INTERPUBLIC GROUP OF COMPANIES, INC.
Form 10-K
February 23, 2015

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, 2014
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.)

1114 Avenue of the Americas, New York, New York 10036
(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	ý	Accelerated filer	¨
Non-accelerated filer (Do not check if a smaller reporting company)	¨	Smaller reporting company	¨

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 30, 2014, the aggregate market value of the shares of registrant's common stock held by non-affiliates was approximately $8.2 billion. The number of shares of the registrant's common stock outstanding as of February 13, 2015 was 412,339,107.

DOCUMENTS INCORPORATED BY REFERENCE

The following sections of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 21, 2015 are incorporated by reference in Part III: "Election of Directors," "Director Selection Process," "Code of Conduct," "Principal 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," "Review and Approval of Transactions with Related Persons," "Director Independence" and "Appointment of Independent Registered Public Accounting Firm."

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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; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

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,” “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 47,400 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 100 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 ("McCann"), Foote, Cone & Belding ("FCB") and Lowe and Partners ("Lowe"), 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, comprised of agencies that emphasize creativity, innovation and performance. McCann Erickson is one of the world's largest advertising agency networks; MRM//McCann conducts digital marketing and relationship management; Momentum oversees event marketing and promotion; McCann Health directs professional and consumer healthcare communications; and Craft Worldwide is the network's global adaptation and production arm. UM (media), Weber Shandwick (public relations), and FutureBrand (brand consulting) align with McCann Worldgroup to deliver fully-integrated solutions.
- FCB is a global, fully integrated marketing communications company focused on changing consumer behavior for the benefit of their clients, colleagues and communities. With more than 8,000 people from 120 offices in 80 countries, the network brings a strong understanding of local markets and cultures while continuing a heritage of creativity and success dating from 1873. The company has its roots in both creative, brand-building consumer advertising and behavioral, data-driven direct marketing.
- Lowe and Partners is a global network of distinctive and diverse agencies, rich in local culture, yet able to deliver at scale. The network delivers brand strategy, communications planning and through-the-line advertising; Lowe Profero is the network’s digital marketing arm; and Lowe Open is its strategic activation and shopper marketing unit. Lowe and Partners is consistently ranked among the most awarded agency networks in the world, based on both creativity

and effectiveness.

- IPG Mediabrands makes investment decisions for tens of billions of dollars of client marketing budgets. Our global media agencies UM and Initiative deliver business results by advising clients on how to navigate an increasingly complex and digital marketing landscape through integrated, intelligence-driven marketing strategies. Specialist brands within IPG Mediabrands focus on areas such as media innovation, media forecasting, the targeting and aggregation of audiences in the digital space, hyper-local marketing, media barter and a range of other capabilities. IPG Mediabrands is committed to driving automated buying, pay-for-performance and digital innovation.

- We also have exceptional global marketing specialists across a range of disciplines. Our industry-leading public relations agencies such as Weber Shandwick and Golin 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, The Martin Agency and Mullen. The marketing programs created by these agencies incorporate all media channels, customer relationship management (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.

We list approximately 90 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. We consistently review opportunities within our company to enhance our operations through mergers and strategic alliances, as well as the development of 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: We successfully completed management succession at our two largest global advertising networks, a number of our US integrated agencies, key media operations and leading marketing services firms. We continue to acquire and develop top strategic, creative and digital talent.
- Growing digital capabilities: Our investments in talent and technology – organically growing digital capabilities such as search, social, UX, content creation, eCRM 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.
- Innovative media offering: We launched IPG Mediabrands to reinvent how we plan, buy and measure media investment for clients. Since then, our company has consistently been a leader in delivering fully competitive, efficient and effective traditional media buying to major clients, as well as automated digital ad buying, data and analytics.
- Investment in emerging markets: We strengthened our position in emerging markets by driving organic growth as well as completing strategic acquisitions in Asia and Latin America, a region in which we have led the industry in organic growth.
- 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 industry-leading new business performance, as well as increased honors and awards for our company. Since its launch in 2007, IPG Mediabrands has delivered strong growth and for 2014 was named Mediapost's "Media Holding Company of the Year" for the second consecutive year. Our best-in-class public relations offering led The Holmes Report to name Weber Shandwick its “Global Agency of the Year” in 2014 and Interpublic Group its “Holding Company of the Year” in 2013, the first and only time the award was given for this category. In 2013, McCann produced the most-awarded digital work of the year and was named the most-awarded agency in the world by The Gunn Report. In early 2015, Advertising Age named three IPG agencies to its prestigious A-List, Deutsch, Weber Shandwick, and R/GA, which was also awarded "Agency of the Year." Advertising Age also honored the CEO of McCann

Worldgroup with its "Executive of the Year" recognition. This level of industry recognition in all marketing disciplines is unprecedented in our company’s history.

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 day-to-day 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 consistently acquired and invested in specialty digital assets, such as Genuine (digital events), Halesway (digital healthcare), Lowe Profero (global digital network), Optaros (digital commerce), Placed (mobile attribution), Promoqube (social media), Traffic4U (search engine marketing) and Vowel (digital content development). We continue to invest in existing assets such as Cadreon (audience management platform), The IPG Media Lab, Huge, MRM//McCann, as well as R/GA. These companies have unique capabilities and service their own client rosters while also serving as key digital partners to many of the agencies within IPG.

Fast-Growth Regions

We continue to invest and expand our presence in high-growth geographic regions. In recent years, we have made significant investments in Brazil and India, further strengthening our leadership position in these high-growth, developing markets. Transactions in Brazil include the acquisitions of E/OU, a digital agency, as well as Preview Propaganda. Recent acquisitions in India include Interactive Avenues, a digital media agency, End to End, a database marketing agency, and Corporate Voice, a communications agency. 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 65 offices across 14 countries. Our partner in Russia is a leader in that country. 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. Additional areas of investment include other key strategic markets in Asia Pacific, Latin America, Eastern Europe and Africa.

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 in making tuck-in, niche acquisitions that enhance our service offerings. We will continue to focus on digital and marketing services agencies throughout the world and on key international growth markets.

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.

Financial Objectives

Our financial goals include competitive organic revenue growth and operating margin expansion, 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.

Financial Reporting Segments

We have two reportable segments, which are Integrated Agency Networks (“IAN”) and Constituency Management Group (“CMG”). IAN is comprised of McCann, FCB, Lowe, 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. See Note 13 to the Consolidated Financial Statements for further information.

Principal Markets

Our agencies are located in over 100 countries, including every significant world market. Our geographic revenue breakdown is listed below.

	% of Total Revenue		
	2014	2013	2012
Domestic	55.5 %	55.8 %	54.7 %
United Kingdom	9.1 %	8.0 %	8.2 %
Continental Europe	10.7 %	11.2 %	11.8 %
Asia Pacific	12.2 %	12.2 %	12.0 %
Latin America	6.2 %	6.5 %	6.5 %
Other	6.3 %	6.3 %	6.8 %

For further information regarding revenues and long-lived assets on a geographical basis for each of the last three years, see Note 13 to the Consolidated Financial Statements.

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.

Revenues for the creation, planning and placement of advertising 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 and are usually derived from a percentage or fee over the total cost to complete the assignment. Commissions can also be derived when clients pay us the gross rate billed by media and we pay for media at a lower net rate; the difference is the commission that we earn, which we either retain in full or share with the client depending on the nature of the applicable services agreement.

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. To the extent possible, we pay production and media charges after we have received funds from our clients. Generally, we act as the client’s agent rather than the primary obligor. 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.

Our revenue is typically lowest in the first quarter and highest in the fourth quarter. This reflects the seasonal spending of our clients, incentives earned at year end on various contracts and project work that is typically completed during the fourth quarter. Fee revenue recognized on a completed contract basis also contributes to the higher seasonal revenues experienced in the fourth quarter because the majority of our contracts end at December 31.

	Consolidated Revenues for the Three Months Ended					
	2014		2013		2012	
(Amounts in Millions)		% of Total		% of Total		% of Total
March 31	$1,637.5	21.7%	$1,543.0	21.7%	$1,506.8	21.7%
June 30	1,851.4	24.6%	1,756.2	24.7%	1,715.7	24.7%
September 30	1,841.1	24.4%	1,700.4	23.9%	1,670.4	24.0%
December 31	2,207.1	29.3%	2,122.7	29.7%	2,063.3	29.6%
	$7,537.1		$7,122.3		$6,956.2	

See Note 1 to the Consolidated Financial Statements for further information on our revenue recognition accounting policies.

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 revenue accounted for approximately 20% and 21% of revenue in 2014 and 2013, respectively. Our largest client accounted for approximately 5% of revenue for 2014 and 2013. Based on revenue for the year ended December 31, 2014, our five largest clients (in alphabetical order) were General Motors, Johnson & Johnson, L'Oréal, Samsung and Unilever. We represent several different brands or divisions of each of these clients 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 to win new clients and maintain existing client relationships.

Personnel
As of December 31, 2014, we employed approximately 47,400 people, of whom approximately 19,200 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 Securities and Exchange Commission 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 the 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., 1114 Avenue of the Americas, New York, New York 10036, Attention: Secretary. Information on our website is not part of this report.

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. 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.
The client's perception of the quality of our agencies' creative work 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 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 business 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.

Many companies put their advertising and marketing communications business up for competitive review from time to time, and clients may choose to terminate their contracts on a relatively short time frame. We have won and lost client accounts in the past as a result of such periodic competitions. In the aggregate, our top ten clients based on revenue accounted for approximately 20% of revenue in 2014. 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. 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.

Economic conditions continue to vary across geographic regions, and areas of uncertainty about the prospects for continued improvements in the global economy or economic conditions in certain regions, and a degree of caution on the part of some marketers, continue to 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 other factors which may be beyond our control. In addition, the advertising and marketing services industry is characterized by a high degree of employee mobility. If we were to fail to attract key personnel or lose them to competitors or clients, our business and results of operations could be adversely affected.

- 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 billion committed credit facility to increase our financial flexibility (the "Credit Agreement"). If credit under the Credit Agreement were unavailable or insufficient, our liquidity could be adversely affected. The Credit Agreement contains 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, we could be required to seek an amendment or waiver from our lenders, and our costs under the Credit Agreement could increase. If we were unable to obtain a necessary amendment or waiver, the Credit Agreement could be terminated, and any outstanding amounts could be subject to acceleration. Furthermore, the Credit Agreement includes commitments from a syndicate of financial institutions, and if any of them were unable to perform and no other bank assumed that institution's commitment, the availability of credit under that agreement would be

correspondingly reduced.

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, although, if clients are unable to pay for commitments that we have entered into on their behalf, there could be an adverse effect on our working capital, which would negatively impact our operating cash flow.

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.

- International business risks could adversely affect our operations.

We are a global business. Operations outside the United States represent a significant portion of our revenues, approximately 44% in 2014. These operations are exposed to risks that include local legislation, currency variation, exchange control restrictions and difficult political or economic conditions. We also must comply with applicable U.S., local and other international anti-corruption laws, which can be complex and stringent, in all jurisdictions where we operate. 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 Argentine Peso, Australian Dollar, Brazilian Real, British Pound Sterling, Canadian Dollar, Chilean Peso, Euro, Indian Rupee, Japanese Yen and South African Rand, fluctuations in exchange rates between the U.S. Dollar and such currencies may materially affect our financial results. Concerns persist in Europe in particular over the debt burdens of certain countries that use the Euro as their currency and the overall stability of the Euro. Possible consequences, such as the re-introduction of individual currencies in countries currently employing the Euro, the dissolution of the Euro as a common currency or market perceptions and uncertainties about the possibility and impact of such events, could adversely affect the value of our Euro-denominated assets and results of operations.

- If our clients experience financial distress, their weakened financial position 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. For a description of our client base, see “Clients” in Item 1, Business.

- 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 and digital marketing. 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. 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. 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, developing new business opportunities and processing business transactions. 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 the potential vulnerability of our systems to breakdown, malicious intrusion or random attack. Likewise, data privacy breaches, as well as improper use of social media, by employees and others may pose a risk that sensitive data could be exposed to third parties or to the general public. Any such breakdowns or breaches in our systems or data-protection policies could adversely affect our reputation or business.

- 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, 2014, we have substantial amounts of long-lived assets, deferred tax assets and investments on our Consolidated Balance Sheet, including approximately $3.7 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, and 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.

- 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 are downgraded or if they are significantly weaker than those of our competitors. 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.

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 14 to the Consolidated Financial Statements 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.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of IPG

Name	Age	Office
Michael I. Roth[1]	69	Chairman of the Board and Chief Executive Officer
Andrew Bonzani	51	Senior Vice President, General Counsel and Secretary
Christopher F. Carroll	48	Senior Vice President, Controller and Chief Accounting Officer
Julie M. Connors	43	Senior Vice President, Audit and Chief Risk Officer
Philippe Krakowsky	52	Executive Vice President, Chief Strategy and Talent Officer
Frank Mergenthaler	54	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. 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 as Chief Accounting Officer and Controller at Eyetech Pharmaceuticals from June 2004 to October 2005. Prior to that time, Mr. Carroll served as Chief Accounting Officer and Controller at MIM Corporation from January 2003 to June 2004 and served as a Financial Vice President at Lucent Technologies, Inc. from July 2001 to January 2003.

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.

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. During 2001, Mr. Krakowsky was complying with the terms of a non-competition agreement entered into with Young & Rubicam.

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. Mr. Mergenthaler is a director of Express Scripts, Inc.

PART II

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

Price Range of Common Stock

Our common stock is listed and traded on the New York Stock Exchange (“NYSE”) under the symbol “IPG.” The following table provides the high and low closing sales prices per share for the periods shown below as reported on the NYSE. As of February 13, 2015, there were approximately 12,900 registered holders of our outstanding common stock.

	NYSE Sale Price	
Period	High	Low
2014:		
Fourth Quarter	$20.83	$16.51
Third Quarter	$20.54	$18.14
Second Quarter	$19.69	$16.28
First Quarter	$17.75	$16.05
2013:		
Fourth Quarter	$17.70	$15.40
Third Quarter	$17.51	$14.69
Second Quarter	$14.94	$12.91
First Quarter	$13.38	$11.61

During 2014, the following dividends were declared and paid:

Declaration Date	Per Share Dividend	Aggregate Dividend ($ in millions)	Record Date	Payment Date
November 12, 2014	$0.095	$39.1	December 1, 2014	December 15, 2014
August 12, 2014	$0.095	$39.8	September 2, 2014	September 16, 2014
May 22, 2014	$0.095	$39.9	June 3, 2014	June 17, 2014
February 14, 2014	$0.095	$40.2	March 3, 2014	March 17, 2014

During 2013, the following dividends were declared and paid:

Declaration Date	Per Share Dividend	Aggregate Dividend ($ in millions)	Record Date	Payment Date
November 15, 2013	$0.075	$31.9	December 2, 2013	December 16, 2013
August 14, 2013	$0.075	$31.4	September 3, 2013	September 17, 2013
May 23, 2013	$0.075	$31.7	June 7, 2013	June 21, 2013
February 22, 2013	$0.075	$31.0	March 11, 2013	March 25, 2013

On February 13, 2015, we announced that our Board of Directors (the “Board”) had declared a common stock cash dividend of $0.12 per share, payable on March 16, 2015 to holders of record as of the close of business on March 2, 2015. 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.

Repurchase of Equity Securities
The following table provides information regarding our purchases of our equity securities during the period from October 1, 2014 to December 31, 2014.

	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	5,854,930	$18.93	5,849,517	$ 159,819,370
November 1 - 30	4,266	$20.29	—	$ 159,819,370
December 1 - 31	826,744	$19.67	826,639	$ 143,559,758
Total	6,685,940	$19.02	6,676,156	

1 Included shares of our common stock, par value $0.10 per share, 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"). We repurchased 5,413 Withheld Shares in October 2014, 4,266 Withheld Shares in November 2014 and 105 Withheld Shares in December 2014.

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 of the applicable period of the aggregate value of the tax withholding obligations and the aggregate amount we paid for shares acquired under our stock repurchase program, described in Note 5 to the Consolidated Financial Statements, by the sum of the number of Withheld Shares and the number of shares acquired in our stock repurchase program.

3 In February 2014, the Board authorized a new share repurchase program to repurchase from time to time up to $300.0 million, excluding fees, of our common stock (the "2014 share repurchase program"). On February 13, 2015, we announced that our Board had approved a new share repurchase program to repurchase from time to time up to $300.0 million, excluding fees, of our common stock. The new authorization is in addition to any amounts remaining available for repurchase under the 2014 share repurchase program. There is no expiration date 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)
(Unaudited)

Years ended December 31,	2014	2013	2012	2011	2010
Statement of Operations Data					
Revenue	$7,537.1	$7,122.3	$6,956.2	$7,014.6	$6,507.3
Salaries and related expenses	4,820.4	4,545.5	4,391.9	4,402.1	4,117.0
Office and general expenses	1,928.1	1,917.9	1,887.2	1,924.3	1,837.7
Restructuring and other reorganization-related charges (reversals), net	0.2	60.6	(1.2)	1.0	3.9
Operating income	788.4	598.3	678.3	687.2	548.7
Provision for income taxes [1]	216.5	181.2	213.3	190.2	171.3
Net income [2]	505.4	288.9	464.6	551.5	281.2
Net income available to IPG common stockholders [2]	477.1	259.2	435.1	520.7	271.2
Earnings per share available to IPG common stockholders:					
Basic [3]	$1.14	$0.62	$1.01	$1.12	$0.57
Diluted [3]	$1.12	$0.61	$0.94	$0.99	$0.47
Weighted-average number of common shares outstanding:					
Basic	419.2	421.1	432.5	465.5	473.6
Diluted	425.4	429.6	481.4	540.6	542.1
Dividends declared per common share	$0.38	$0.30	$0.24	$0.24	$0.00
Other Financial Data					
Net cash provided by operating activities	$669.5	$592.9	$357.2	$273.5	$817.3
Ratios of earnings to fixed charges	3.8	2.6	3.2	3.4	2.4

As of December 31,	2014	2013	2012	2011	2010
Balance Sheet Data					
Cash and cash equivalents and marketable securities	$1,667.2	$1,642.1	$2,590.8	$2,315.6	$2,689.4
Total assets	12,747.2	12,905.0	13,493.9	12,908.7	13,070.8
Total debt	1,732.8	1,662.5	2,449.6	1,769.2	1,737.0
Total liabilities	10,338.6	10,405.1	10,810.1	10,168.0	10,212.7
Preferred stock – Series B	0.0	0.0	221.5	221.5	221.5
Total stockholders’ equity	2,151.2	2,250.8	2,456.6	2,497.3	2,566.9

1 The year ended December 31, 2014 included the net reversal of valuation allowances on deferred tax assets in Continental Europe of $67.6.

2 The years ended December 31, 2014 and 2013 included losses of $6.6 and $28.3, net of tax, related to our early extinguishment of debt, respectively. The year ended December 31, 2013 included a loss of $50.9, net of tax, from the effects of restructuring and related costs. The years ended December 31, 2012 and 2011 included a gain of $57.2 and $126.2, net of tax, respectively, related to the sales of our holdings in Facebook.

3 Both 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 included a negative impact of $0.01 and $0.02 per share, respectively, from a loss on early extinguishment of debt, net of tax. Basic and diluted earnings per share for the year ended December 31, 2013 included a negative impact of $0.12 and $0.11 per share, respectively, from the effects of restructuring and related costs, net of tax. Basic and diluted earnings per share for the year ended December 31, 2013 included a negative impact of $0.06 per share from a loss on early extinguishment of debt, net of tax. Basic earnings per share for the years ended December 31, 2012 and 2011 included a positive impact of $0.14 and $0.27 per share, respectively, and diluted earnings per share included a positive impact of $0.12 and $0.23 per share, respectively, from the gains recorded for the sale of our holdings in Facebook, net of tax.

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

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 ("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 2014 compared to 2013 and 2013 compared to 2012.

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 15 to the Consolidated Financial Statements, provides a discussion of certain accounting standards that have been adopted during 2014 or that have not yet been required to be implemented and may be applicable to our future operations.

EXECUTIVE SUMMARY

During 2014, our organic revenue increase was driven by growth throughout nearly all our regions, which was a result of net new business wins during the year and growth with existing clients. The growth in our domestic market was across all major disciplines and nearly all agencies. Our international organic increase was across all our marketing disciplines, with notable contributions from the Asia Pacific, United Kingdom and Latin America regions. The challenging economic climate in the Continental Europe region continued to impact our international growth. We continued to have strong growth in demand for our digital, media and marketing services across most of our regional markets. We carefully managed our increase in operating expenses, which reflected investments made in our agencies to support our new business portfolio and growing disciplines as well as to service our existing clients.

Overall demand for our services by clients remains solid, though with challenging economic conditions in some parts of the world, marketers continue to show a measure of caution. We continue to derive substantial benefit from our diversified client base, our global footprint and the broad range and strength of our professional offerings. We continued to enhance our businesses during 2014 by making investments in creative and strategic talent that emphasize our growth priorities: fast-growth digital marketing channels, high-growth geographic regions and strategic world markets. We believe our continued investment in tools, technology and process improvements will create efficiencies in the delivery of our services.

We continued to enhance value to our shareholders through common stock dividends, share repurchases and improvements in our balance sheet. Basic earnings per share available to IPG common stockholders for the years ended December 31, 2014, 2013 and 2012 were $1.14, $0.62 and $1.01 per share, respectively. Diluted earnings per share for the years ended December 31, 2014, 2013 and 2012 were $1.12, $0.61 and $0.94 per share, respectively. Both 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 years ended December 31, 2014 and 2013 included a negative impact of $0.01 and $0.02 per share, respectively, from the loss on early extinguishment of debt, net of tax. Basic and diluted earnings per share for the year ended December 31, 2013 included a negative impact of $0.12 and $0.11 per share, respectively, from the effects of restructuring and related costs, net of tax. Basic and diluted earnings per share for the year ended December 31, 2012 included a positive impact of $0.14 and $0.12 per share, respectively, from the gain recorded on the sale of our remaining holdings in Facebook, net of tax.

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The following tables present a summary of financial performance for the year ended December 31, 2014, as compared with the same periods in 2013 and 2012.

	Years ended December 31,			
	2014		2013	
% Increase	Total	Organic	Total	Organic
Revenue	5.8 %	5.5 %	2.4 %	2.8 %
Salaries and related expenses	6.0 %	5.6 %	3.5 %	3.8 %
Office and general expenses	0.5 %	0.5 %	1.6 %	2.5 %

	Years ended December 31,		
	2014	2013	2012
Operating margin	10.5 %	8.4 %	9.8 %
Expenses as % of revenue:			
Salaries and related expenses	64.0 %	63.8 %	63.1 %
Office and general expenses	25.6 %	26.9 %	27.1 %
Restructuring and other reorganization-related charges (reversals), net	0.0 %	0.9 %	0.0 %
Net income available to IPG common stockholders	$477.1	$259.2	$435.1
Earnings per share available to IPG common stockholders:			
Basic	$1.14	$0.62	$1.01
Diluted	$1.12	$0.61	$0.94

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. The performance metrics that we use to evaluate our results include the organic change in revenue, salaries and related expenses and office and general expenses, and the components of operating expenses, expressed as a percentage of total consolidated revenue. Additionally, in certain of our discussions we analyze revenue by business sector, where we focus on our top 100 clients, which typically constitutes approximately 55% to 60% of our annual consolidated revenues. We also analyze revenue by geographic region.

The change in our operating performance attributable to changes in foreign currency rates is determined by converting the prior-period reported results using the current-period exchange rates and comparing these prior-period adjusted amounts to the prior-period reported results. Although the U.S. Dollar is our reporting currency, a substantial portion of our revenues and expenses are generated in foreign currencies. Therefore, our reported results are affected by fluctuations in the currencies in which we conduct our international businesses. We do not use derivative financial instruments to manage this translation risk. 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 on us related to each geographic region depends on the significance and operating performance of the region. The primary foreign currencies that impacted our results during 2014 included the Argentine Peso, Australian Dollar, Brazilian Real and British Pound Sterling. During 2014, the U.S. Dollar was stronger relative to several foreign currencies in regions where we conduct our business as compared to the prior-year period, which had a negative

impact on our 2014 consolidated results of operations. For 2014 and 2013, foreign currency fluctuations resulted in net decreases of approximately 1% in revenues and operating expenses, which had a negative impact on our operating margin percentage.

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. For 2014 and 2013, the net effect of acquisitions and divestitures increased revenue and operating expenses compared to the prior-year period. See Note 4 to the Consolidated Financial Statements for additional information on our acquisitions.

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RESULTS OF OPERATIONS

Consolidated Results of Operations

REVENUE

Our revenue is directly impacted by our ability to win new clients and the retention and spending levels of existing clients. Most of our expenses are recognized ratably throughout the year and are therefore less seasonal than revenue. Our revenue is typically lowest in the first quarter and highest in the fourth quarter. This reflects the seasonal spending of our clients, incentives earned at year end on various contracts and project work completed that is typically recognized during the fourth quarter. In the events marketing business, revenues can fluctuate due to the timing of completed projects, as revenue is typically recognized when the project is complete. We generally act as principal for these projects and accordingly record the gross amount billed to the client as revenue and the related costs incurred as pass-through costs in office and general expenses.

	Year ended December 31, 2013	Components of Change			Year ended December 31, 2014	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	$7,122.3	$(75.5)	$95.3	$395.0	$7,537.1	5.5%	5.8%
Domestic	3,972.6	0.0	24.8	186.6	4,184.0	4.7%	5.3%
International	3,149.7	(75.5)	70.5	208.4	3,353.1	6.6%	6.5%
United Kingdom	568.3	30.9	29.0	60.1	688.3	10.6%	21.1%
Continental Europe	800.6	(5.2)	19.7	(10.4)	804.7	(1.3)%	0.5%
Asia Pacific	868.9	(35.6)	20.1	69.1	922.5	8.0%	6.2%
Latin America	464.5	(46.0)	1.7	50.2	470.4	10.8%	1.3%
Other	447.4	(19.6)	0.0	39.4	467.2	8.8%	4.4%

During 2014, our revenue increased by $414.8, or 5.8%, compared to 2013, comprised of an organic revenue increase of $395.0, or 5.5%, and the effect of net acquisitions of $95.3, partially offset by an adverse foreign currency rate impact of $75.5. Our organic revenue increase was throughout nearly all geographic regions, attributable to net client wins and net higher spending from existing clients, most notably in the health care and auto and transportation sectors, partially offset by modest declines in the technology and telecom and consumer goods sectors. The organic increase in our domestic market was driven by growth across most disciplines, most notably at our advertising and media businesses and at our digital specialist agencies, partially offset by a decline at our events marketing business. In our international market, the organic revenue increase was primarily in the Asia Pacific region, led by Australia, China and Singapore, in the United Kingdom, in the Latin America region, led by Brazil and Argentina, and in the Other regions, primarily in the Middle East, partially offset by an organic decrease in the Continental Europe region due to a continued challenging economic climate. The international organic revenue increase was driven by growth across all disciplines.

	Year ended December 31, 2012	Components of Change			Year ended December 31, 2013	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	$6,956.2	$(80.4)	$50.3	$196.2	$7,122.3	2.8%	2.4%
Domestic	3,803.6	0.0	26.4	142.6	3,972.6	3.7%	4.4%
International	3,152.6	(80.4)	23.9	53.6	3,149.7	1.7%	(0.1)%
United Kingdom	572.0	(7.0)	(1.2)	4.5	568.3	0.8%	(0.6)%
Continental Europe	823.1	23.0	2.7	(48.2)	800.6	(5.9)%	(2.7)%

Asia Pacific	838.1	(43.6)	21.0	53.4	868.9	6.4%	3.7%
Latin America	450.1	(32.7)	1.4	45.7	464.5	10.2%	3.2%
Other	469.3	(20.1)	0.0	(1.8)	447.4	(0.4)%	(4.7)%

During 2013, our revenue increased by $166.1, or 2.4%, compared to 2012, comprised of an organic revenue increase of $196.2, or 2.8%, and the effect of net acquisitions of $50.3, partially offset by an adverse foreign currency rate impact of $80.4. We had growth in the domestic market, with our organic revenue increase primarily attributable to net client wins, most notably in the auto and transportation sector, and net higher spending from existing clients, primarily in the healthcare sector, partially offset by decreases in the technology and telecom sector. In addition, our organic revenue increase in the domestic market was mainly driven by our events marketing and public relations businesses. In our international market, the organic revenue increase was primarily in the Asia Pacific region, led by Australia and China, and in the Latin America region, primarily in Brazil. Also

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contributing to our international organic revenue increase was net higher spending from existing clients throughout nearly all client sectors, most notably in the technology and telecom and healthcare sectors. The international organic revenue increase was partially offset by a decline in the Continental Europe region, across most countries in the market, due to a continued challenging economic climate.

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

OPERATING EXPENSES

	Years ended December 31,								
	2014			2013			2012		
	$	% of Revenue		$	% of Revenue		$	% of Revenue	
Salaries and related expenses	$4,820.4	64.0	%	$4,545.5	63.8	%	$4,391.9	63.1	%
Office and general expenses	1,928.1	25.6	%	1,917.9	26.9	%	1,887.2	27.1	%
Restructuring and other reorganization-related charges (reversals), net	0.2	0.0	%	60.6	0.9	%	(1.2)	0.0	%
Total operating expenses	$6,748.7			$6,524.0			$6,277.9		
Operating income	$788.4	10.5	%	$598.3	8.4	%	$678.3	9.8	%

Salaries and Related Expenses

Salaries and related expenses consist of payroll costs, employee performance incentives, including annual bonus and long-term incentive awards, costs for temporary workers, severance and other benefits associated with client service professional staff and administrative staff. Salaries and related expenses do not vary significantly with short-term changes in revenue levels, however, salaries may fluctuate due to the timing of the hiring of personnel to support revenue growth and changes in the performance levels and types of employee incentive awards. Additionally, we may take severance actions in areas where we have or anticipate decreases in operating performance or to enhance our teams or leadership. Changes in our incentive awards mix can impact future-period expense, as annual bonus awards are expensed during the year in which they are earned, and long-term incentive awards are expensed over the performance period, generally three years. Factors impacting long-term incentive awards are the actual number of awards vesting, the change in our stock price, actual results and changes to our projected results, which could impact the achievement of certain performance targets.

		Components of Change				Change			
	Prior Year Amount	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Total Amount	Organic		Total	
2013 - 2014	$4,545.5	$(38.3)	$59.3	$253.9	$4,820.4	5.6	%	6.0	%
2012 - 2013	4,391.9	(40.3)	28.2	165.7	4,545.5	3.8	%	3.5	%

Our staff cost ratio, defined as salaries and related expenses as a percentage of total consolidated revenue, increased in 2014 to 64.0% from 63.8% in 2013. Salaries and related expenses in 2014 increased by $274.9 compared to 2013, comprised of an organic increase of $253.9 and the effect of net acquisitions of $59.3, partially offset by a favorable foreign currency rate impact of $38.3. The organic increase was primarily attributable to an increase in base salaries, benefits and temporary help of $202.1, primarily due to increases in our workforce at businesses where we had revenue growth or new business wins, primarily in the domestic market and in the United Kingdom and Asia Pacific region. Also contributing to the organic increase was higher incentive awards expense and certain agency-related bonus accruals resulting from improved financial performance, partially offset by lower severance expense.

Our staff cost ratio increased in 2013 to 63.8% from 63.1% in 2012. Salaries and related expenses in 2013 increased by $153.6 compared to 2012, comprised of an organic increase of $165.7 and the effect of net acquisitions of $28.2, partially offset by a favorable foreign currency rate impact of $40.3. The organic increase was primarily due to an increase in base salaries, benefits and temporary help of $150.1, primarily due to increases in our workforce in international markets, predominantly in the Asia Pacific and Latin America regions, as well as in our domestic market at businesses where we had revenue growth or new business wins, and to a lesser extent, modest wage increases.

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The following table details our staff cost ratio.

	Years ended December 31,		
	2014	2013	2012
Salaries and related expenses	64.0 %	63.8 %	63.1 %
Base salaries, benefits and tax	52.6 %	52.9 %	52.2 %
Incentive expense	3.5 %	3.0 %	3.0 %
Severance expense	0.9 %	1.1 %	1.3 %
Temporary help	3.8 %	3.6 %	3.6 %
All other salaries and related expenses	3.2 %	3.2 %	3.0 %

Office and General Expenses

Office and general expenses primarily include rent expense, professional fees, certain expenses incurred by our staff in servicing our clients and depreciation and amortization costs. Office and general expenses also include costs directly attributable to client engagements, including production costs, out-of-pocket costs such as travel for client service staff and other direct costs that are rebilled to our clients. Production expenses can vary significantly between periods depending upon the timing of completion of certain projects where we act as principal, which could impact trends between various periods in the future.

		Components of Change				Change	
	Prior Year Amount	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	Total Amount	Organic	Total
2013 - 2014	$1,917.9	$(19.7)	$20.1	$9.8	$1,928.1	0.5 %	0.5 %
2012 - 2013	1,887.2	(27.3)	10.2	47.8	1,917.9	2.5 %	1.6 %

Our office and general expense ratio, defined as office and general expenses as a percentage of total consolidated revenue, decreased in 2014 to 25.6% from 26.9% in 2013. Office and general expenses in 2014 increased by $10.2 compared to 2013, due to the effect of net acquisitions of $20.1 and an organic increase of $9.8, partially offset by a favorable foreign currency rate impact of $19.7. The organic increase was primarily attributable to increases in adjustments to contingent acquisition obligations as compared to the prior year and increased spending to support new business activity, partially offset by lower production expenses related to pass-through costs, which are also reflected in revenue, primarily in the domestic market.

Our office and general expense ratio decreased in 2013 to 26.9% from 27.1% in 2012. Office and general expenses in 2013 increased by $30.7 compared to 2012, due to an organic increase of $47.8 and the effect of net acquisitions of $10.2, partially offset by a favorable foreign currency rate impact of $27.3. The organic increase was primarily attributable to an increase in occupancy costs and higher production expenses in our domestic market related to pass-through costs, which are also reflected in revenue, partially offset by certain adjustments to contingent acquisition obligations.

The following table details our office and general expense ratio. All other office and general expenses primarily include production expenses, and, to a lesser extent, depreciation and amortization, bad debt expense, adjustments for contingent acquisition obligations, foreign currency gains (losses), long-lived asset impairments and other expenses.

	Years ended December 31,		
	2014	2013	2012
Office and general expenses	25.6 %	26.9 %	27.1 %
Professional fees	1.5 %	1.7 %	1.7 %
Occupancy expense (excluding depreciation and amortization)	6.7 %	7.1 %	7.0 %

Travel & entertainment, office supplies and telecommunications	3.4 %	3.6 %	3.6 %
All other office and general expenses	14.0 %	14.5 %	14.8 %

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Management’s Discussion and Analysis of Financial Condition and Results of Operations - (continued)
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Restructuring and Other Reorganization-Related Charges (Reversals), net

The components of restructuring and other reorganization-related charges (reversals), net are listed below.

	Years ended December 31,		
	2014	2013	2012
Severance and termination costs	$0.1	$55.9	$0.0
Lease termination costs	0.1	4.2	(1.1)
Other exit costs	0.0	0.5	(0.1)
Total restructuring and other reorganization-related charges (reversals), net	$0.2	$60.6	$(1.2)

2013 Restructuring Plan

In the fourth quarter of 2013, we implemented a cost savings initiative (the "2013 Plan") to better align our cost structure with our revenue, primarily in Continental Europe. In connection with this initiative, we identified and initiated restructuring actions resulting in pre-tax charges in 2013 of $61.2 related to the 2013 Plan, comprised of severance and termination costs of $55.9, lease termination costs of $4.8 and other exit costs of $0.5. In 2014, we recorded an additional $0.1 of net restructuring charges related to the 2013 Plan. All restructuring actions were substantially completed by the end of the first quarter of 2014, with remaining payments expected to be made through 2021.

A summary of the 2013 Plan restructuring liability activity is listed below.