.

11. *Definitions*:

"Average Market Price" on any day means the average of the high and low sales prices, on such day, of shares of IPG stock on the principal securities exchange on which such shares are traded or, if there are no such sales on such day, then the average of the high and low sales prices of such shares on the day or days that the Committee determines to be appropriate for purposes of valuation.

"Board of Directors" means the Board of Directors of the Corporation.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the MHRC, except to the extent the Board of Directors provides otherwise.

"Compensation" means only basic compensation, including any elective deferral under a qualified cash or deferred arrangement under Section 401(k) of the Code (an "elective cash or deferred contribution") and any salary reduction under a cafeteria plan within the meaning of Section 125 of the Code (a "salary reduction contribution"), and excluding overtime, bonuses, cost-of-living allowances, deferred compensation awards (apart from any elective cash or deferred contribution), or any other extra payment of any kind (apart from any salary reduction contribution). Solely for purposes of the Plan, "Compensation" consisting of an elective cash or deferred contribution or a salary reduction contribution shall be deemed to be received by the employee on the date on which the contribution would have been paid to the employee but for the employee's election.

"Corporation" means The Interpublic Group of Companies, Inc.

"Date of Offering" shall be the first Working Day during the Purchase Period specified for any offering made under the Plan.

"IPG stock" means the common stock of the Corporation.

"MHRC" means the Management and Human Resources Committee of the Corporation.

"MFI" means a positive or negative material financial impact on the Corporation. For purposes of Section 17, the determination as to whether an amendment has or potentially has a positive or negative material financial impact shall be made by the MHRC or the General Counsel of the Corporation, in its or his sole discretion, and shall not be subject to challenge or question by any person; provided, however, that the Board of Directors shall have the authority, in its sole discretion, to rescind such determination ab initio, in which case any amendment adopted pursuant to such determination shall also be void ab initio. A termination of the Plan in its entirety, as referred to in Section 18, shall be deemed to result in an MFI for purposes of Section 17.

"Plan" means The Interpublic Group of Companies, Inc. Employee Stock Purchase Plan (2016), as set forth herein and amended from time to time.

"Purchase Period" means the period of approximately three months (or, for the initial Purchase Period, six months), commencing on a Date of Offering and during which an eligible employee may purchase shares of IPG stock.

"Subsidiary" means any subsidiary of the Corporation, whether presently a subsidiary or hereafter becoming a subsidiary, all within the meaning of Section 424(f) of the Code and the regulations promulgated there under.

"Working Day" means a day other than a Saturday, Sunday, or a holiday scheduled by the Corporation.

12. *Rights as a Stockholder*: None of the rights or privileges of a stockholder of the Corporation shall exist with respect to shares purchased under the Plan unless and until such shares shall have been appropriately evidenced on the books of the Corporation.

13. *Rights on Termination of Employment*: In the event of a participating employee's termination of employment prior to the last business day of a Purchase Period, no payroll deduction shall be taken from any amount payable to him after the effective date of such termination. The balance in the employee's payroll deduction account shall be paid to the employee or, in the event of the employee's death, (a) to the executor or administrator of the employee's estate, or (b) if no such executor or administrator has been appointed to the knowledge of the Committee, to such other person(s) as the Committee may, in its discretion, designate. If, prior to the last business day of the Plan Period, the participating Subsidiary by which an employee is employed shall cease to be a subsidiary of the Corporation, or if the employee is transferred to a subsidiary of the Corporation that is not a participating Subsidiary, the employee shall be deemed to have terminated employment for the purposes of this Plan.

14. *Rights Not Transferable*: Rights under the Plan are not transferable by a participating employee other than by will or the laws of descent and distribution, and are exercisable during his lifetime only by him.

15. *Application of Funds*: All funds received or held by the Corporation under the Plan may be used for any corporate purpose.

16. *Adjustment in Case of Changes Affecting IPG Stock*: In the event of a subdivision of the outstanding shares of IPG stock, or the payment of a stock dividend on shares of IPG stock, the number of shares of IPG stock reserved under the Plan, including shares covered by outstanding grants to participating employees, shall be increased proportionately, and the purchase price for each participant at such time reduced proportionately, and such other adjustment shall be made as may be deemed equitable by the Board of Directors. In the event of any other change affecting IPG stock, such adjustment shall be made as may be deemed equitable by the Board of Directors to give proper effect to such event.

17. *Amendment of the Plan*: The Corporation may at any time, or from time to time, amend the Plan in any respect as set forth in this Section 17; provided, however, that without the approval of the stockholders of the Corporation, no amendment shall be made to the Plan which (i) increases or decreases the number of shares reserved under the Plan (other than as provided in Section 16 hereof) or (ii) decreases the purchase price per share (other than as provided in Section 16 hereof). The authority of the Corporation may be exercised by the Board, the MHRC, or the General Counsel of the Corporation, as follows:

a. *Authority of the Board*. The Board of Directors by duly adopted written resolution may modify or amend the Plan in whole or in part, prospectively or retroactively, at any time and from time to time. The Board of Directors by duly adopted written resolution may delegate the power to so modify or amend the Plan to one or more officers of the Corporation, subject to such conditions as the Board of Directors may in its sole discretion impose.

b. *Authority of the MHRC*. Without limiting the authority of the Board of Directors under subsection (a), above, and without the necessity of a specific delegation of authority from the Board of Directors, the MHRC may adopt any amendment or modification to the Plan that, in the opinion of the MHRC, would not have an MFI. The MHRC may delegate to any officer or other employee of the Corporation the power to execute any amendment or modification authorized under this Section 17(b).

c. *Authority of the General Counsel*. Without limiting the authority of the Board of Directors under subsection (a), above, or the MHRC under subsection (b), above, and without the necessity of a specific delegation of authority from the Board of Directors, the General Counsel of the Corporation may:

i. adopt any amendment or modification to the Plan that, in the opinion of the General Counsel, is necessary or appropriate to comply with applicable laws and regulations, including but not limited to the Code and applicable securities laws, and including any optional provision permitted under such applicable law or regulation; and

ii. adopt any amendment or modification to the Plan that, in the opinion of the General Counsel:

(A) is necessary for orderly administration of the Plan or to conform the Plan's terms to its administration; and

(B) would not potentially have an MFI. In the event that the General Counsel determines that a proposed amendment of the Plan described in this paragraph (ii) may potentially have an MFI, the General Counsel shall refer the proposed amendment to the MHRC. If the MHRC determines that such proposed amendment would not have an MFI, the MHRC may, without a delegation of authority from the Board, adopt such proposed amendment by exercising its authority under subsection (b), above. If the MHRC determines that such proposed amendment would have an MFI, the MHRC shall refer the proposed amendment to the Board of Directors for its consideration and adoption under subsection (a), above.

d. *Adoption by Written Instrument*. Any modification or amendment of the Plan by the MHRC under subsection (b), by the General Counsel under subsection (c) or by one or more officers or employees of the Corporation to whom authority is delegated under subsection (a) or (b) shall be adopted by a written instrument executed by the MHRC, General Counsel, such officer or officers, or such employees, as applicable.

e. *Implementation of Amendments*. The officers of the Corporation may take all actions necessary or appropriate to implement or effectuate any amendment or modification to the Plan described in this Section 17.

f. *Successor Title or Entity*. The title of an officer or employee or name of an entity with responsibility or authority under this Section 17 shall include any successor title or name, as applicable, insofar as such title or name may be changed from time to time.

18. *Termination of the Plan*: The Plan and all rights of employees under any offering hereunder shall terminate on December 31, 2025, or, if earlier:

a. on the day that participating employees become entitled to purchase a number of shares of IPG stock equal to or greater than the number of such shares then available for purchase hereunder. If the number of shares of IPG stock so purchasable exceeds the number of such shares then available for purchase hereunder, the available shares of IPG stock shall be allocated by the Committee among such participating employees in such manner (consistent with the requirements of Section 423(b)(4) and (5) of the Code and the regulations there under) as it deems fair; or

b. on any other date determined by the Board of Directors in its discretion.

The Purchase Period under any offering hereunder may not end after December 31, 2025. Upon termination of the Plan, all amounts in the payroll deduction accounts of participating employees shall be promptly refunded unless those amounts are carried forward, in accordance with the final paragraph of Section 8 hereof, into the payroll deduction accounts established under a successor plan.

19. *Governmental Regulations*: The Corporation’s obligation to sell and deliver IPG stock under the Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such stock.

20. *General Provisions*:

a. *Effective Date*. The Plan shall become effective on January 1, 2016.

b. In accordance with Treas. Reg. § 1.423-2(a)(2)(ii), the Corporation shall seek shareholder approval of the Plan within 12 months after the Effective Date. If shareholder approval is not received by that date, the Plan shall be terminated.

c. *No Right to Options; No Shareholder Rights*. No employee shall have any right to be granted any option under the Plan. No person shall have any rights as a shareholder with respect to any IPG stock to be issued under the Plan prior to the issuance thereof.

d. *No Right to Employment*. No person shall have any claim or right to be granted an option, and the grant of an option shall not be construed as giving any person the right to be retained in the employ of the Corporation or any subsidiary. Further, the Corporation and each subsidiary expressly reserve the right at any time to dismiss an employee free from any liability, or any claim under the Plan, except as expressly provided herein.

e. *Severability of Provisions*. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed and enforced as if such provision had not been included.

f. *Incapacity*. Any benefit payable to or for the benefit of a minor, an incompetent person, or other person incapable of receipting therefore shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge any liability or obligation of the Committee, the Board of Directors, the Corporation, and all other parties with respect thereto.

g. *Rules of Construction*. Whenever used in the Plan, words in the masculine gender shall be deemed to refer to females as well as to males; words in the singular shall be deemed to refer also to the plural; and references to a statute or statutory provision shall be construed as if they referred also to that provision (or to a successor provision of similar import) as currently in effect, as amended, or as reenacted, and to any regulations and other formal guidance of general applicability issued thereunder.

h. *Headings and Captions*. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

i. *Applicable Law*. The validity, construction, interpretation, administration, and effect of the Plan and of its rules and regulations, and rights relating to the Plan, shall be determined solely in accordance with the laws of the State of New York, without regard to its rules regarding choice of law.

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 23, 2020

EXHIBIT 31.2

CERTIFICATION

I, Ellen Johnson, 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/ *Ellen Johnson*

Ellen Johnson

Executive Vice President and Chief Financial Officer

Date: October 23, 2020

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 ended September 30, 2020 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 23, 2020

/s/ *Ellen Johnson*
Ellen Johnson
Executive Vice President and Chief Financial Officer

Dated: October 23, 2020