INTERPUBLIC GROUP OF COMPANIES, INC.
Form 10-K
February 25, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
ý ANNUAL REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
or
o 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)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.10 par value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No ý
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 ý 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 ý No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨
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	ý	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 ý

As of June 29, 2018, the aggregate market value of the shares of the registrant's common stock held by non-affiliates was approximately $9.0 billion. The number of shares of the registrant's common stock outstanding as of February 13, 2019 was 384,912,527.

DOCUMENTS INCORPORATED BY REFERENCE

The following sections of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 23, 2019 are incorporated by reference in Part III: "Election of Directors," "Director Selection Process," "Code of Conduct," "Committees of the Board of Directors," "Audit Committee," "Section 16(a) Beneficial Ownership Reporting Compliance," "Executive Compensation," "Non-Management Director Compensation," "Compensation Discussion and Analysis," "Compensation and Leadership Talent Committee Report," "Outstanding Shares and Ownership of Common Stock," "Securities Authorized for Issuance under Equity Compensation Plans," "Transactions with Related Persons," "Director Independence" and "Appointment of Registered Public Accounting Firm."

TABLE OF CONTENTS

STATEMENT REGARDING FORWARD-LOOKING DISCLOSURE

This annual report on Form 10-K 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," "cou "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 this report. Forward-looking statements speak only as of the date they are made and we undertake no obligation to update publicly any of them in light of new information or future events.

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

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

PART I

Item 1. Business

The Interpublic Group of Companies, Inc. ("Interpublic," the "Company," "IPG," "we," "us" or "our") was incorporated in Delaware in September 1930 under the name of McCann-Erickson Incorporated as the successor to the advertising agency businesses founded in 1902 by A.W. Erickson and in 1911 by Harrison K. McCann. The Company has operated under the Interpublic name since January 1961.

About Us

We are one of the world's premier global advertising and marketing services companies. Through our 54,000 employees in all major world markets, our companies specialize in consumer advertising, digital marketing, communications planning and media buying, public relations and specialized communications disciplines. 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.

The work we produce for our clients is specific to their unique needs. Our solutions vary from project-based activity involving one agency to long-term, fully integrated campaigns created by multiple IPG agencies working together. With offices in over 110 countries, we can operate in a single region or deliver global integrated programs.

The role of our holding company is to provide resources and support to ensure that our agencies can best meet clients' needs. Based in New York City, our holding company sets company-wide financial objectives and corporate strategy, establishes financial management and operational controls, guides personnel policy, directs collaborative inter-agency programs, conducts investor relations, manages corporate social responsibility programs, provides enterprise risk management and oversees mergers and acquisitions. In addition, we provide certain centralized functional services that offer our companies operational efficiencies, including accounting and finance, executive compensation management and recruitment assistance, employee benefits, marketing information retrieval and analysis, internal audit, legal services, real estate expertise and travel services.

Our Brands

Interpublic is home to some of the world's best-known and most innovative communications specialists. We have three global networks: McCann Worldgroup, Foote, Cone & Belding ("FCB") and MullenLowe Group, which provide integrated, large-scale advertising and marketing solutions for clients. Our global media services companies include UM and Initiative, which operate under the IPG Mediabrands umbrella. We also have a range of best-in-class global specialized communications assets as well as premier domestic integrated and digital agencies that are industry leaders.

- McCann Worldgroup is a leading global marketing solutions network united across more than 100 countries by a single vision: to help brands play a meaningful role in people's lives. The network, ranked by the 2018 Global Effie Index as the world's most creatively effective network in the world, is comprised of agencies that emphasize creativity, innovation and performance. Agencies aligned with McCann Worldgroup to deliver fully integrated solutions include: McCann (advertising), MRM//McCann (digital marketing/relationship management), Momentum Worldwide (total brand experience), McCann Health (professional/dtc communications), CRAFT (production), PMK-BNC (entertainment/brand/popular culture), Weber Shandwick (public relations) and FutureBrand (consulting/design).
- FCB is a global marketing communications company. Based on an understanding of diversified markets and cultures, FCB focuses on creating "Never Finished" ideas for clients that reflect each brand's past and anticipate its future. FCB also offers a range of best-in-class, integrated and specialist marketing capabilities: FCB Health, one of the world's most awarded healthcare marketing networks; shopper-first agency FCB/RED; design agency Chute Gerdeman; experiential agency FCBX; production studios Lord + Thomas and FuelContent; CRM agency FCB/SIX; and digital agencies New Honor Society and HelloComputer.
- MullenLowe Group is a creatively driven integrated marketing communications network with a strong entrepreneurial heritage and challenger mentality. A global creative boutique of distinctive diverse agencies, MullenLowe Group is

present in more than 65 markets. With a hyperbundled-operating model, global specialisms include expertise in brand strategy, and through-the-line advertising with MullenLowe; digital transformation with MullenLowe Profero; media and communications planning and buying with MullenLowe Mediahub; customer experience activation with MullenLowe Open; and consumer and corporate PR with MullenLowe PR and MullenLowe salt. The group is focused on delivering an “Unfair Share of Attention” for clients and is consistently ranked among the most awarded creative and effective agency networks in the world, and in 2018 was named to the Ad Age Agency A-List.

- IPG Mediabrands, the global media and data arm of IPG, manages tens of billions of dollars in marketing investment on behalf of its clients, employing over 12,000 marketing communication specialists in over 100 countries. The agency group delivers business results for clients by providing strategic counsel and advisory services to navigate the fast-evolving consumer and media landscape. These solutions are developed and executed through integrated, data-driven marketing strategies. Full-service and global agencies within the IPG Mediabrands network include UM and Initiative. Additional leading brands and specialist business units include Cadreon, Healix, IPG Media Lab, MAGNA, Orion Holdings, Rapport and Reprise.
- We also have exceptional global marketing specialists across a range of disciplines. Our industry-leading public relations agencies such as Weber Shandwick, Golin, DeVries Global, Axis, Creation and Current Marketing have expertise in every significant area of communication management. Jack Morton is a global brand experience agency, and FutureBrand is a leading brand consultancy. Octagon is a global sports, entertainment and lifestyle marketing agency. Our digital specialist agencies, led by R/GA, Huge and MRM//McCann, are among the industry's most award-winning digital agencies. Our premier healthcare communications specialists reside within our global creative networks.
- Our domestic integrated independent agencies include some of advertising's most recognizable and storied agency brands, including Carmichael Lynch, Deutsch, Hill Holliday and The Martin Agency. The marketing programs created by these agencies incorporate all media channels, CRM, public relations and other marketing activities and have helped build some of the most powerful brands in the U.S., across all sectors and industries.
- Acxiom, which IPG acquired in 2018, provides the data foundation for many of the world's largest and most sophisticated marketers. Acxiom's solutions help clients organize, cleanse and store data in a secure and compliant fashion and will substantially enhance our ability to provide marketing insights and actions to our clients.

We list approximately 100 of our companies on our website under the "Our Agencies" section, with descriptions, case studies, social media channels and office locations for each. To learn more about our broad range of capabilities, visit our website at www.interpublic.com. Information on our website is not part of this report.

Market Strategy

We operate in a media landscape that continues to evolve at a rapid pace. Media channels continue to fragment, and clients face an increasingly complex consumer environment. To stay ahead of these challenges and to achieve our objectives, we have made and continue to make investments in creative and strategic talent in areas including fast-growth digital marketing channels, high-growth geographic regions and strategic world markets. In addition, 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.

In recent years, we have taken several major strategic steps to position our agencies as leaders in the global advertising and communications market. These include:

- Investment in senior talent: Our continued ability to attract and develop top talent and to be the industry's employer of choice for an increasingly diverse workforce have been key differentiators for IPG. We continue to acquire and develop top strategic, creative and digital talent from a range of backgrounds.
- Growing digital capabilities: Our investments in talent and technology - organically growing digital capabilities such as search, social, user experience (UX), content creation, data and analytics, and mobile across the portfolio - promise to drive further growth in this dynamic sector of our business. We continue to internationalize our powerful digital specialist agencies.
- Future-facing acquisition: In adding Acxiom to our organization in 2018, we directly address the data-centric ecosystem where all of our clients must now operate. Media and marketing is increasingly centered around the ability to manage data to create deeper direct customer relationships, and Acxiom provides the tools for us to help our clients connect with individual consumers at scale.
- Investment in emerging and strategic markets: We strengthened our position in emerging markets by driving organic growth as well as completing strategic acquisitions in Asia, Europe, Latin America, and North America.
-

Integrated marketing solutions: A differentiating aspect of our business is our utilization of “open architecture” solutions that integrate the best talent from throughout the organization to fulfill the needs of our leading clients.

Together, these steps have built a culture of strategic creativity and high performance across IPG, resulting in IPG posting strong organic growth, as well as increased honors and awards for our Company.

In 2018, IPG was named the Holding Company of the Year at the North American Effie Awards; McCann Worldgroup was named Agency Network of the Year; McCann New York was named Most Effective Agency Office of the Year and received the Grand Effie for The Power of SHE, "Fearless Girl." At the 2018 Cannes Lions Festival of Creativity, for the third consecutive year an IPG agency took home the most prestigious network honor in healthcare marketing as FCB Health was named Healthcare Network of the Year. IPG agencies also won two of the Cannes Festival’s highest honors - the Grand Prix in Innovation as well as the Grand Prix in eCommerce; these are the two newest prizes at the Festival, recognizing transformational work for clients in high-growth disciplines.

In the U.S. market, IPG once again led the industry in Advertising Age’s annual "A-List," a ranking of the industry's ten most innovative and creative agencies. McCann, R/GA and MullenLowe ranked among the industry's best-performing agencies and MRM//McCann was named the "Agency of the Year" in the BtoB category. Additionally, IPG agencies Momentum Worldwide and Weber Shandwick were identified as "Agency Standouts" in the awards issue, and FCB received a top ranking as an "Agency to Watch." Ad Age selects agencies based on account wins, quality of work and business results delivered on behalf of their clients.

Digital Growth

Demand for our digital marketing services continues to evolve rapidly. In order to meet this need and provide high-value resources to clients, we have focused on embedding digital talent and technology throughout the organization. This reflects our belief that digital marketing should be integrated within all of our companies. This structure mirrors the way in which consumers incorporate digital media into their other media habits and, ultimately, their daily lives. We continue to invest in recruiting and developing digital expertise at all our agencies and in all marketing disciplines.

To meet the changing needs of the marketplace, we have been active in making new acquisitions and minority investments in specialty digital assets. In addition, we have consistently invested in existing assets such as Cadreon (audience management platform), the IPG Media Lab, Huge, MRM//McCann and R/GA, which serve as key digital partners to many of the agencies within IPG.

Fast-Growth and Strategic Regions

We continue to invest and expand our presence in high-growth and strategic geographic regions. In recent years, we have made significant investments in Brazil, India and China, further strengthening our position in these important developing markets. Our operations in India are best-in-class, and we will continue to invest in partnerships and talent in this key market. We also hold a majority stake in the Middle East Communication Networks (“MCN”), among the region's premier marketing services companies. MCN is headquartered in Dubai, with offices across 13 countries. In China, where we operate with all of our global networks and across the full spectrum of marketing services, we continue to invest organically in the talent of our agency brands and opportunistically acquire specialty offerings. Additional areas of investment include key strategic markets in North America, Asia Pacific, Latin America and Africa.

Diversity and Inclusion

IPG and our agencies are committed to diversity and inclusion, and we reinforce these values through a comprehensive set of award-winning programs. These include business resource groups that develop career building programs, as well as training around topics like unconscious bias. We seek to ensure accountability by tying executive compensation directly to the ability of our leaders to hire, promote and retain diverse talent, and we regularly measure the inclusiveness of our culture with a company-wide climate for inclusion survey.

We began our formal programs over a decade ago. Since then, IPG has seen dramatic improvements in the diversity of our workforce, and further progress is a management priority. In the U.S., IPG exceeded the ad industry’s representation rates for women and minorities for both professional-level and management positions in the most recent filings. An environment that encourages respect and trust is key to a creative business like ours, and IPG believes a competitive advantage comes with having a variety of perspectives and beliefs in its workforce.

Acquisition Strategy

A disciplined acquisition strategy, focused on high-growth capabilities and regions of the world, is one component of growing our services in today's rapidly-changing marketing services and media landscape. When an outstanding resource or a strong tactical fit becomes available, we have been opportunistic over the years in making tuck-in, niche acquisitions that enhance our service offerings.

In 2018, we pursued and completed the transformative acquisition of its Marketing Solutions business ("Acxiom") from Acxiom Holdings, Inc. (the "Acxiom Acquisition"). By adding Acxiom to our offering, we have positioned our company for a future in which data-driven marketing solutions are increasingly core to brands' success. With Acxiom, we can go to market as a trusted, high-value partner that will deliver on the promise of combining data management and marketing services to drive measurable business outcomes for our clients.

In recent years, IPG has acquired agencies across the marketing spectrum, including firms specializing in digital, mobile marketing, social media, healthcare communications and public relations, as well as agencies with full-service capabilities. These acquired agencies have been integrated into one of our global networks or specialist agencies. In 2018, aside from Acxiom, M&A activity brought approximately 140 employees into the fold in markets including Brazil, Israel and the U.K. The acquisitions improved our positioning in critical disciplines such as content creation, especially for social media, digital and entertainment marketing.

Financial Objectives

Our financial goals include competitive organic revenue growth and operating margin expansion excluding net interest, other expense, provision for income taxes, and amortization of acquired intangibles, 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 deliver long-term shareholder value.

Financial Reporting Segments

We have two reportable segments, which are Integrated Agency Networks (“IAN”) and Constituency Management Group (“CMG”). IAN is comprised of McCann Worldgroup, FCB, MullenLowe Group, IPG Mediabrands, our digital specialist agencies and our domestic integrated agencies. CMG is comprised of a number of our specialist marketing services offerings. We also report results for the “Corporate and other” group, which includes three months of results from Acxiom. See Note 14 in Item 8, Financial Statements and Supplementary Data for further information.

Sources of Revenue

Our revenues are primarily derived from the planning and execution of multi-channel advertising, marketing and communications programs around the world. Our revenues are directly dependent upon the advertising, marketing and corporate communications requirements of our existing clients and our ability to win new clients. Most of our client contracts are individually negotiated, and, accordingly, the terms of client engagements and the bases on which we earn commissions and fees vary significantly. As is customary in the industry, our contracts generally provide for termination by either party on relatively short notice, usually 90 days or less.

Revenues for the creation and production of advertising or the planning and placement of media are determined primarily on a negotiated fee basis and, to a lesser extent, on a commission basis. Fees are usually calculated to reflect hourly rates plus proportional overhead and a mark-up. Many clients include an incentive compensation component in their total compensation package. This provides added revenue based on achieving mutually agreed-upon qualitative or quantitative metrics within specified time periods. Commissions are earned based on services provided.

We also generate revenue in negotiated fees from our public relations, sales promotion, event marketing, sports and entertainment marketing, and corporate and brand identity services.

In most of our businesses, our agencies enter into commitments to pay production and media costs on behalf of clients, as is customary in the advertising and marketing industries. To the extent possible, we pay production and media charges after we have received funds from our clients, and in some instances we agree with the provider that we will only be liable to pay the production and media costs after the client has paid us for the charges. Generally, we act as the client’s agent rather than the primary obligor in these arrangements.

Our revenue is typically lowest in the first quarter and highest in the fourth quarter.

	Consolidated Total Revenues for the Three Months Ended [1]			
	2018		2017	
(Amounts in Millions)		% of Total		% of Total
March 31	$2,169.1	22.3%	$2,063.8	22.8%
June 30	2,391.8	24.6%	2,185.8	24.2%
September 30	2,297.5	23.7%	2,208.2	24.4%
December 31	2,856.0	29.4%	2,589.8	28.6%
	$9,714.4		$9,047.6	

1 Effective January 1, 2018, the Company adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, ("ASC 606") using the full retrospective transition method and revised its Consolidated financial statements for the years ended December 31, 2017 and 2016, however the Company did not restate results from 2016 by quarter. For the year ended December 31, 2016, the restated total revenue was $9,056.2. See Note 1 and 2 in Item 8, Financial Statements and Supplementary Data, for further detail on the ASC 606 adoption.

Clients

Our large and diverse client base includes many of the most recognizable companies and brands throughout the world. Our holding company structure allows us to maintain a diversified client base across and within a full range of industry sectors. In the aggregate, our top ten clients based on net revenue accounted for approximately 18% of net revenue in 2018 and 20% in 2017. Our largest client accounted for approximately 4% of net revenue for both 2018 and 2017. Based on net revenue for the year ended December 31, 2018, our largest client sectors (in alphabetical order) were auto and transportation, healthcare and technology and telecom. We represent several different clients, brands or divisions within each of these sectors in a number of geographic markets, as well as provide services across multiple advertising and marketing disciplines, in each case through more than one of our agency brands. Representation of a client rarely means that we handle advertising for all brands or product lines of the client in all geographical locations. Any client may transfer its business from one of our agencies to another one of our agencies or to a competing agency, and a client may reduce its marketing budget at any time.

We operate in a highly competitive advertising and marketing communications industry. Our operating companies compete against other large multinational advertising and marketing communications companies as well as numerous independent and niche agencies and new forms of market participants to win new clients and maintain existing client relationships.

Regulatory Environment

The advertising and marketing services that our agencies provide are subject to governmental regulation and other action in all of the jurisdictions in which the Company operates. While these governmental regulations and other actions can impact the Company’s operations, the specific marketing regulations we may face in a given market do not as a general matter significantly impact the Company’s overall service offerings or the nature in which we provide these services.

Governments, government agencies and industry self-regulatory bodies have adopted laws, regulations and standards, and judicial bodies have issued rulings, that directly or indirectly affect the form and content of advertising, public relations and other marketing activities we produce or conduct on behalf of our clients. These laws, regulations and other actions include content-related rules with respect to specific products and services, restrictions on media scheduling and placement, and labeling or warning requirements with respect to certain products, for example pharmaceuticals, alcoholic beverages, cigarettes and other tobacco products, and food and nutritional supplements. We are also subject to rules related to marketing directed to certain groups, such as children.

Digital marketing services are a dynamic and growing sector of our business. Our service offerings in this area are covered by laws and regulations concerning user privacy, use of personal information, data protection and online tracking technologies. We are also subject to laws and regulations that govern whether and how we can transfer, process or receive certain data that we use in our operations, including data shared between countries or regions in which we operate. While we maintain policies and operational procedures to promote effective privacy protection and data management, existing and proposed laws and regulations in this area, such as the General Data Protection Regulation (“GDPR”) in the European Union, the California Consumer Privacy Act (“CCPA”) going into effect in 2020 and other different forms of privacy legislation under consideration across the markets in which we operate, can impact the development, efficacy and profitability of internet-based and other digital marketing. Limitations on the scheduling, content or delivery of direct marketing activities can likewise impact the activities of our agencies offering those services.

With agencies and clients located in over 110 countries worldwide, we are also subject to laws governing our international operations. These include broad anti-corruption laws such as the U.S. Foreign Corrupt Practices Act ("FCPA") and the U.K. Bribery

Act (2010), which generally prohibit the making or offering of improper payments to government officials and political figures. Export controls and economic sanctions regimes, such as those maintained by the U.S. government and comparable ones by the member states of the European Union, impose limitations on the Company’s ability to operate in certain geographic regions or to seek or service certain potential clients. Likewise, our Treasury operations must comply with exchange controls, restrictions on currency repatriation and the control requirements of applicable anti-money-laundering statutes.

Personnel

As of December 31, 2018, we employed approximately 54,000 people, of whom approximately 22,500 were employed in the United States. Because of the service character of the advertising and marketing communications business, the quality of personnel is of crucial importance to our continuing success. We conduct extensive employee training and development throughout our agencies and benchmark our compensation programs against those of our industry for their competitiveness and effectiveness in recruitment and retention. There is keen competition for qualified employees.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports are available, free of charge, on our website at www.interpublic.com under the "Investor Relations" section, as soon as reasonably practicable after we electronically file such reports with, or furnish them to, the U.S. Securities and Exchange Commission ("SEC") at www.sec.gov. The public may also read and copy materials we file with the SEC at the SEC’s Public Reference Room, which is located at 100 F Street, NE, Room 1580, Washington, DC 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Our Corporate Governance Guidelines, Interpublic Group Code of Conduct and the charters for each of the Audit Committee, Compensation and Leadership Talent Committee, and Corporate Governance Committee are available, free of charge, on our website at www.interpublic.com in the "Corporate Governance" subsection of the "About" section, or by writing to The Interpublic Group of Companies, Inc., 909 Third Avenue, New York, New York 10022, Attention: Secretary. Information on our website is not part of this report.

Executive Officers of IPG

Name	Age	Office
Michael I. Roth [1]	73	Chairman of the Board and Chief Executive Officer
Andrew Bonzani	55	Senior Vice President, General Counsel and Secretary
Christopher F. Carroll	52	Senior Vice President, Controller and Chief Accounting Officer
Julie M. Connors	47	Senior Vice President, Audit and Chief Risk Officer
Ellen Johnson	53	Senior Vice President of Finance and Treasurer
Philippe Krakowsky	56	Executive Vice President, Chief Strategy and Talent Officer
Frank Mergenthaler	58	Executive Vice President and Chief Financial Officer

1 Also a Director

There is no family relationship among any of the executive officers.

Mr. Roth became our Chairman of the Board and Chief Executive Officer in January 2005. Prior to that time, Mr. Roth served as our Chairman of the Board from July 2004 to January 2005. Mr. Roth served as Chairman and Chief Executive Officer of The MONY Group Inc. from February 1994 to June 2004. Mr. Roth has been a member of the Board of Directors of IPG since February 2002. He is also non-executive chairman of the board of Pitney Bowes Inc. and a director of Ryman Hospitality Properties.

Mr. Bonzani was hired as Senior Vice President, General Counsel and Secretary in April 2012. Prior to joining IPG, Mr. Bonzani worked at IBM for 18 years, holding a number of positions in the legal department, most recently as Vice President, Assistant General Counsel and Secretary from July 2008 to March 2012.

Mr. Carroll was named Senior Vice President, Controller and Chief Accounting Officer in April 2006. In 2017, Mr. Carroll assumed additional responsibilities as Chief Financial Officer for the Constituency Management Group (CMG). Mr. Carroll served as Senior Vice President and Controller of McCann Worldgroup from November 2005 to March 2006. Prior to joining us, Mr. Carroll served in various Chief Accounting Officer and Controller roles. Prior to that time, he served as a Financial Vice President at Lucent Technologies, Inc. and began his professional career at PricewaterhouseCoopers from October 1991 to September 2000. Mr. Carroll has been a director of the T. Howard Foundation since 2015.

Ms. Connors was hired in February 2010 as Senior Vice President, Audit and Chief Risk Officer. Prior to joining us, she served as a partner at Deloitte & Touche, LLP from September 2003 to January 2010.

Ms. Johnson was hired as Assistant Treasurer, International in February 2000. In May 2004, Ms. Johnson was appointed Executive Vice President, Chief Financial Officer of The Partnership, a division of Interpublic which included Lowe Worldwide and Draft. She was elected Senior Vice President and Treasurer in October 2004 and in February 2013 was elected to Senior Vice President of Finance and Treasurer.

Mr. Krakowsky was hired in January 2002 as Senior Vice President, Director of Corporate Communications. He was elected Executive Vice President, Strategy and Corporate Relations in December 2005 and in February 2011 was elected Executive Vice President, Chief Strategy and Talent Officer. Prior to joining us, he served as Senior Vice President, Communications Director for Young & Rubicam from August 1996 to December 2000.

Mr. Mergenthaler was hired in August 2005 as Executive Vice President and Chief Financial Officer. Prior to joining us, he served as Executive Vice President and Chief Financial Officer for Columbia House Company from July 2002 to July 2005. Mr. Mergenthaler served as Senior Vice President and Deputy Chief Financial Officer for Vivendi Universal from December 2001 to March 2002. Prior to that time, Mr. Mergenthaler was an executive at Seagram Company Ltd. from November 1996 to December 2001.

Item 1A. Risk Factors

We are subject to a variety of possible risks that could adversely impact our revenues, results of operations or financial condition. Some of these risks relate to general economic and financial conditions, while others are more specific to us and the industry in which we operate. The following factors set out potential risks we have identified that could adversely affect us. The risks described below may not be the only risks we face. Additional risks that we do not yet know of, or that we currently think are immaterial, could also have a negative impact on our business operations or financial condition. See also Statement Regarding Forward-Looking Disclosure.

- We operate in a highly competitive industry.

The advertising and marketing communications business is highly competitive and constantly changing. Our agencies and media services compete with other agencies and other providers of creative, marketing or media services to maintain existing client relationships and to win new business. Our competitors include not only other large multinational advertising and marketing communications companies, but also smaller entities that operate in local or regional markets as well as new forms of market participants.

Competitive challenges also arise from rapidly-evolving and new technologies in the marketing and advertising space, creating opportunities for new and existing competitors and a need for continued significant investment in tools, technologies and process improvements. As data-driven marketing solutions become increasingly core to the success of our brands, any failure to keep up with rapidly changing technologies and standards in this space could harm our competitive position.

The client’s perception of the quality of our agencies’ creative work, its confidence in our ability to protect the confidentiality of their and their customers’ data and its relationships with key personnel at the Company or our agencies are important factors that affect our competitive position. An agency’s ability to serve clients, particularly large international clients, on a broad geographic basis and across a range of services and technologies may also be an important competitive consideration. On the other hand, because an agency’s principal asset is its people, freedom of entry into the industry is almost unlimited, and a small agency is, on occasion, able to take all or some portion of a client’s account from a much larger competitor.

- Clients may terminate or reduce their relationships with us on short notice.

Many companies put their advertising and marketing communications business up for competitive review from time to time, and we have won and lost client accounts in the past as a result of such periodic competitions. Our clients may choose to terminate their contracts, or reduce their relationships with us, on a relatively short time frame and for any reason. A relatively small number of clients contribute a significant portion of our revenue. In the aggregate, our top ten clients based on revenue accounted for approximately 18% of revenue in 2018. A substantial decline in a large client’s advertising and marketing spending, or the loss of a significant part of its business, could have a material adverse effect upon our business and results of operations.

Our ability to attract new clients and to retain existing clients may also, in some cases, be limited by clients’ policies or perceptions about conflicts of interest, or our own exclusivity arrangements with certain clients. These policies can, in some cases, prevent one agency, or even different agencies under our ownership, from performing similar services for competing products or companies.

- Our results of operations are highly susceptible to unfavorable economic conditions.

We are exposed to risks associated with weak or uncertain regional or global economic conditions and increased disruption in the financial markets. The global economy continues to be challenging in some markets. Uncertainty about the continued strength of the global economy generally, or economic conditions in certain regions, and a degree of caution on the part of some marketers, can have an effect on the demand for advertising and marketing communication services. Our industry can be affected more severely than other sectors by an economic downturn and can recover more slowly than the economy in general. In the past, some clients have responded to weak economic and financial conditions by reducing their marketing budgets, which include discretionary components that are easier to reduce in the short term than other operating expenses. This pattern may recur in the future. Furthermore, unexpected revenue shortfalls can result in misalignments of costs and revenues, resulting in a negative impact to our operating margins. If our business is significantly adversely affected by unfavorable economic conditions, the negative impact on our revenue could pose a challenge to our operating income and cash generation from operations.

- We may lose or fail to attract and retain key employees and management personnel.

Our employees, including creative, digital, research, media and account specialists, and their skills and relationships with clients, are among our most valuable assets. An important aspect of our competitiveness is our ability to identify and develop the appropriate talent and to attract and retain key employees and management personnel. Our ability to do so is influenced by a variety of factors, including the compensation we award and factors which may be beyond our control. Changes to U.S. or other immigration

9

policies that restrain the flow of professional talent may inhibit our ability to staff our offices or projects. In addition, the advertising and marketing services industry is characterized by a high degree of employee mobility and significant use of third-party or temporary workers to staff new, growing or temporary assignments. If we were to fail to attract key personnel or lose them to competitors or clients, or fail to manage our workforce effectively, our business and results of operations could be adversely affected.

- If our clients experience financial distress, or seek to change or delay payment terms, it could negatively affect our own financial position and results.

We have a large and diverse client base, and at any given time, one or more of our clients may experience financial difficulty, file for bankruptcy protection or go out of business. Unfavorable economic and financial conditions could result in an increase in client financial difficulties that affect us. The direct impact on us could include reduced revenues and write-offs of accounts receivable and expenditures billable to clients, and if these effects were severe, the indirect impact could include impairments of intangible assets, credit facility covenant violations and reduced liquidity.

Furthermore, in most of our businesses, our agencies enter into commitments to pay production and media costs on behalf of clients. The amounts involved substantially exceed our revenues and primarily affect the level of accounts receivable, expenditures billable to clients, accounts payable and accrued liabilities. To the extent possible, we pay production and media charges only after we have received funds from our clients. However, if clients are unable to pay for commitments that we have entered into on their behalf, or if clients seek to significantly delay or otherwise alter payment terms, there could be an adverse effect on our working capital, which would negatively impact our operating cash flow.

- International business risks could adversely affect our operations.

We are a global business, with agencies located in over 110 countries, including every significant world market. Operations outside the United States represent a significant portion of our revenues, approximately 40% in 2018. These operations are exposed to risks that include local legislation, currency variation, exchange control restrictions, local labor and employment laws that hinder workforce flexibility, and difficult social, political or economic conditions. We also must comply with applicable U.S., local and other international anti-corruption laws, including the FCPA and the U.K. Anti-Bribery Act (2010), which can be comprehensive, complex and stringent, in all jurisdictions where we operate, certain of which present heightened compliance challenges. Export controls and economic sanctions, such as those maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, can impose limitations on our ability to operate in certain geographic regions or to seek or service certain potential clients. These restrictions can place us at a competitive disadvantage with respect to those competitors who may not be subject to comparable restrictions. Failure to comply or to implement business practices that sufficiently prevent corruption or violation of sanctions laws could result in significant remediation expense and expose us to significant civil and criminal penalties and reputational harm.

Given our substantial operations in the United Kingdom and Continental Europe, we face continued uncertainty surrounding the form and consequences of the implementation of the U.K.'s June 2016 referendum in which voters approved the United Kingdom's exit from the European Union, commonly referred to as "Brexit." It is possible that Brexit and changes resulting from Brexit, particularly in the event the U.K. and the European Union fail to come to an agreement on the terms of the U.K. exit, will cause increased regulatory and legal complexities and negative economic impacts. These impacts and any increased restrictions on the free movement of labor, capital, goods and services between the United Kingdom and the remaining members of the European Union, could create uncertainty surrounding our business, including our relationships with existing and future clients, suppliers and employees, and have an adverse effect on our business, financial results and operations.

In developing countries or regions, we may face further risks, such as slower receipt of payments, nationalization, social and economic instability, currency repatriation restrictions and undeveloped or inconsistently enforced commercial laws. These risks may limit our ability to grow our business and effectively manage our operations in those countries.

In addition, because a significant portion of our business is denominated in currencies other than the U.S. Dollar, such as the Australian Dollar, Brazilian Real, British Pound Sterling, Canadian Dollar, Chinese Yuan Renminbi, Euro and Indian Rupee, fluctuations in exchange rates between the U.S. Dollar and such currencies, including the persistent strength of the U.S. Dollar in recent periods, may adversely affect our financial results. In particular, Brexit has caused, and may continue to cause, significant volatility in currency exchange rates, especially between the U.S. Dollar and the British Pound Sterling.

- We are subject to industry regulations and other legal or reputational risks that could restrict our activities or negatively impact our performance or financial condition.

Our industry is subject to government regulation and other governmental action, both domestic and foreign. Advertisers and consumer groups may challenge advertising through legislation, regulation, judicial actions or otherwise, for example on the grounds that the advertising is false and deceptive or injurious to public welfare. Our business is also subject to specific rules, prohibitions, media restrictions, labeling disclosures and warning requirements applicable to advertising for certain products.

Existing and proposed laws and regulations, in particular in the European Union and the United States, concerning user privacy, use of personal information and on-line tracking technologies could affect the efficacy and profitability of internet-based, digital and targeted marketing. We are also subject to laws and regulations that govern whether and how we can transfer, process or receive certain data that we use in our operations. The costs of compliance with these laws may increase in the future as a result of the implementation of new laws or regulations, such as the GDPR and the CCPA, or changes in interpretations of current ones, such as the interpretation of existing consumer protection laws as imposing restrictions on the online collection, storage and use of personal data. If we are unable to transfer data between countries and regions in which we operate, or if we are prohibited from sharing data among our products and services, it could affect the manner in which we provide our services or adversely affect our financial results. Any failure on our part to comply with these legal requirements, or their application in an unanticipated manner, could harm our business and result in penalties or significant legal liability. Legislators, agencies and other governmental units may also continue to initiate proposals to ban the advertising of specific products, such as alcohol or tobacco, and to impose taxes on or deny deductions for advertising, which, if successful, may hinder our ability to accomplish our clients' goals and have an adverse effect on advertising expenditures and, consequently, on our revenues. Governmental action, including judicial rulings, on the relative responsibilities of clients and their marketing agencies for the content of their marketing can also impact our operations. Furthermore, we could suffer reputational risk as a result of governmental or legal action or from undertaking work that may be challenged by consumer groups or considered controversial.

- We face risks associated with our acquisitions and other investments.

We regularly undertake acquisitions and other investments that we believe will enhance our service offerings to our clients. On October 1, 2018, we completed the acquisition of Acxiom for approximately $2.3 billion, including customary closing adjustments. These transactions can involve significant challenges and risks, including that the transaction does not advance our business strategy or fails to produce a satisfactory return on our investment. While our evaluation of any potential acquisition includes business, legal and financial due diligence with the goal of identifying and evaluating the material risks involved, we may be unsuccessful in ascertaining or evaluating all such risks. Though we typically structure our acquisitions to provide for future contingent purchase payments that are based on the future performance of the acquired entity, our forecasts of the investment's future performance also factor into the initial consideration. When actual financial results differ, our returns on the investment could be adversely affected.

We may also experience difficulty integrating new employees, businesses, assets or systems into our organization, including with respect to our internal policies and required controls. We may face reputational and legal risks in situations where we have a significant minority investment but limited control over the investment's operations. Furthermore, it may take longer than anticipated to realize the expected benefits from these transactions, or those benefits may ultimately be smaller than anticipated or may not be realized at all. Talent is among our most valuable assets, and we also may not realize the intended benefits of a transaction if we fail to retain targeted personnel. Acquisition and integration activity may also divert management's attention and other corporate resources from other business needs. If we fail to realize the intended advantages of any given investment or acquisition, or if we do not identify or correctly measure the associated risks and liabilities, our results of operations and financial position could be adversely affected.

- We rely extensively on information technology systems and could face cybersecurity risks.

We rely extensively and increasingly on information technologies and infrastructure to manage our business, including digital storage of marketing strategies and client information, develop new business opportunities and digital products, and process business transactions. The incidence of malicious technology-related events, such as cyberattacks, computer hacking, computer viruses, worms or other destructive or disruptive software, phishing attacks and other attempts to gain access to confidential or personal data, denial of service attacks or other malicious activities is on the rise worldwide and highlights the need for continual and effective cybersecurity awareness and education. Our business, which increasingly involves the collection, use and transmission of customer data, may make us and our agencies attractive targets for malicious third-party attempts to access this data. Power outages, equipment failure, natural disasters (including extreme weather), terrorist activities or human error may also affect our systems and result in disruption of our services or loss or improper disclosure of personal data, business information, including intellectual property, or other confidential information. We operate in many respects on a decentralized basis, with a large number of agencies and legal entities, and the resulting size, diversity and disparity of our technology systems and complications in implementing standardized technologies and procedures could increase our potential vulnerability to such breakdowns, malicious intrusions or attacks.

Likewise, data privacy breaches, as well as improper use of social media, by employees and others may pose a risk that sensitive data, such as personally identifiable information, strategic plans and trade secrets, could be exposed to third parties or to the general public. We operate worldwide, and the legal rules governing data transfers are often complex, conflicting, unclear or ever-changing. We also utilize third parties, including third-party "cloud" computing services, to store, transfer or process data, and system failures or network disruptions or breaches in the systems of such third parties could adversely affect our reputation or business.

Any such breaches or breakdowns could expose us to legal liability, be expensive to remedy, result in a loss of our or our clients' or vendors' proprietary information and damage our reputation. Efforts to develop, implement and maintain security measures are costly, may not be successful in preventing these events from occurring and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated.

- Our earnings would be adversely affected if we were required to recognize asset impairment charges or increase our deferred tax valuation allowances.

We evaluate all of our long-lived assets (including goodwill, other intangible assets and fixed assets), investments and deferred tax assets for possible impairment or realizability annually or whenever there is an indication that they are impaired or not realizable. If certain criteria are met, we are required to record an impairment charge or valuation allowance.

As of December 31, 2018, we have substantial amounts of long-lived assets, deferred tax assets and investments on our Consolidated Balance Sheet, including approximately $4.9 billion of goodwill. Future events, including our financial performance, market valuation of us or market multiples of comparable companies, loss of a significant client's business or strategic decisions, could cause us to conclude that impairment indicators exist and that the asset values associated with long-lived assets, deferred tax assets and investments may have become impaired. Any significant impairment loss would have an adverse impact on our reported earnings in the period in which the charge is recognized. For further discussion of goodwill and other intangible assets, as well as our sensitivity analysis of our valuation of these assets, see Critical Accounting Estimates in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

- We may not be able to meet our performance targets and milestones.

From time to time, we communicate to the public certain targets and milestones for our financial and operating performance that are intended to provide metrics against which to evaluate our performance. They should not be understood as predictions or guidance about our expected performance. Our ability to meet any target or milestone is subject to inherent risks and uncertainties, and we caution investors against placing undue reliance on them. See Statement Regarding Forward-Looking Disclosure.

- Our financial condition could be adversely affected if our available liquidity is insufficient.

We maintain a $1.5 billion committed corporate credit facility (the "Credit Agreement") to increase our financial flexibility. We also maintain a commercial paper program under which we are authorized to issue short-term debt up to an aggregate amount outstanding at any time of $1.5 billion, which we use for working capital and general corporate purposes. Borrowings under the commercial paper program are supported by the Credit Agreement. If credit under the Credit Agreement or our ability to access the commercial paper market were unavailable or insufficient, our liquidity could be adversely affected.

The Credit Agreement and the $500 million term loan we entered into to provide financing for the Acxiom acquisition (the "Term Loan") each contain financial covenants, and events like a material economic downturn could adversely affect our ability to comply with them. For example, compliance with the financial covenants would be more difficult to achieve if we were to experience substantially lower revenues, a substantial increase in client defaults or sizable asset impairment charges. If we were unable to comply with any of the financial covenants contained in the Credit Agreement and the Term Loan, we could be required to seek an amendment or waiver from our lenders, and our costs under these agreements could increase. If we were unable to obtain a necessary amendment or waiver, the Credit Agreement and the Term Loan could be terminated, and any outstanding amounts could be subject to acceleration.

Furthermore, if our business or financial needs lead us to seek new or additional sources of liquidity, there can be no guarantee that we would be able to access any new sources of liquidity on commercially reasonable terms or at all. For further discussion of our liquidity profile and outlook, see Liquidity and Capital Resources in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

• In connection with the Acxiom acquisition, we incurred a substantial amount of additional debt.

On October 1, 2018, we completed the acquisition of Acxiom for approximately $2.3 billion, including customary closing adjustments. The indebtedness we incurred to fund the Acxiom Acquisition significantly increased our outstanding debt levels and will require us to dedicate a substantial portion of our cash flow to servicing this debt. As of December 31, 2018, $1.4 billion of

12

this new indebtedness matures within three years. If we are unable to generate sufficient funds to meet our obligations under our credit facilities or the debt securities we issued in connection with the acquisition, we may be required to refinance, restructure or otherwise amend some or all of our obligations, sell assets or raise additional cash through the sale of our common stock or convertible securities. We cannot assure you that we would be able to obtain refinancing on terms as favorable as our current financing or that any restructuring, sales of assets or issuances of equity can be accomplished or, if accomplished, would raise sufficient funds to meet our obligations. If we were to raise additional funds through the issuance of equity or convertible securities, that issuance could also result in substantial dilution to existing stockholders.

- Downgrades of our credit ratings could adversely affect us.

Because ratings are an important factor influencing our ability to access capital and the terms of any new indebtedness, including covenants and interest rates, we could be adversely affected if our credit ratings were downgraded or if they were significantly weaker than those of our competitors. Our access to the commercial paper market is contingent on our maintenance of sufficient short-term debt ratings, and any downgrades to those ratings could reduce the market capacity for, or our ability to issue, commercial paper. Our clients and vendors may also consider our credit profile when negotiating contract terms, and if they were to change the terms on which they deal with us, it could have an adverse effect on our liquidity.

- The costs of compliance with sustainability or other social responsibility laws, regulations or policies, including client-driven policies and standards, could adversely affect our business.

Although as a non-manufacturing service business we generally are not directly impacted by current laws and regulations with respect to climate change and other sustainability concerns, we could incur related costs indirectly through our clients. Increasingly our clients request that we comply with their own social responsibility, sustainability or other business policies or standards, which may be more restrictive than current laws and regulations, before they commence, or continue, doing business with us. Our compliance with these policies and related certification requirements could be costly, and our failure to comply could adversely affect our business relationships or reputation. Further, if clients’ costs are adversely affected by climate change or related laws and regulations, this could negatively impact their spending on our advertising and marketing services. We could also face increased prices from our own suppliers that face climate change-related costs and that seek to pass on their increased costs to their customers.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Substantially all of our office space is leased from third parties. Certain leases are subject to rent reviews or contain escalation clauses, and certain of our leases require the payment of various operating expenses, which may also be subject to escalation. Physical properties include leasehold improvements, furniture, fixtures and equipment located in our offices. We believe that facilities leased or owned by us are adequate for the purposes for which they are currently used and are well maintained. See Note 15 in Item 8, Financial Statements and Supplementary Data for further information on our lease commitments.

Item 3. Legal Proceedings

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 our business. The types of allegations that arise in connection with such legal proceedings vary in nature, but can include claims related to contract, employment, tax and intellectual property matters. While any outcome related to litigation or such governmental proceedings in which we are involved cannot be predicted with certainty, we believe 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. See Note 15 in Item 8, Financial Statements and Supplementary Data for further information relating to our legal matters.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed and traded on the New York Stock Exchange under the symbol "IPG". As of February 13, 2019, there were approximately 10,000 registered holders of our outstanding common stock.

On February 13, 2019, we announced that our Board of Directors (the "Board") had declared a common stock cash dividend of $0.235 per share, payable on March 15, 2019 to holders of record as of the close of business on March 1, 2019. Although it is the Board's current intention to declare and pay future dividends, there can be no assurance that such additional dividends will in fact be declared and paid. Any and the amount of any such declaration is at the discretion of the Board and will depend upon factors such as our earnings, financial position and cash requirements.

Equity Compensation Plans

See Item 12 for information about our equity compensation plans.

Transfer Agent and Registrar for Common Stock

The transfer agent and registrar for our common stock is:

Computershare Shareowner Services LLC
480 Washington Boulevard
29th Floor
Jersey City, New Jersey 07310
Telephone: (877) 363-6398

Sales of Unregistered Securities

Not applicable.

Repurchases of Equity Securities

The following table provides information regarding our purchases of our equity securities during the period from October 1, 2018 to December 31, 2018.

	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]
October 1 - 31	3,824	$ 23.30	—	$ 338,421,933
November 1 - 30	1,750	$ 23.77	—	$ 338,421,933
December 1 - 31	—	—	—	$ 338,421,933
Total	5,574	$ 23.45	—	

1 The total number of shares of our common stock, par value $0.10 per share, repurchased were withheld under the terms of grants under employee stock-based compensation plans to offset tax withholding obligations that occurred 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 the sum in the applicable period of the aggregate value of the tax withholding obligations by the sum of the number of Withheld Shares.

3 In February 2017, 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. Selected Financial Data
THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
Selected Financial Data
(Amounts in Millions, Except Per Share Amounts and Ratios)

Years ended December 31,	2018 [1]	2017	2016	2015	2014
Statement of Operations Data					
Revenue:					
Net revenue [2,3]	$8,031.6	$7,473.5	$7,452.3	N/A	N/A
Billable expenses [2,3]	1,682.8	1,574.1	1,603.9	N/A	N/A
Total Revenue [2,3]	9,714.4	9,047.6	9,056.2	7,613.8	7,537.1
Operating Expenses:					
Salaries and related expenses [3]	5,298.3	4,990.7	4,942.2	4,765.8	4,723.4
Office and other direct expenses [3]	1,355.1	1,268.8	1,274.9	1,682.5	1,721.0
Billable expenses [2,3]	1,682.8	1,574.1	1,603.9	N/A	N/A
Cost of services [3]	8,336.2	7,833.6	7,821.0	6,448.3	6,444.4
Selling, general and administrative expenses [3]	166.5	118.5	138.6	133.8	141.3
Depreciation and amortization [3]	202.9	157.1	160.2	156.9	163.0
Total operating expenses [2,3]	8,705.6	8,109.2	8,119.8	6,739.0	6,748.7
Operating income [2]	1,008.8	938.4	936.4	874.8	788.4
Provision for income taxes [2,4]	199.2	271.3	196.9	282.8	216.5
Net income [2,5]	637.7	570.4	629.0	480.5	505.4
Net income available to IPG common stockholders [2,5]	618.9	554.4	605.0	454.6	477.1
Earnings per share available to IPG common stockholders:					
Basic [2,6]	$1.61	$1.42	$1.52	$1.11	$1.14
Diluted [2,6]	$1.59	$1.40	$1.48	$1.09	$1.12
Weighted-average number of common shares outstanding:					
Basic	383.3	389.6	397.9	408.1	419.2
Diluted	389.0	397.3	408.0	415.7	425.4
Dividends declared per common share	$0.84	$0.72	$0.60	$0.48	$0.38
Other Financial Data					
Net cash provided by operating activities	$565.1	$881.8	$512.8	$688.5	$696.5

As of December 31,	2018	2017	2016	2015	2014
Balance Sheet Data					
Cash and cash equivalents and marketable securities	$673.5	$791.0	$1,100.6	$1,509.7	$1,667.2
Total assets [2]	15,620.3	12,704.7	12,511.8	12,585.1	12,736.6
Total debt	3,734.0	1,372.5	1,690.3	1,745.1	1,705.5
Total liabilities [2]	13,019.6	10,206.3	10,168.6	10,331.4	10,328.0
Total stockholders' equity [2]	2,432.8	2,246.3	2,090.4	2,001.8	2,151.2

1 On October 1, 2018, the Company completed its acquisition of Acxiom. See Note 6 in Item 8, Financial Statements and Supplementary Data, for further detail on the acquisition.

2 Effective January 1, 2018, the Company adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, ("ASC 606") using the full retrospective transition method and revised its Consolidated financial statements for the years ended December 31, 2017 and 2016. See Note 1 and 2 in Item 8, Financial Statements and Supplementary Data, for further detail on the ASC 606 adoption.

3 The Company has revised the presentation of its Consolidated Statements of Operations, which disaggregates net revenue and billable expenses within total revenue and separately presents cost of services; selling, general and administrative expenses; and depreciation and amortization within operating expenses. The revised presentation does not impact total revenue, total operating expenses or operating income.

4 The year ended December 31, 2018 included a benefit of $12.1 from transaction costs directly related to the acquisition of Acxiom, a benefit of $23.4 related to various discrete tax items, and a benefit of $4.8 related to amortization of acquired intangibles. The year ended December 31, 2017 included a benefit of $36.0 related to the net effect of the Tax Cuts and Jobs Act. The year ended December 31, 2016 included a net reversal of valuation allowances of $12.2, a benefit of $23.4 related to the conclusion and settlement of a tax examination of previous years and a benefit of $44.6 related to refunds to be claimed on future amended U.S. federal returns. The year ended December 31, 2014 included a net reversal of valuation allowances of $67.6.

5 The years ended December 31, 2018, 2017, 2016 and 2015 included after-tax losses of $ $59.7, $16.7, $39.0 and $47.1, respectively, on sales of businesses. The year ended December 31, 2018 included after-tax transaction costs directly related to the acquisition of Acxiom of $36.5, after-tax amortization of acquired intangibles of $32.8, and the positive impact of various discrete tax items of $23.4. The year ended December 31, 2014 included after-tax losses of $6.6 related to our early extinguishment of debt.

6 Refer to "Earnings Per Share" in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for further detail on the basic and diluted earnings per share impacts for the years ended December 31, 2018, 2017, and 2016. Basic and diluted earnings per share for the year ended December 31, 2015 included a negative impact of $0.12 per share from losses on sales of businesses. Basic and diluted earnings per share for the year ended December 31, 2014 included a positive impact of $0.16 per share from the net reversal of valuation allowances on deferred tax assets in Continental Europe. Basic and diluted earnings per share for the year ended December 31, 2014 also included a negative impact of $0.01 and $0.02 per share, respectively, from a loss on early extinguishment of debt, net of tax.

Item 7. 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 Consolidated Financial Statements and the accompanying notes included in this report. 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 and liquidity.

RESULTS OF OPERATIONS provides an analysis of the consolidated and segment results of operations for 2018 compared to 2017 and 2017 compared to 2016.

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

CRITICAL ACCOUNTING ESTIMATES provides a discussion of our accounting policies that require critical judgment, assumptions and estimates.

RECENT ACCOUNTING STANDARDS, by reference to Note 16 to the Consolidated Financial Statements, provides a discussion of certain accounting standards that have been adopted during 2018 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 measures with the most directly comparable generally accepted accounting principles in the United States ("U.S. GAAP") financial measures and sets forth the reasons we believe that presentation of the non-GAAP financial measure contained therein provides useful information to investors regarding our results of operations and financial condition.

EXECUTIVE SUMMARY

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

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

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

When we analyze period-to-period changes in our operating performance, we determine the portion of the change that is attributable to changes in foreign currency rates and the net effect of acquisitions and divestitures, and the remainder we call organic change, which indicates how our underlying business performed. We exclude the impact of billable expenses in analyzing our operating performance as the fluctuations from period to period are not indicative of the performance of our underlying businesses and have no impact on our 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

Table of Contents

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 favorably impacted our results during the year ended December 31, 2018 were the Euro and British Pound Sterling. The foreign currencies that most adversely impacted our results during the year ended December 31, 2018 were the Argentine Peso and Brazilian Real.

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.

On October 1, 2018 (the "Closing Date"), pursuant to the terms of the Membership Interest Purchase Agreement, dated as of July 2, 2018, the Company completed the acquisition of Acxiom Holdings, Inc.'s Marketing Solutions business through the acquisition of 100% of the equity interests of Acxiom for $2,327.9, subject to customary closing adjustments (the "Acxiom Acquisition"). The purpose of the acquisition is to combine the Company's media, creative, marketing services and analytics capabilities, global scale and consumer insights, with Acxiom's expertise in identity, data, integrations and data stewardship. See Note 6 in Item 8, Financial Statements and Supplementary Data for further detail on the acquisition.

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. EBITA, as defined and discussed within the Non-GAAP Financial Measure section of the MD&A, is an additional measure related to profitability used by management. 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.

Table of Contents

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

The following table presents a summary of our financial performance for the years ended December 31, 2018, 2017 and 2016.

Statement of Operations Data	Years ended December 31, 2018	2017	2016	Change 2018 vs 2017 % Increase/(Decrease)	2017 vs 2016 % Increase/(Decrease)
REVENUE:					
Net revenue	$8,031.6	$7,473.5	$7,452.3	7.5%	0.3 %
Billable expenses	1,682.8	1,574.1	1,603.9	6.9%	(1.9)%
Total revenue	$9,714.4	$9,047.6	$9,056.2	7.4%	(0.1)%
OPERATING INCOME [1]	$1,008.8	$938.4	$936.4	7.5%	0.2 %
EBITA [1, 2]	$1,046.4	$959.5	$958.3	9.1%	0.1 %
NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS	$618.9	$554.4	$605.0		
Earnings per share available to IPG common stockholders:					
Basic [1]	$1.61	$1.42	$1.52		
Diluted [1]	$1.59	$1.40	$1.48		
Operating Ratios					
Organic change in net revenue	5.5 %	1.5 %			
Operating margin on net revenue [1]	12.6 %	12.6 %	12.6 %		
Operating margin on total revenue [1]	10.4 %	10.4 %	10.3 %		
EBITA margin on net revenue [1,2]	13.0 %	12.8 %	12.9 %		
Expenses as a % of net revenue:					
Salaries and related expenses	66.0 %	66.8 %	66.3 %		
Office and other direct expenses	16.9 %	17.0 %	17.1 %		
Selling, general and administrative expenses [1]	2.1 %	1.6 %	1.9 %		
Depreciation and amortization	2.5 %	2.1 %	2.1 %		

1 In 2018, calculations include transaction costs of $35.0 related to the Acxiom Acquisition.
2 EBITA is a financial measure that is not defined by U.S. GAAP. Refer to the Non-GAAP Financial Measure section of this MD&A for additional information and for a reconciliation to U.S. GAAP measures.

Our organic net revenue increase of 5.5% for the year ended December 31, 2018 was driven by growth throughout all geographic regions, and attributable to a combination of net client wins and net higher spending from existing clients, most notably in the healthcare sector, partially offset by decreases in the food and beverage sector. During the year ended December 31, 2018, our operating margin on net revenue remained flat compared to the prior-year period and included $35.0 of transaction costs and $16.7 of amortization of acquired intangibles related to the Acxiom Acquisition.

Our restated organic net revenue increase of 1.5% for the year ended December 31, 2017, was driven by growth throughout nearly all geographic regions, primarily attributable to a combination of net client wins and net higher spending from existing clients, most notably in the healthcare and auto and transportation sectors, partially offset by decreases in the financial and technology and telecom sectors. During the year ended December 31, 2017, our operating margin on net revenue remained flat compared to the prior-year period as a result of the adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, ("ASC 606"). See Note 1 and 2 in Item 8, Financial Statements and Supplementary Data, for further detail on the ASC 606 adoption.

Table of Contents

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

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

	Year ended December 31, 2017	Components of Change			Year ended December 31, 2018	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	$ 7,473.5	$ 15.9	$ 128.2	$ 414.0	$ 8,031.6	5.5 %	7.5 %
Domestic	4,458.8	0.0	139.9	226.3	4,825.0	5.1 %	8.2 %
International	3,014.7	15.9	(11.7)	187.7	3,206.6	6.2 %	6.4 %
United Kingdom	613.1	24.1	15.3	59.2	711.7	9.7 %	16.1 %
Continental Europe	687.8	27.8	(14.7)	36.6	737.5	5.3 %	7.2 %
Asia Pacific	866.9	(2.0)	(2.0)	33.9	896.8	3.9 %	3.4 %
Latin America	350.8	(35.6)	(6.1)	41.0	350.1	11.7 %	(0.2)%
Other	496.1	1.6	(4.2)	17.0	510.5	3.4 %	2.9 %

The organic increase in our domestic market was driven by growth across all disciplines, most notably at our advertising and media businesses. In our international markets, the organic increase was driven by growth across all geographic regions and nearly all disciplines, primarily at our media and advertising businesses and our digital specialist agencies, including strong performance at our advertising businesses in the United Kingdom and at our media businesses in the Continental Europe, Latin America and United Kingdom regions. Consolidated net acquisitions includes $181.7 net revenue from Acxiom, which we acquired on October 1, 2018.

	Year ended December 31, 2016	Components of Change			Year ended December 31, 2017	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	$ 7,452.3	$ 0.8	$ (94.5)	$ 114.9	$ 7,473.5	1.5 %	0.3 %
Domestic	4,443.2	0.0	(67.1)	82.7	4,458.8	1.9 %	0.4 %
International	3,009.1	0.8	(27.4)	32.2	3,014.7	1.1 %	0.2 %
United Kingdom	604.3	(31.6)	13.9	26.5	613.1	4.4 %	1.5 %
Continental Europe	682.0	9.2	(18.0)	14.6	687.8	2.1 %	0.9 %
Asia Pacific	887.7	2.9	1.7	(25.4)	866.9	(2.9)%	(2.3)%
Latin America	367.8	14.3	(27.6)	(3.7)	350.8	(1.0)%	(4.6)%
Other	467.3	6.0	2.6	20.2	496.1	4.3 %	6.2 %

The organic increase in our domestic market was mainly driven by strong growth at our media and advertising businesses, partially offset by weakness in our public relations and digital specialist agencies. In our international markets, the organic revenue increase was primarily driven by growth at our media businesses and public relations agencies across nearly all regions and our advertising businesses in the United Kingdom, partially offset by decreases at our advertising businesses in the Asia Pacific and Latin America regions and our digital specialist agencies in the United Kingdom.
Refer to the segment discussion later in this MD&A for information on changes in revenue by segment.

Table of Contents

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

Salaries and Related Expenses

	Years ended December 31,			Change	
				2018 vs 2017	2017 vs 2016
	2018	2017	2016	% Increase/ (Decrease)	% Increase/ (Decrease)
Salaries and related expenses	$5,298.3	$4,990.7	$4,942.2	6.2%	1.0 %

As a % of net revenue:			
Salaries and related expenses	66.0 %	66.8 %	66.3 %
Base salaries, benefits and tax	54.9 %	56.1 %	54.6 %
Incentive expense	3.7 %	3.3 %	3.9 %
Severance expense	0.9 %	1.0 %	0.9 %
Temporary help	4.2 %	3.9 %	3.8 %
All other salaries and related expenses	2.3 %	2.5 %	3.1 %

Net revenue growth of 7.5% outpaced the increase in salaries and related expenses of 6.2% in 2018 as compared to the prior-year period, primarily driven by leverage in base salaries, benefits and tax, partially offset by higher incentive expense as a result of improved financial performance and higher temporary help to support business growth. The Acxiom Acquisition did not have a significant impact on the ratios presented above.

Salaries and related expenses increased by 1.0% compared to net revenue growth of 0.3% in 2017 as compared to 2016, primarily driven by deleveraging in base salaries, benefits and tax, partially offset by lower incentive expense and a decrease in acquisition-related contractual compensation, which is classified within all other salaries and related expenses in the table above.

Office and Other Direct Expenses

	Years ended December 31,			Change	
				2018 vs 2017	2017 vs 2016
	2018	2017	2016	% Increase/ (Decrease)	% Increase/ (Decrease)
Office and other direct expenses	$1,355.1	$1,268.8	$1,274.9	6.8%	(0.5)%

As a % of net revenue:			
Office and other direct expenses	16.9 %	17.0 %	17.1 %
Occupancy expense	6.5 %	6.8 %	6.6 %
All other office and other direct expenses [1]	10.4 %	10.2 %	10.5 %

1 Includes 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.

Net revenue growth of 7.5% outpaced the increase in office and other direct expenses of 6.8% in 2018 as compared to the prior-year period, primarily driven by leverage in occupancy expense, partially offset by an increase in client

service costs from Acxiom and year-over-year change in contingent acquisition obligations.
Net revenue growth of 0.3% outpaced the decrease in office and other direct expenses of 0.5% in 2017 as compared to 2016, primarily driven by leverage in year-over-year change in contingent acquisition obligations, partially offset by higher occupancy costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") are primarily the unallocated expenses of our Corporate, as detailed further in the segment discussion later in this MD&A, excluding depreciation and amortization. SG&A as a percentage of net revenue increased to 2.1% in 2018 from 1.6% in the prior-year period, primarily as a result of transaction costs related to the Acxiom Acquisition and higher incentive expense. SG&A as a percentage of net revenue decreased to 1.6% in 2017 from 1.9% in 2016, primarily as a result of lower incentive expense.

Table of Contents

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

Depreciation and Amortization

Depreciation and amortization as a percentage of net revenue increased to 2.5% in 2018 from 2.1% in 2017, primarily due to amortization of acquired intangibles from Acxiom, which we expect to have a material non-cash impact going forward, estimated to be between $65.0 and $75.0 annually. Depreciation and amortization as a percentage of net revenue remained flat in 2017 as compared to 2016. For the years ended December 31, 2018, 2017 and 2016, amortization of acquired intangibles was $37.6, $21.1 and $21.9, respectively.

EXPENSES AND OTHER INCOME

	Years ended December 31,		
	2018	2017	2016
Cash interest on debt obligations	$(118.4)	$(81.9)	$(78.4)
Non-cash interest	(4.6)	(8.9)	(12.2)
Interest expense	(123.0)	(90.8)	(90.6)
Interest income	21.8	19.4	20.1
Net interest expense	(101.2)	(71.4)	(70.5)
Other expense, net	(69.6)	(26.2)	(40.3)
Total (expenses) and other income	$(170.8)	$(97.6)	$(110.8)

Net Interest Expense

For 2018, net interest expense increased by $29.8 as compared to 2017, primarily attributable to increased cash interest expense from the issuance of $2,500.0 of long-term debt in September and October of 2018 in order to finance the Acxiom Acquisition as well as increased short-term borrowings and higher interest rates throughout the year. This was partially offset by decreased non-cash interest expense from revaluations of mandatorily redeemable noncontrolling interests. For 2017, net interest expense increased by $0.9 as compared to 2016.

Other Expense, Net

Results of operations include certain items that are not directly associated with our revenue-producing operations.

	Years ended December 31,		
	2018	2017	2016
Net losses on sales of businesses	$(61.9)	$(24.1)	$(41.4)
Other	(7.7)	(2.1)	1.1
Total other expense, net	$(69.6)	$(26.2)	$(40.3)

Net losses on sales of businesses – During 2018, the amounts recognized were related to sales of businesses and the classification of certain assets and liabilities, consisting primarily of cash, as held for sale within our Integrated Agency Networks ("IAN") and the Constituency Management Group ("CMG") reportable segments. The businesses held for sale as of year end primarily represent unprofitable, non-strategic agencies which are expected to be sold within the next twelve months. During 2017, the amounts recognized were related to sales of businesses and the classification of certain assets and liabilities, consisting primarily of cash, accounts receivable and accounts payable, as held for sale within our IAN reportable segment. During 2016, the amounts recognized were related to sales of businesses and the classification of certain assets and liabilities, consisting primarily of accounts receivable and accounts payable, as held for sale within both our IAN and CMG reportable segments.

Other – During 2018, the amounts recognized were primarily a result of transaction-related costs from the Acxiom Acquisition.

INCOME TAXES

Years ended December 31,

	2018	2017	2016
Income before income taxes	$838.0	$840.8	$825.6
Provision for income taxes	$199.2	$271.3	$196.9
Effective income tax rate	23.8 %	32.3 %	23.8 %

23

Table of Contents

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

Effective Tax Rate

Our tax rates are affected by many factors, including our worldwide earnings from various countries, changes in legislation and tax characteristics of our income. In 2018, our effective income tax rate of 23.8% was positively impacted by U.S. tax incentives, foreign tax credits from a distribution of unremitted earnings, the net reversal of valuation allowance in Continental Europe and research and development credits. The effective income tax rate was negatively impacted by losses in certain foreign jurisdictions where we receive no tax benefit due to 100% valuation allowances, non-deductible losses on sales of businesses and assets held for sale, by tax expense associated with the change to our assertion regarding the permanent reinvestment of undistributed earnings attributable to certain foreign subsidiaries, and by tax expense related to the true-up of our December 31, 2017 tax reform estimates as permitted by SEC Staff issued Accounting Bulletin No. 118 (“SAB 118”).

Public Law 115-97, commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act") was signed into law on December 22, 2017. The Tax Act legislated many new tax provisions which have impacted our operations. At December 31, 2017, provisional amounts were recorded as permitted by SAB 118. We have finalized our calculations of the impact of the Tax Act and have revised our estimates as required by SAB 118. This resulted in a net tax expense of $13.4, primarily attributable to our estimate of the tax imposed on the deemed repatriation of unremitted foreign earnings.

The Company has historically asserted that its unremitted foreign earnings are permanently reinvested, and therefore has not recorded income taxes on such amounts. In light of our increased debt and associated servicing commitments in connection with the Acxiom Acquisition that was consummated on October 1, 2018, the Company re-evaluated its global cash needs and as a result determined that approximately $435.0 of undistributed foreign earnings from certain international entities are no longer subject to the permanent reinvestment assertion. We recorded a tax expense of $10.8 representing our estimate of the tax costs associated with this change to our assertion. We have not changed our permanent reinvestment assertion with respect to any other international entities as we intend to use the related historical earnings and profits to fund international operations and investments.

The Tax Act imposed a new tax on certain foreign earnings generated in 2018 and forward. These global intangible low-taxed income ("GILTI") tax rules are complex. U.S. GAAP allows us to choose an accounting policy which treats the U.S. tax under GILTI provisions as either a current expense, as incurred, or as a component of the Company’s measurement of deferred taxes. The Company has elected to account for the GILTI tax as a current expense.

In 2017, our effective income tax rate of 32.3% was positively impacted by a net benefit of $36.0 as a result of the Tax Act, as well as excess tax benefits on employee share-based payments, partially offset by losses in certain foreign jurisdictions where we receive no tax benefit due to 100% valuation allowances.

In 2016, our effective income tax rate of 23.8% was positively impacted by a benefit of $44.6 related to refunds to be claimed on future amended U.S. federal returns for tax years 2014 and 2015 primarily related to foreign tax credits and, to a lesser extent, research and development credits based on the conclusion of multi-year studies; the settlement of 2011 and 2012 income tax audits, which included the recognition of certain previously unrecognized tax benefits of $23.4; the reversal of valuation allowances of $12.2 as a consequence of the disposition of certain businesses in Continental Europe; excess tax benefits on employee share-based payments; and various changes in state income tax laws as well as the recognition of previously unrecognized state tax benefits as a result of a lapse in statute of limitations. The positive impacts to our tax rates were partially offset by the revaluation of deferred tax assets as a result of a statutory tax rate change in Continental Europe, losses in certain foreign jurisdictions where we receive no tax benefit due to 100% valuation allowances and by losses on sales of businesses for which we did not receive a full tax benefit.

See Note 9 in Item 8, Financial Statements and Supplementary Data for further information.

EARNINGS PER SHARE

Basic earnings per share available to IPG common stockholders for the years ended December 31, 2018, 2017 and 2016 were $1.61, $1.42 and $1.52 per share, respectively. Diluted earnings per share for the years ended December 31, 2018, 2017 and 2016 were $1.59, $1.40 and $1.48 per share, respectively.

Basic and diluted earnings per share for the year ended December 31, 2018 included a negative impact of $0.16 and $0.15, respectively, from losses on sales of businesses and the classification of certain assets as held for sale primarily in our international markets, a negative impact of $0.10 and $0.09, respectively, from transaction costs directly related to the acquisition of Acxiom, and a negative impact of $0.09 and $0.08, respectively, from the amortization of acquired intangibles, partially offset by a positive impact of $0.06 and $0.06, respectively, from various discrete tax items.

Basic and diluted earnings per share for the year ended December 31, 2017 included a negative impact of $0.05 from the amortization of acquired intangibles, and a negative impact of $0.04 from losses on sales of businesses and the classification of certain assets as held for sale, offset by a net positive impact of $0.09 as a result of the Tax Act. Basic and diluted earnings per

Table of Contents

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

share for the year ended December 31, 2016 included a net positive impact of $0.20 from the various discrete tax items, partially offset by a negative impact of $0.10 from losses on sales of businesses and the classification of certain assets as held for sale and $0.05 from the amortization of acquired intangibles.

Segment Results of Operations
As discussed in Note 14 to the Consolidated Financial Statements, we have two reportable segments as of December 31, 2018: IAN and CMG. We also report results for the "Corporate and other" group.

IAN
Net Revenue

	Year ended December 31, 2017	Components of Change			Year ended December 31, 2018	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	$ 6,266.7	$ 6.9	$ (61.1)	$ 373.3	$ 6,585.8	6.0%	5.1%
Domestic	3,660.6	0.0	(27.9)	200.0	3,832.7	5.5%	4.7%
International	2,606.1	6.9	(33.2)	173.3	2,753.1	6.6%	5.6%

The organic increase was attributable to net client wins and net higher spending from existing clients, most notably in the healthcare sector, partially offset by decreases in the food and beverage sector. The organic increase in our domestic market was driven by growth across all of our major networks. The international organic increase was driven by growth across all geographic regions and all disciplines, primarily at our media and advertising businesses and our digital specialist agencies, including strong performance at our advertising businesses in the United Kingdom and at our media businesses in the Continental Europe, Latin America and United Kingdom regions.

	Year ended December 31, 2016	Components of Change			Year ended December 31, 2017	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	$ 6,201.4	$ 6.3	$ (65.3)	$ 124.3	$ 6,266.7	2.0%	1.1%
Domestic	3,600.3	0.0	(47.4)	107.7	3,660.6	3.0%	1.7%
International	2,601.1	6.3	(17.9)	16.6	2,606.1	0.6%	0.2%

The organic revenue increase was primarily attributable to growth within the healthcare and auto and transportation sectors, partially offset by decreases in the financial services and technology and telecom sectors. The organic increase in our domestic market was mainly driven by strong growth at our media and advertising businesses, partially offset by a decline within our digital specialist agencies. In our international markets, the organic increase was primarily driven by strong growth at our media businesses across all regions, most notably in Canada within our Other region, as well as our advertising businesses in the United Kingdom, partially offset by decreases at our advertising businesses in the Asia Pacific and Latin America regions. The organic growth in our media and advertising businesses was also positively impacted by the achievement of contractual performance-related incentives.

Segment Operating Income

	Years ended December 31,			Change	
	2018	2017	2016	2018 vs 2017	2017 vs 2016
Segment operating income	$982.8	$875.1	$894.3	12.3%	(2.1)%
Operating margin	14.9%	14.0%	14.4%		

Operating margin increased during 2018 when compared to 2017, as net revenue growth of 5.1%, the organic component of which was discussed in detail above, outpaced the increase in operating expenses, excluding billable expenses, primarily driven by leverage in base salaries, benefits and tax and occupancy expense, partially offset by higher incentive expense as a result of improved financial performance and higher temporary help to support business growth. Depreciation and amortization as a percentage of net revenue remained relatively flat as compared to the prior-year period.

Table of Contents

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

Operating margin decreased during 2017 when compared to 2016, as the increase in operating expenses, excluding billable expenses, primarily driven by deleveraging in base salaries, benefits and tax and occupancy expense, partially offset by lower incentive expense, outpaced net revenue growth of 1.1%, the organic component of which was discussed in detail above. Depreciation and amortization as a percentage of net revenue remained flat as compared to the prior-year period.

CMG

Net Revenue

	Year ended December 31, 2017	Components of Change Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Year ended December 31, 2018	Change Organic	Total
Consolidated	$ 1,206.8	$9.0	$ 7.6	$ 40.7	$ 1,264.1	3.4%	4.7%
Domestic	798.2	0.0	0.1	26.3	824.6	3.3%	3.3%
International	408.6	9.0	7.5	14.4	439.5	3.5%	7.6%

The organic increase was attributable to net client wins and net higher spending from existing clients, most notably in the technology and telecom sector. The organic increases were driven by growth across all geographic regions, primarily at our public relations agencies and sports marketing business, most notably in our domestic market.

	Year ended December 31, 2016	Components of Change Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Year ended December 31, 2017	Change Organic	Total
Consolidated	$ 1,250.9	$(5.5)	$ (29.2)	$ (9.4)	$ 1,206.8	(0.8)%	(3.5)%
Domestic	842.9	0.0	(19.7)	(25.0)	798.2	(3.0)%	(5.3)%
International	408.0	(5.5)	(9.5)	15.6	408.6	3.8 %	0.1 %

The organic revenue decrease in our domestic market was mainly driven by decreases in our public relations agencies and branding businesses, partially offset by growth at our sports marketing business. In our international markets, the organic increase was primarily driven by growth at our public relations and sports marketing business across nearly all regions, partially offset by a decrease in our events business in the United Kingdom.

Segment Operating Income

	Years ended December 31, 2018	2017	2016	Change 2018 vs 2017	2017 vs 2016
Segment operating income	$175.0	$189.9	$189.3	(7.8)%	0.3%
Operating margin	13.8 %	15.7 %	15.1 %		

Operating margin decreased during 2018 when compared to 2017, due to the increase in operating expenses, excluding billable expenses, primarily driven by the year-over-year change in contingent acquisition obligations. Depreciation and amortization as a percentage of net revenue remained flat as compared to the prior-year period.
Operating margin increased during 2017 when compared to 2016, as the decrease in operating expenses, excluding billable expenses, surpassed the decrease in net revenue growth of 3.5%, the organic component of which was discussed in detail above. The decrease in operating expenses was primarily driven by leverage in year-over-year change in contingent acquisition obligations as well as lower discretionary bonus, partially offset by deleveraging in base salaries, benefits and tax. Depreciation and amortization as a percentage of net revenue remained flat as compared to the prior-year period.

26

Table of Contents

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

CORPORATE AND OTHER

Corporate and other is primarily comprised of selling, general and administrative expenses as well as three months of results from Acxiom in 2018. Selling, general and administrative expenses includes 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.

As of December 31, 2018, Corporate and other includes Acxiom, which was acquired on October 1, 2018 and had total and net revenue of $181.7 for the three months ended December 31, 2018, while we are evaluating the internal reporting structure of our Company along with the Acxiom business.

Corporate and other expenses increased by $22.4 to $149.0 during 2018 as compared to 2017, primarily due to transaction costs of $35.0 and depreciation and amortization expense related to the Acxiom Acquisition. Corporate and other expenses in 2017 decreased by $20.6 to $126.6 compared to 2016, primarily due to lower incentive expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW OVERVIEW

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

	Years ended December 31,								
Cash Flow Data	2018			2017			2016		
Net income, adjusted to reconcile to net cash provided by operating activities [1]	$	1,013.0		$	852.1		$	1,018.6	
Net cash (used in) provided by working capital [2]	(431.1		)	5.3			(410.3		)
Changes in other non-current assets and liabilities	(16.8		)	24.4			(95.5		)
Net cash provided by operating activities	$	565.1		$	881.8		$	512.8	
Net cash used in investing activities	(2,491.5		)	(196.2		)	(263.9		)
Net cash provided by (used in) financing activities	1,853.2			(1,004.9		)	(666.4		)

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

2 Reflects changes in accounts receivable, accounts receivable billable to clients, other current assets, accounts payable and accrued 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 2018 was $565.1, which was a decrease of $316.7 as compared to 2017, primarily as a result of an increase in working capital usage of $436.4. Working capital in 2018 was impacted by the spending levels of our clients as compared to 2017. The working capital usage in both periods was primarily attributable to our media businesses.

Table of Contents

Net cash provided by operating activities during 2017 was $881.8, which was an increase of $369.0 as compared to 2016, primarily as a result of an improvement in working capital usage of $415.6. Working capital in 2017 benefited from the spending patterns of our clients compared to 2016.

Investing Activities

Net cash used in investing activities during 2018 consisted of payments for acquisitions of $2,309.8, related mostly to the Acxiom Acquisition, and payments for capital expenditures of $177.1, related mostly to leasehold improvements and computer hardware and software.

Net cash used in investing activities during 2017 primarily consisted of payments for capital expenditures of $155.9, related mostly to leasehold improvements and computer hardware and software.

Financing Activities

Net cash provided by financing activities during 2018 was driven by net proceeds from long-term debt of $2,494.2 primarily to finance the Acxiom Acquisition, partially offset by the payment of dividends of $322.1, the repurchase of 5.1 shares of our common stock for an aggregate cost of $117.1, including fees, and the repayment of long-term debt of $104.8.

Net cash used in financing activities during 2017 was primarily driven by the redemption of all $300.0 in aggregate principal amount of the 2.25% Senior Notes due 2017, the repurchase of 13.7 shares of our common stock for an aggregate cost of $300.1, including fees, and the payment of dividends of $280.3.

Foreign Exchange Rate Changes

The effect of foreign exchange rate changes on cash, cash equivalents and restricted cash included in the Consolidated Statements of Cash Flows resulted in an a net decrease of $47.3 in 2018. The decrease was primarily a result of the U.S. Dollar being stronger than several foreign currencies, including the Australian Dollar, South African Rand, and Indian Rupee as of December 31, 2018 compared to December 31, 2017.

The effect of foreign exchange rate changes on cash, cash equivalents and restricted cash included in the Consolidated Statements of Cash Flows resulted in an increase of $16.8 in 2017, primarily a result of the Australian Dollar strengthening against the U.S. Dollar as of December 31, 2017 compared to December 31, 2016.

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 committed corporate credit facility as well as uncommitted lines of credit and a commercial paper program available to support our operating needs. We continue to maintain a disciplined approach to managing liquidity, with flexibility over significant uses of cash, including our capital expenditures, cash used for new acquisitions, our common stock repurchase program and our common stock dividends.

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

Funding Requirements

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

Notable funding requirements include:

- Debt service – As of December 31, 2018, we had outstanding short-term borrowings of $73.7 from our uncommitted lines of credit used primarily to fund seasonal working capital needs. The remainder of our debt is primarily long-term, with maturities scheduled from 2020 through 2048. On September 21, 2018, we issued $2,000.0 in aggregate principal amount of unsecured senior notes (in four separate series of $500.0 each, together the "Senior Notes"). On October 1, 2018, we borrowed an additional $500.0 through debt financing arrangements with third-party lenders under a three-year term loan agreement (the "Term Loan Agreement"), $100.0 of which we repaid on December 3, 2018. See Note 3 in Item 8, Financial Statements and Supplementary Data for further information.

(Amounts in Millions, Except Per Share Amounts)

- Acquisitions – We paid cash of $2,309.6, net of cash acquired of $13.8, for acquisitions completed in 2018. We also paid $0.2 in up-front payments and $53.1 in deferred payments for prior-year acquisitions as well as ownership increases in our consolidated subsidiaries. In addition to potential cash expenditures for new acquisitions, we expect to pay approximately $66.0 in 2019 related to prior-year acquisitions. We may also be required to pay approximately $25.0 in 2019 related to put options held by minority shareholders if exercised. 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 – During 2018, we paid four quarterly cash dividends of $0.21 per share on our common stock, which corresponded to aggregate dividend payments of $322.1. On February 13, 2019, we announced that our Board of Directors (the "Board") had declared a common stock cash dividend of $0.235 per share, payable on March 15, 2019 to holders of record as of the close of business on March 1, 2019. Assuming we pay a quarterly dividend of $0.235 per share and there is no significant change in the number of outstanding shares as of December 31, 2018, we would expect to pay approximately $360.0 over the next twelve months.

Acxiom Acquisition

On October 1, 2018, pursuant to the terms of the Membership Interest Purchase Agreement dated as of July 2, 2018, we completed the Acxiom Acquisition for $2,327.9, subject to customary closing adjustments. The combined proceeds from the Senior Notes and the Term Loan Agreement were used to fund the transaction. See Note 6 in Item 8, Financial Statements and Supplementary Data for further information.

The following summarizes our estimated contractual cash obligations and commitments as of December 31, 2018 and their effect on our liquidity and cash flow in future periods.

	Years ended December 31,					Thereafter	Total
	2019	2020	2021	2022	2023		
Long-term debt [1]	$0.1	$496.9	$896.8	$248.2	$497.7	$ 1,520.6	$3,660.3
Interest payments on long-term debt [1]	157.1	141.6	121.0	93.9	73.6	799.7	1,386.9
Non-cancelable operating lease obligations [2]	344.3	319.1	280.1	241.2	183.4	714.1	2,082.2
Contingent acquisition payments [3]	95.8	50.6	66.5	10.4	13.7	5.2	242.2
Uncertain tax positions [4]	18.0	184.6	48.1	23.4	6.5	54.8	335.4
Total	$615.3	$1,192.8	$1,412.5	$617.1	$774.9	$ 3,094.4	$7,707.0

1 Amounts represent maturity at book value and interest payments based on contractual obligations. We may at our option and at any time redeem all or some of any outstanding series of our senior notes reflected in this table at the redemption prices set forth in the applicable supplemental indentures under which such senior notes were issued. See Note 3 in Item 8, Financial Statements and Supplementary Data for further information.

2 Non-cancelable operating lease obligations are presented net of future receipts on contractual sublease arrangements.

3 We have structured certain acquisitions with additional contingent purchase price obligations based on factors including future performance of the acquired entity. See Note 5 and Note 15 in Item 8, Financial Statements and Supplementary Data for further information.

4 The amounts presented are estimates due to inherent uncertainty of tax settlements, including the ability to offset liabilities with tax loss carryforwards.

Share Repurchase Program

In February 2018, the Board authorized a share repurchase program to repurchase from time to time up to $300.0, excluding fees, of our common stock , which was in addition to the remaining amount available to be repurchased from the $300.0 authorization made by the Board in February 2017. We may effect such repurchases through open market purchases, trading plans established in accordance with SEC rules, derivative transactions or other means. The timing and amount of the repurchases in future periods will depend on market conditions and other funding requirements.

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 December 31, 2018, $338.4, excluding fees, remains available for repurchase under the share repurchase programs. There is no expiration date associated with the share repurchase programs.

Table of Contents

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

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, primarily at the holding company level and at our largest subsidiaries.

At December 31, 2018, we held $264.3 of cash, cash equivalents and marketable securities in foreign subsidiaries. The Company has historically asserted that its unremitted foreign earnings are permanently reinvested, and therefore has not recorded any income taxes on such amounts. In light of our increased debt and associated servicing commitments in connection with the Acxiom Acquisition that was consummated on October 1, 2018, the Company re-evaluated its global cash needs and as a result determined that approximately $435.0 of undistributed foreign earnings from certain international entities are no longer subject to the permanent reinvestment assertion. We have not changed our permanent reinvestment assertion with respect to any other international entities as we intend to use the related historical earnings and profits to fund international operations and investments.

Credit Agreements

We maintain a committed corporate credit facility, originally dated as of July 18, 2008, which has been amended and restated from time to time (the "Credit Agreement"). We use our Credit Agreement to increase our financial flexibility, to provide letters of credit primarily to support obligations of our subsidiaries and to support our commercial paper program. The Credit Agreement is a revolving facility, expiring in October 2022, under which amounts borrowed by us or any of our subsidiaries designated under the Credit Agreement may be repaid and reborrowed, subject to an aggregate lending limit of $1,500.0, or the equivalent in other currencies. The Company has the ability to increase the commitments under the Credit Agreement from time to time by an additional amount of up to $250.0, provided the Company receives commitments for such increases and satisfies certain other conditions. The aggregate available amount of letters of credit outstanding may decrease or increase, subject to a sublimit on letters of credit of $50.0 or the equivalent in other currencies. Our obligations under the Credit Agreement are unsecured. As of December 31, 2018, there were no borrowings under the Credit Agreement; however, we had $8.5 of letters of credit under the Credit Agreement, which reduced our total availability to $1,491.5.

On July 27, 2018, we entered into Amendment No. 1 to our Credit Agreement (the "Amendment"). The Amendment increased the maximum leverage ratio covenant to (i) 4.00 to 1.00 for the first, second and third fiscal quarters ending after the Acxiom Closing Date, (ii) 3.75 to 1.00 for the fourth, fifth, sixth and seventh full fiscal quarters ending after the Acxiom Closing Date and (iii) 3.50 to 1.00 for the eighth full fiscal quarter ending after the Acxiom Closing Date and thereafter.

Under the Credit Agreement, we can elect to receive advances bearing interest based on either the base rate or the Eurocurrency rate (each as defined in the Credit Agreement) plus an applicable margin that is determined based on our credit ratings. As of December 31, 2018, the applicable margin was 0.10% for base rate advances and 1.10% for Eurocurrency rate advances. Letter of credit fees accrue on the average daily aggregate amount of letters of credit outstanding, at a rate equal to the applicable margin for Eurocurrency rate advances, and fronting fees accrue on the aggregate amount of letters of credit outstanding at an annual rate of 0.25%. We also pay a facility fee at an annual rate that is determined based on our credit ratings, which as of December 31, 2018, was 0.15% on the aggregate lending commitment under the Credit Agreement.

The table below sets forth the financial covenants in effect as of December 31, 2018, which apply to both the Credit Agreement and the Term Loan Agreement.

	Four Quarters Ended		Four Quarters Ended
Financial Covenants [1]	December 31, 2018	EBITDA Reconciliation [1]	December 31, 2018
Interest coverage ratio (not less than)	5.00x	Operating income	1,110.7
Actual interest coverage ratio	7.93x		