INTERPUBLIC GROUP OF COMPANIES, INC.
Form DEF 14A
April 11, 2014
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# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Rule 14a-12

# THE INTERPUBLIC GROUP OF COMPANIES, INC.

**Name of the Registrant as Specified In Its Charter**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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**The Interpublic Group of Companies, Inc.**

**1114 Avenue of the Americas, New York, NY 10036**

April 11, 2014

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of The Interpublic Group of Companies, Inc., to be held at 9:30 A.M. Eastern Time, on Thursday, May 22, 2014. The meeting will be held in the McGraw Hill Building, 1221 Avenue of the Americas, New York, New York.

This year, we are pleased to once again use the U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials on the Internet. As a result, we are mailing to many of our shareholders a notice of the on-line availability of our proxy materials instead of a paper copy of this proxy statement and our 2013 Annual Report. The notice contains instructions on how to access those documents online. The notice also contains instructions on how each of those shareholders can request a paper copy of our proxy materials, including this proxy statement, our 2013 Annual Report and a form of proxy card or voting instruction card. This distribution method conserves natural resources and reduces the costs of printing and distributing our proxy materials.

The business to be considered is described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. In addition to these matters, we will present a report on the state of our Company.

We hope you will be able to attend.

Sincerely,

Michael I. Roth

*Chairman of the Board*

*and Chief Executive Officer*

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**The Interpublic Group of Companies, Inc.**

**1114 Avenue of the Americas**

**New York, NY 10036**

**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS**

**Date:** Thursday, May 22, 2014

**Time:** 9:30 AM

**Place:** McGraw Hill Building

1221 Avenue of the Americas

New York, New York 10020

The items of business are the:

1. Election of the nine directors listed on pages 5-9 of the enclosed Proxy Statement;
2. Ratification of the appointment of PricewaterhouseCoopers LLP as Interpublic s independent registered public accounting firm for the year 2014;
3. Approval of an advisory resolution on named executive officer compensation;
4. Approval of The Interpublic Group 2014 Performance Incentive Plan;
5. Approval of The Interpublic Group Executive Performance (162(m)) Plan; and
6. Transaction of such other business as may properly come before the meeting and any adjournment thereof.

Information about the foregoing matters to be voted upon at the Annual Meeting is contained in the Proxy Statement.

The close of business on March 27, 2014 has been designated as the record date for the determination of shareholders entitled to notice of and to vote at this meeting and any adjournment thereof.

Shareholders will need to present a valid photo identification to be admitted to the Annual Meeting. Please note that the use of photographic and recording devices is prohibited at the meeting.

**Important Notice Regarding the Availability of Proxy Materials for the**

**Shareholders Meeting to be held on May 22, 2014.**

**Interpublic s 2014 Proxy Statement and 2013 Annual Report are available electronically at**

**http://www.interpublic.com/2014/proxymaterials**

By Order of the Board of Directors,

Andrew Bonzani

*Senior Vice President, General Counsel & Secretary*

Your vote is important! Whether or not you plan to attend the meeting in person, please take a moment to vote by Internet, telephone or completing a proxy card as described in the ***How Do I Vote*** section of this document. Your prompt cooperation will save Interpublic additional solicitation costs.

You may revoke your proxy as described in the ***How Can I Revoke My Proxy or Change My Vote*** section of this document if you decide to change your vote or if you decide to attend the meeting and vote in person.

Dated: April 11, 2014

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**THE INTERPUBLIC GROUP OF COMPANIES, INC.**

PROXY STATEMENT

# INTRODUCTION

The Board of Directors of The Interpublic Group of Companies, Inc. ( Interpublic , IPG , the Company , us , we or our ) is providing thi Statement in connection with the Annual Meeting of Shareholders, which will be held in the McGraw Hill Building, 1221 Avenue of the Americas, New York, New York, at 9:30 a.m., Eastern Time, on Thursday, May 22, 2014.

Interpublic s principal executive office is located at 1114 Avenue of the Americas, New York, NY 10036. The Proxy materials are first being sent to shareholders beginning on or about April 11, 2014.

Our Proxy Statement also is available on our website at http://www.interpublic.com/2014/proxymaterials

# FREQUENTLY ASKED QUESTIONS

**Why Did I Receive a Notice in the Mail Regarding the Internet Availability of the Proxy Materials Instead of a Paper Copy of the Proxy Materials?**

Again this year, we are taking advantage of the U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our shareholders of record a notice about the Internet availability of the proxy materials in lieu of a paper copy of the proxy materials. All shareholders receiving this Notice of Availability have the ability to access the proxy materials over the Internet or request to receive a paper copy of the proxy materials by mail. In addition, the Notice of Availability has instructions on how you may request to access proxy materials by mail or electronically on an ongoing basis.

Choosing to access your future proxy materials electronically will help us conserve natural resources and reduce the costs of distributing our proxy

materials. If you choose to access future proxy materials electronically, you will receive in connection with future meetings an email of a Notice of Availability with instructions containing a link to the website where the proxy materials are available and a link to the proxy voting website. Your election to access proxy materials by e-mail will remain in effect until it is terminated by you.

**Who Can Vote?**

You are entitled to vote or direct the voting of your shares of Interpublic common stock (the Common Stock ) if you were a shareholder on March 27, 2014, the record date for the Annual Meeting. On March 27, 2014, approximately 424,962,468 shares of Common Stock were outstanding.

**Who Is the Holder of Record?**

You may own your shares of Common Stock either

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# Frequently Asked Questions *continued*

- directly registered in your name at our transfer agent, Computershare; or
- indirectly through a broker, bank or other intermediary.

If your shares are registered directly in your name, you are the Holder of Record of these shares, and we are sending these proxy materials directly to you. If you hold shares indirectly through a broker, bank or other intermediary, these materials are being sent to you by or on behalf of that entity.

**How Do I Vote?**

Your vote is important. We encourage you to vote promptly. You may vote in any one of the following ways:

**Holders of Record**

*By Telephone*. You can vote your shares by telephone, by calling 1-866-540-5760. Telephone voting is available 24 hours a day and 7 days a week. If you vote by telephone, you do not need to return a proxy card. Your vote by telephone must be received by 1 a.m. EDT, May 22, 2014.

*By Internet.* You can also vote on the internet. The website address for Internet voting is http://www. proxyvoting.com/ipg. Internet voting is available 24 hours a day and 7 days a week. If you vote by internet, you do not need to return your proxy card. Your vote by internet must be received by 1 a.m. EDT, May 22, 2014.

*By Mail.* If you choose to vote by mail, complete the proxy card, date and sign it, and return it in the postage-paid envelope provided. Your vote by mail must be received by 5 p.m. EDT, May 21, 2014.

*By Attending the Annual Meeting.* If you attend the Annual Meeting, you can vote your shares in person. You must present a valid photo identification for admission to the Annual Meeting. Please refer to the instructions listed on the proxy card.

**Shares Held by Brokers, Banks and Other Intermediaries**

If your shares of Common Stock are held through a broker, bank or other intermediary, you will receive instructions from that entity regarding the voting of your shares.

If you plan to attend the Annual Meeting and vote in person, you will need to contact your broker, bank or other intermediary in advance of the meeting to obtain a legal proxy to permit you to vote by written ballot at the Annual Meeting.

**How Many Shares Must be Present to Hold the Annual Meeting?**

A quorum is required to transact business at the Annual Meeting. We will have a quorum at the Annual Meeting if the holders of more than 50% of the outstanding shares of Common Stock entitled to vote are present at the meeting, either in person or by proxy.

**How Are Votes Counted?**

All shares that are the subject of a valid proxy will be voted at the Annual Meeting in accordance with your instructions. If you sign and return your proxy card but do not specify how you wish your shares to be voted,

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# Frequently Asked Questions *continued*

your shares will be voted in accordance with the following Board of Directors recommendations:

- **FOR** the Board s nominees for election as directors;
- **FOR** the confirmation of PricewaterhouseCoopers LLP as Interpublic s independent registered public accounting firm for 2014
- **FOR** the advisory vote to approve named executive officer compensation;
- **FOR** the adoption of The Interpublic Group 2014 Performance Incentive Plan; and
- **FOR** the adoption of The Interpublic Group Executive Performance (162(m)) Plan.

A New York Stock Exchange ( NYSE ) member broker that holds shares for the account of a customer has the authority to vote on certain limited matters without instructions from the customer. Of the matters being submitted to a vote of shareholders at the Annual Meeting, NYSE rules permit member brokers to vote without instructions only on the proposal to ratify the appointment of our independent auditor. On each of the other matters, NYSE members may not vote without customer instruction. A notation by a broker on a retuned proxy that it is not permitted to vote on particular matters due to the NYSE rules is referred to as a broker non-vote.

**What Vote Is Required to Approve Each Proposal?**

The table below reflects the vote required in accordance with our bylaws:

| **Proposal** | **Vote Required** | **Do abstentions count as shares present and entitled to vote?** | **Do broker non-votes non-votes count as shares present and entitled to vote?** |
|---|---|---|---|
| Election of Directors | Majority of shares present and entitled to vote | Yes | No |
| Confirmation of Appointment of PricewaterhouseCoopers LLP* | Majority of shares present and entitled to vote | Yes | N/A |
| Advisory Vote to Approve Named Executive Officer Compensation* | Majority of shares present and entitled to vote | Yes | No |
| Adoption of The Interpublic Group 2014 Performance Incentive Plan | Majority of shares present | Yes | No |

| | | | |
|---|---|---|---|
| | and entitled to vote | | |
| Adoption of The Interpublic Group Executive Performance (162(m)) Plan | Majority of shares present and entitled to vote | Yes | No |

* Advisory and Non-binding

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# Frequently Asked Questions *continued*

**How Can I Revoke My Proxy or Change My Vote?**

You can revoke your proxy or change your vote by:

**Holders of Record**

Sending written notice of revocation to the Secretary of Interpublic prior to the Annual Meeting;

Submitting a later dated proxy by mail or, prior to 1:00 a.m., EDT, May 22, 2014, by telephone or Internet; or

Attending the Annual Meeting and voting in person by written ballot.

**Stock Held by Brokers, Banks and Other Intermediaries**

You must contact your broker, bank or other intermediary to obtain instructions on how to revoke your proxy or change your vote.

**Who Will Count the Vote?**

The Board of Directors has appointed Computershare to act as Inspector of Election at the 2014 Annual Meeting.

**Who Is The Proxy Solicitor?**

D.F. King & Co., Inc. has been retained by Interpublic to assist with the Annual Meeting, including the distribution of proxy materials and solicitation of votes, for a fee of $18,000, plus reimbursement of expenses to be paid by Interpublic. In addition, our Directors, officers or employees may solicit proxies for us in person or by telephone, facsimile, Internet or other electronic means for which they will not receive any additional compensation. Banks, brokers and others holding stock

for the account of their customers will be reimbursed by Interpublic for out-of-pocket expenses incurred in sending proxy materials to the beneficial owners of such shares.

**How do I submit a proposal for inclusion in Interpublic s 2015 proxy materials?**

Shareholder proposals submitted for inclusion in Interpublic s proxy statement and form of proxy for the 2015 Annual Meeting of Shareholders scheduled to be held on May 21, 2015, must be received by Interpublic by December 12, 2014, in order to be considered for inclusion. Such proposals must comply with all applicable Securities and Exchange Commission ( SEC ) regulations.

**How do I submit an item of business for consideration at the 2015 Annual Meeting**

A shareholder wishing to introduce an item of business (including the nomination of any person for election as a director of Interpublic) for consideration by shareholders at the 2015 Annual Meeting, other than a shareholder proposal included in the proxy statement as described in response to the preceding question, must comply with Section 2.13(a)(2) of Interpublic s Bylaws, which requires notice to Interpublic no later than February 21, 2015, and no earlier than January 21, 2015, accompanied by the information required by Section 2.13(a)(2).

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# ITEM 1. ELECTION OF DIRECTORS

At the Annual Meeting, nine Directors are to be elected, each for a one-year term to hold office until the Annual Meeting of Shareholders to be held in 2015 and until his or her successor is duly elected or appointed or until his or her earlier death, resignation or removal.

Unless authority is withheld by the shareholder, it is the intention of persons named by Interpublic as proxies on the proxy card to vote ***for*** the nominees identified in this Proxy Statement or, in the event that any of the nominees is unable or decline to serve (an event not now anticipated), to vote ***for*** the balance of the nominees and ***for*** the replacement, if any, nominee designated by the Board of Directors. If no replace is nominated, the size of the Board of Directors will be reduced.

Unless authority is withheld by the shareholder, it is the intention of persons named by Interpublic as proxies on the proxy card to vote ***for*** the nominees identified in this Proxy Statement or, in the event that any of the nominees is unable or decline to serve (an event not now anticipated), to vote ***for*** the balance of the nominees and ***for*** the replacement, if any, nominee designated by the Board of Directors. If no replace is nominated, the size of the Board of Directors will be reduced.

Each of the nominees is currently a Director, and each has been recommended for re-election to the Board of Directors by the Corporate Governance Committee and approved and nominated for re-election by the Board of Directors.

***The Board of Directors recommends that shareholders vote FOR each of the nominees.***

**Nominees for Director**

The following information on each Director nominee is as of March 27, 2014, and has been provided or confirmed to Interpublic by the nominee.

**JOCELYN CARTER-MILLER**
**Director Since:** 2007

**Interpublic Committees:**

· Audit

· Corporate Governance

**Age:** 56
**Public Directorships:**

· The Principal Financial Group, Inc.

· Netgear, Inc.

**JOCELYN CARTER-MILLER** is President of TechEdVentures, Inc., a community and personal empowerment firm that develops and markets educational and community-based programs. Ms. Carter-Miller was Executive Vice President and Chief Marketing Officer of Office Depot, Inc. from February 2002 until March 2004. Prior to that time, Ms. Carter-Miller was Corporate Vice President and Chief Marketing Officer of Motorola, Inc. from February 1999 until February 2002. Ms. Carter-Miller is also a former board member of the Association of National Advertisers.

***Qualifications:*** Ms. Carter-Miller provides the Board with an important perspective in the marketing field, which is a critical component of Interpublic s business, based on her extensive executive and marketing experience acquired during her time at Motorola, where she served as its Chief Marketing Officer and more recently as Executive Vice President and Chief Marketing Officer of Office Depot, Inc. Her current work as President of TechEdVentures provides the Board with a meaningful voice in keeping Interpublic focused on its corporate social responsibilities.

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# Item 1. Election of Directors *continued*

**JILL M. CONSIDINE**
**Director Since:** 1997

**Age:** 69
**Public Directorships:**

· Ambac Financial Group, Inc.

**Interpublic Committees:**

· Compensation and Leadership Talent

· Corporate Governance

**JILL M. CONSIDINE** served as Chairman and Chief Executive Officer of the Depository Trust & Clearing Corporation (DTCC) and its subsidiaries (securities depository and clearing houses) from 1999 to 2008. She was President of the New York Clearing House Association, L.L.C. from 1993 to 1998. Ms. Considine served as a Managing Director, Chief Administrative Officer and as a member of the Board of Directors of American Express Bank Ltd., from 1991 to 1993. Prior to that, Ms. Considine served as the New York State Superintendent of Banks from 1985 to 1991. She completed a six-year term as a member of the board of the Federal Reserve Bank of New York in 2008 where she served as Chairman of the Audit and Operational Risk Committee. Ms Considine was appointed as one of three trustees of the AIG Credit Facility Trust by the Federal Reserve Bank of NY and the US Treasury and served from 2009 until 2011 when the trust was terminated. She also served as Non Executive Chairman of Butterfield Fulcrum Group Ltd. (a hedge fund administrator) from January 2008 until 2011 when the company was sold.

***Qualifications:*** Ms. Considine s history in the financial industry, from her time as a director at the Federal Reserve Bank of New York, her senior executive roles at DTCC and New York Clearing House Association, serving as the New York State Superintendent of Banks and to her recent time as Chairman of Butterfield Fulcrum Group Limited, all contribute to the financial expertise of the Board. Her knowledge and experience in financial, credit and liquidity matters provides a valuable perspective beneficial to the Board in its overall assessment and management of Interpublic s credit and

liquidity positions and overall assessment of industry and operational risks.

**RICHARD A. GOLDSTEIN**
**Director Since:** 2001

**Age:** 72
**Public Directorships:**

· Fortune Brands Home & Security, Inc.

· Beam, Inc.

**Interpublic Committees:**

· Compensation and Leadership Talent

· Corporate Governance

**Former Directorships:**

· International Flavors & Fragrances Inc.

**RICHARD A. GOLDSTEIN** retired as Chairman and Chief Executive Officer of International Flavors & Fragrances Inc. (IFF) in May 2006 after serving in that position for six years. Prior to his six years leading IFF, Mr. Goldstein served for 25 years in key executive positions at Unilever, including as Business Group President of Unilever North American Foods from 1996 to June 2000 and as President and Chief Executive Officer of Unilever United States, Inc. from 1989 to June 2000.

***Qualifications:*** Mr. Goldstein brings to the Board his leadership and experience as a former Chairman and Chief Executive Officer. His time as Chief Executive Officer of IFF and Unilever United States as well as his directorships at other public companies, provides him with a broad perspective on corporate governance and financial control matters.

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# Item 1. Election of Directors *continued*

**H. JOHN GREENIAUS**
**Director Since:** 2001

**Interpublic Committees:**

· Compensation and Leadership Talent

· Corporate Governance

**Age:** 69
**Former Directorships:**

· CCL Industries Inc.

· Nabisco Inc.

· Penzoil Inc.

· Primedia Inc.

· True North Communications Inc.

**H. JOHN GREENIAUS** retired as Chairman and Chief Executive Officer of Nabisco Inc. in 1997 having served in that position between 1993 and 1997. Mr. Greeniaus was named President and CEO of Nabisco in 1989 following KKR s leveraged buyout of the company and served in that position until 1993. Prior to that time, he held various marketing and general management positions with Nabisco in Canada, Europe and the U.S. Mr. Greeniaus began his career with Procter and Gamble in Canada and subsequently he worked at J. Walter Thompson and PepsiCo before joining Standard Brands, a Nabisco predecessor, in 1977.

***Qualifications:*** Mr. Greeniaus provides insight into the challenges and issues facing a global enterprise from his experience as the former Chairman and Chief Executive Officer of Nabisco as well as his time managing Nabisco s European operations. His experience at PepsiCo, where he served as Vice President of Marketing, and his time at J. Walter Thompson allow him to offer valuable perspectives on issues relevant to a marketing services company. Mr. Greeniaus prior directorships at other public companies across a variety of industries give him the expertise to provide valuable contributions on accounting and corporate governance matters.

**MARY J. STEELE GUILFOILE**
**Director Since:** 2007

**Interpublic Committees:**

· Audit (Chair)

· Executive

**Public Directorships:**

· Valley National Bancorp

· C.H. Robinson Worldwide, Inc.

**Age:** 60
**Former Directorships:**

· Viasys Healthcare, Inc. (now part of CareFusion Corporation)

**MARY J. STEELE GUILFOILE** is currently Chairman of MG Advisors, Inc., a privately owned financial services merger and acquisitions advisory and consulting firm. From 2000 to 2002, Ms. Guilfoile was Executive Vice President and Corporate Treasurer at JPMorgan Chase & Co. and also served as Chief Administrative Officer of its investment bank. Ms. Guilfoile was Partner, CFO and COO of The Beacon Group, LLC, a private equity, strategic advisory and wealth management partnership, from 1996 through 2000. Ms. Guilfoile continues as a Partner of The Beacon Group, LP, a private investment group.

***Qualifications:*** Ms. Guilfoile s knowledge and expertise as a financial industry executive and her training as a certified public accountant contributes an important perspective to the Board. Ms. Guilfoile s tenure at JP Morgan Chase, and its predecessor companies, serving as Corporate Treasurer, Chief Administrative Officer for its investment bank, and in various merger integration, executive management and strategic planning positions, as well as her current role as Chairman of MG Advisors, Inc., brings to the Board someone with valuable experience and expertise in corporate governance, accounting, risk management and auditing matters.

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# Item 1. Election of Directors *continued*

**DAWN HUDSON**
**Director Since:** 2011

**Interpublic Committees:**
· Audit

**Public Directorships:**
· Lowe s Companies, Inc.
· NVIDIA Corporation

**Age:** 56
**Former Directorships:**

· Allergan, Inc.

· P.F. Chang s China Bistro, Inc.

**DAWN HUDSON** has served as Vice Chairman of The Parthenon Group, an advisory firm focused on strategy consulting, since March 2009. Prior to that, Ms. Hudson served as President and Chief Executive Officer of Pepsi-Cola North America, or PCNA, the multi-billion dollar refreshment beverage unit of PepsiCo, Inc. in the United States and Canada from March 2005 until November 2007. From May 2002 through March 2005, Ms. Hudson served as President of PCNA. In addition, Ms. Hudson served as Chief Executive Officer of the PepsiCo Foodservice Division from March 2005 to November 2007. Prior to joining PepsiCo, Ms. Hudson was Managing Director at D Arcy Masius Benton & Bowles, a leading advertising agency based in New York. Ms. Hudson is a former Chair and board member of the Association of National Advertisers (ANA). In 2006 and 2007, she was named among Fortune Magazine s 50 Most Powerful Women in Business. In 2002, she received the honor of Advertising Woman of the Year by Advertising Women of New York. Ms. Hudson was also inducted into the American Advertising Federation s Advertising Hall of Achievement, and has been featured twice in Advertising Age s Top 50 Marketers. Ms. Hudson is the former Chairman of the Board of the Ladies Professional Golf Association.

***Qualifications:*** Ms. Hudson s extensive experience in strategy and marketing, both at PepsiCo and at major advertising agencies, and her time as Chair of the ANA brings valuable expertise to the Board on matters which are vital to the Company s business. In addition, her experience as Vice Chair of Pantheon Group, and as the former Chief Executive Officer of Pepsi-Co North America, provides the Board with valuable insight

and perspective on matters involving the Company s business strategy and planning. Ms. Hudson also provides a unique perspective of having been both on the agency and client side of the industry. Her twelve years of experience on various public company boards is a valuable resource on corporate governance matters.

**WILLIAM T. KERR**
**Director Since:** 2006

**Interpublic Committees:**

· Compensation and Leadership Talent (Chair)

· Executive

**Age:** 72
**Former Directorships:**

· Arbitron Inc.

· Maytag Corporation

· Meredith Corporation

· Principal Financial Group

· Storage Technology Corporation

**Public Directorships:**

· Whirlpool Corporation

**WILLIAM T. KERR** is the retired President and Chief Executive Officer of Arbitron Inc., a media and marketing research firm. He was Chairman and Chief Executive Officer of Meredith Corporation from 1998 to 2006. He was President and Chief Executive Officer of Meredith Corporation from 1997 to 1998. Mr. Kerr served as President and Chief Operating Officer for Meredith Corporation from 1994 through 1997 and as Executive Vice President of Meredith Corporation and President of its Magazine Group from 1991 through 1994. Prior to that time, Mr. Kerr served as Vice President of The New York Times Company and President of its magazine group, a position he held since 1984.

***Qualifications:*** Mr. Kerr s general business background and knowledge in the fields of marketing research and media make a valuable contribution to the Board. Serving as Chief Executive Officer and a member of the board of Arbitron, as well as his previous executive experience at Meredith Corporation, a diversified media company, Mr. Kerr provides to the Board the perspective and insights of an organizational leader who has managed issues similar to those faced by Interpublic.

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# Item 1. Election of Directors *continued*

**MICHAEL I. ROTH**
**Director Since:** 2002

**Interpublic Committees:**

· Executive (Chair)

**Age:** 68
**Public Directorships:**

· Pitney Bowes Inc.

· Ryman Hospitality Properties Inc.

**MICHAEL I. ROTH** became Chairman of the Board and Chief Executive Officer of Interpublic in January 2005. Prior to that time Mr. Roth served as Chairman of the Board of Interpublic from July 2004 to January 2005 and has been a director of Interpublic since 2002. Mr. Roth served as Chairman and Chief Executive Officer of The MONY Group Inc. from February 1994 to June 2004.

***Qualifications:*** Mr. Roth s leadership and perspective as Interpublic s Chief Executive Officer gives him an intimate knowledge of the Company s operations and his role as Chairman of the Board is aided by his successful tenure as Chairman and Chief Executive Officer of The MONY Group. Mr. Roth s other directorships, and his accounting, tax and legal background, as a certified public accountant and holding an L.L.M. degree from New York University Law School, also adds significant value to his overall contributions as a member of the Board and in his role as Chairman.

**DAVID M. THOMAS**
**Director Since:** 2004

**Interpublic Committees:**

· Audit

· Corporate Governance (Chair)

· Executive

**Age:** 65
**Public Directorships:**

· Fortune Brands Home & Security, Inc. (Executive Chairman)

**Former Directorships:**

· IMS Health Inc.

· The MONY Group, Inc.

**DAVID M. THOMAS** retired as executive chairman of IMS Health Inc. (IMS) in March 2006, after serving in that position since January 2005. From November 2000 until January 2005, Mr. Thomas served as Chairman and Chief Executive Officer of IMS. Prior to joining IMS, Mr. Thomas was Senior Vice President and Group Executive of IBM from January 1998 to July 2000. Mr. Thomas also serves on the Board of Trustees of Fidelity Investments.

***Qualifications:*** Mr. Thomas experience as a Chief Executive Officer and overall management experience at premier global technology companies provides a vital perspective for the Board as it addresses the rapidly changing and growing landscape in advertising and marketing. Such leadership experience is also vital in his role as Presiding Director. Mr. Thomas also provides the Board with a great deal of insight and perspective in the healthcare advertising field having served as Chairman and Chief Executive Officer of IMS.

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# ITEM 2. APPOINTMENT OF REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee is responsible for the appointment, compensation, retention and oversight of Interpublic s independent registered public accounting firm. As part of these responsibilities, the Audit Committee reviews the independence and performance of the independent accounting firm in connection with the Committee s determination of whether to engage another auditor as Interpublic s independent accounting firm, and is involved in the selection of the independent accounting firm s lead engagement partner. Included in such assessment is the Committee s review of the independent accounting firm s independence and integrity, its expertise, performance and qualifications, as well as the quality of the firm s personnel and communications.

The Audit Committee and the Board believe that it is in the best interests of Interpublic and our shareholders to retain PricewaterhouseCoopers to serve as our independent registered public accounting firm. In light of this, the Audit Committee has appointed PricewaterhouseCoopers LLP ( PricewaterhouseCoopers ) as Interpublic s independent registered public accounting firm for 2014. This firm has been Interpublic s independent accounting firm since 1952.

**Worldwide Fees (In Millions)**

| Fee Category | 2012($) | % of Total | 2013($) | % of Total |
|---|---|---|---|---|
| Audit Fees(A) | 29.88 | 83.5 | 28.22 | 80.7 |
| Audit Related Fees (B) | 2.04 | 5.7 | 2.44 | 7.0 |
| Tax Fees (C) | 3.84 | 10.7 | 4.15 | 11.8 |
| All Other Fees (D) | 0.04 | 0.1 | 0.17 | 0.5 |
| Total Fees | 35.80 | 100.0 | 34.98 | 100.0 |

A representative of PricewaterhouseCoopers is expected to be present at the Annual Meeting and will have the opportunity to make a statement and to respond to appropriate questions.

**Fees Paid to PricewaterhouseCoopers**

The following is a summary and description of the fees for services provided by PricewaterhouseCoopers in 2012 and 2013.

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# Item 2. Appointment of Registered Public Accounting Firm *continued*

***(A) Audit Fees:*** Consists of fees and out-of-pocket expenses billed for professional services rendered for the audit of Interpublic s consolidated financial statements and the audit of the effectiveness of Interpublic s internal control over financial reporting, for review of the interim consolidated financial statements included in quarterly reports and for services that are normally provided by PricewaterhouseCoopers in connection with statutory and regulatory filings or engagements and attest services, except those not required by statute or regulation.

***(B) Audit Related Fees:*** Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Interpublic s consolidated financial statements and are not reported under Audit Fees. These services include employee benefit plan audits, compliance audits and reviews, attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

***(C) Tax Fees:*** Consists of tax compliance/preparation and other tax services. Tax compliance/preparation includes fees billed for professional services related to federal, state and international tax compliance, assistance with tax audits and appeals, assistance with custom and duties audits, expatriate tax services and assistance related to the impact of mergers, acquisitions and divestitures on tax return preparation. Other tax services include miscellaneous tax consulting and planning.

***(D) All Other Fees:*** Consists of the performance of studies related to information technology and human resources and financial diligence for potential acquisitions.

**Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors**

The Audit Committee has established policies and procedures regarding pre-approval of all audit and permissible non-audit services provided by the

independent accounting firm and is responsible for the audit fee negotiations associated with the engagement of the independent accounting firm. The permissible non-audit services include the services described above for which we paid Audit Related Fees, Tax Fees and All Other Fees. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may pre-approve particular services on a case-by-case basis. The Audit Committee has delegated pre-approval authority to the Committee s Chairperson for projects less than $200,000, who must then report any such decision to the Audit Committee at the next scheduled meeting.

***The Board of Directors recommends a vote FOR the confirmation of the appointment of PricewaterhouseCoopers as Interpublic s independent registered public accounting firm for 2014.***

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# AUDIT COMMITTEE REPORT

The Audit Committee operates under a written charter adopted by the Board. The Board has determined that each member of the Committee is independent and financially literate under the listing standards of the NYSE and satisfies the financial expertise requirements of the NYSE. The Board has also determined that each member of the Audit Committee has the requisite experience to be designated an audit committee financial expert as that term is defined by rules of the SEC.

In accordance with its written charter, the primary function of the Audit Committee is to assist the Board of Directors in its oversight of Interpublic s financial reporting process.

Management is responsible for Interpublic s consolidated financial statements and overall reporting process, including the system of internal controls. PricewaterhouseCoopers, Interpublic s independent registered public accounting firm, is responsible for conducting annual audits and quarterly reviews of Interpublic s consolidated financial statements and expressing opinions as to the conformity of the annual consolidated financial statements with generally accepted accounting principles and the effectiveness of Interpublic s internal control over financial reporting.

In performing its oversight function for the year ended December 31, 2013, the Audit Committee:

- Reviewed and discussed the audited consolidated financial statements with management;
- Reviewed and discussed with PricewaterhouseCoopers the scope, staffing and general extent of the audit;
- Reviewed with management and PricewaterhouseCoopers the selection, application and disclosure of Interpublic s critical accounting policies used in the preparation of Interpublic s annual audited financial statements;
- Evaluated PricewaterhouseCoopers s performance, qualifications and quality control procedures;
- Pre-approved all services, both audit (including all audit engagement fees and terms) and permitted, non-audit services performed by PricewaterhouseCoopers;
- Established clear policies with management for the hiring of current or former employees of PricewaterhouseCoopers;
- Oversaw compliance with Interpublic s Code of Conduct and procedures for the confidential and anonymous submission by employees of Interpublic and others of complaints about accounting, internal controls or auditing matters;
- Reviewed with management, Interpublic s internal auditors and PricewaterhouseCoopers, Interpublic s significant internal accounting and financial reporting controls and any deficiencies, significant deficiencies or material weaknesses relating to such internal accounting and financial reporting controls;
- Reviewed and discussed with management, Interpublic s internal auditors and PricewaterhouseCoopers, any disclosures made to the Committee by Interpublic s Chief Executive Officer and Chief Financial Officer in connection with the certifications required by SEC rules to be made by each such officer in Interpublic s Annual Report on Form 10 K and Quarterly Reports on Form 10 Q;

- Discussed with PricewaterhouseCoopers the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board; and

- Received the written disclosures and the letter from PricewaterhouseCoopers required by Rule 3526, Communication with Audit Committees.

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# Audit Committee Report *continued*

Concerning Independence, of the Public Company Accounting Oversight Board (PCAOB), discussed with PricewaterhouseCoopers matters relating to that firm s independence and considered whether performance by PricewaterhouseCoopers of non-audit services for Interpublic is compatible with maintaining PricewaterhouseCoopers s independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Interpublic s Annual Report on Form 10 K for the year ended December 31, 2013.

THE AUDIT COMMITTEE
Mary J. Steele Guilfoile, Chairman

Jocelyn Carter-Miller

Dawn Hudson

David M. Thomas

February 19, 2014

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# CORPORATE GOVERNANCE PRACTICES

## CORPORATE GOVERNANCE GUIDELINES

Interpublic has a strong commitment to maintaining sound corporate governance practices. Interpublic s Corporate Governance Guidelines are available free of charge on Interpublic s website at http://www.interpublic.com or by writing to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036, Attention: Secretary.

### Director Independence

In accordance with NYSE listing standards (the NYSE Listing Standards ), the Board annually evaluates the independence of each member of the Board of Directors under the independence standards set forth in Interpublic s Corporate Governance Guidelines, and under the NYSE Listing Standards.

Interpublic has nine directors, one of whom, Michael I. Roth, is an employee of Interpublic (referred to in this Proxy Statement as the Management Director ) and eight of whom are not employees of Interpublic or its subsidiaries (referred to in this Proxy Statement as Non-Management Directors ). Of the eight Non-Management Directors, the Corporate Governance Committee determined at its meeting held on February 20, 2014, that each is an independent director under Interpublic s Corporate Governance Guidelines and the NYSE Listing Standards.

### Meeting of Independent Directors

The NYSE Listing Standards require that if the group of Non-Management Directors includes one or more directors who are not independent, then at least once annually, the Non-Management Directors should hold an executive session attended by only independent directors. Although not required under the NYSE Listing Standards for 2014, the Board nevertheless held an executive session of its independent directors on February 20, 2014. Mr. Thomas served as the Chairperson of the executive session.

### Director Selection Process

The Corporate Governance Committee is charged with the responsibilities described below under the heading Principal Committees of the Board of Directors Corporate Governance Committee.

One of the Committee s responsibilities is to identify and recommend to the Board candidates for election as directors. The Committee considers candidates suggested by its members, other directors, senior management and shareholders as necessary in anticipation of upcoming director elections or due to Board vacancies. The Committee is given broad authorization to retain, at the expense of Interpublic, external legal, accounting or other advisers including search firms to identify candidates and to perform background reviews of potential candidates. The Committee is expected to provide guidance to search firms it retains about the particular qualifications the Board is then seeking.

All director candidates, including those recommended by shareholders, are evaluated on the same basis. Candidates are considered in light of the entirety of their credentials, including:

- their business and professional achievements, knowledge, experience and background, particularly in light of the principal current and prospective businesses of Interpublic and the general strategic challenges facing Interpublic and its industry as a whole;
- their integrity and independence of judgment;
- their ability and willingness to devote sufficient time to Board duties;

- their qualifications for membership on one or more of the committees of the Board;

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# Corporate Governance Practices *continued*

- their potential contribution to the diversity and culture of the Board;
- their educational background;
- their independence from management under NYSE Listing Standards and Interpublic s Corporate Governance Guidelines;
- the needs of the Board and Interpublic; and
- the Board s policies regarding the number of boards on which a director may sit, director tenure, retirement and succession as set out in Interpublic s Corporate Governance Guidelines.

In determining the needs of the Board and Interpublic, the Committee considers the qualifications of sitting directors and consults with other members of the Board (including as part of the Board s annual self-evaluation), the CEO and other members of senior management and, where appropriate, external advisers. All directors are expected to exemplify the highest standards of personal and professional integrity and to assume the responsibility of challenging management through their active and constructive participation and questioning in meetings of the Board and its various committees, as well as in less formal contacts with management.

Director candidates, other than sitting directors, are interviewed by members of the Committee and by other directors, the CEO and other key management personnel, and the results of those interviews are considered by the Committee in its deliberations. The Committee also reviews sitting directors who are considered potential candidates for re-election, in light of the above considerations and their past contributions to the Board.

Shareholders wishing to recommend a director candidate to the Committee for its consideration should write to the Committee, in care of its Chairperson, at The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036.

Any recommendations will be considered for the next annual election of directors in 2014. A recommendation should include the proposed candidate s name, biographical data and a description of his or her qualifications in light of the criteria listed above.

**Succession Planning**

Interpublic s Board of Directors is actively engaged and involved in talent management. Annually, the Board reviews and analyzes the alignment of Interpublic s strategy on personnel and succession with its overall business strategy. This includes a detailed discussion of Interpublic s global leadership bench, strength and succession plans with a focus on key positions at the senior officer level. In addition, the committees of the Board regularly discuss the talent pipeline for specific critical roles at Interpublic and each of its global agencies. The Board seeks opportunities to provide potential leaders with exposure and visibility to Board members through formal presentations and by holding a number of Board and committee meetings throughout the year at key operating units. In addition, the Board is regularly updated on key talent indicators for the overall workforce, including climate, diversity, recruiting and development programs.

## COMMUNICATIONS WITH THE BOARD OF DIRECTORS AND NON-MANAGEMENT DIRECTORS

Interested parties may contact Interpublic s Board of Directors, or the Non-Management Directors as a group, at the following address:

Board of Directors or Non-Management Directors, as applicable:

The Interpublic Group of Companies, Inc.

1114 Avenue of the Americas

New York, NY 10036

Communications may also be sent to individual directors at the above address. Communications to the Board, the Non-Management Directors or to any individual director that relate to Interpublic s

# Corporate Governance Practices *continued*

accounting, internal accounting controls or auditing matters will also be referred to the chairperson of the Audit Committee. Other communications will be referred to the Presiding Director (whose responsibilities are described below) or the appropriate committee chairperson.

## CODE OF CONDUCT

Interpublic has adopted a set of ethical standards known as the Code of Conduct, which applies to all employees of Interpublic and its subsidiaries and affiliates. Interpublic s Corporate Governance Guidelines provide that members of the Board of Directors and officers (which includes Interpublic s Chief Executive Officer, Chief Financial Officer, Controller and Chief Accounting Officer and other persons performing similar functions) must comply with the Code of Conduct. In addition, the Corporate Governance Guidelines state that the Board will not waive any provision of the Code of Conduct for any Director or executive officer. The Code of Conduct, including future amendments, is available free of charge on Interpublic s website at http://www.interpublic.com or by writing to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036, Attention: Secretary.

## MEETINGS AND COMMITTEES OF THE BOARD

### Board Structure and Committees

The standing committees of the Board consist of the Executive Committee, the Compensation and Leadership Talent Committee, the Corporate Governance Committee and the Audit Committee. The activities of the Compensation and Leadership Talent Committee, the Corporate Governance Committee and the Audit Committee are each governed by a charter that is available free of charge on Interpublic s website at http://www.interpublic.com or by writing to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036, Attention: Secretary. A description of the responsibilities of each standing

Committee of the Board is provided below under the heading Principal Committees of the Board of Directors.

### Attendance at Board of Directors and Committee Meetings

The Corporate Governance Guidelines provide that each director is expected to prepare for, attend and participate in, at least 75% of all regularly scheduled and special meetings of the Board, absent special circumstances. The Board of Directors held 6 meetings in 2013 and committees of the Board held a total of 22 meetings. During 2013, each director attended 75% or more of the total number of meetings of the Board of Directors and committees on which he or she served.

### Attendance at Annual Meeting of Shareholders

Interpublic does not have a specific policy for attendance by directors at the Annual Meeting of Shareholders. However, each current director, each of whom was a director at the time of the 2013 Annual Meeting, attended the meeting.

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# Corporate Governance Practices *continued*

**Committees of The Board of Directors**

The table below provides membership information for each of the Board Committees as of December 31, 2013.

| Name | Audit | Compensation and Leadership Talent | Corporate Governance | Executive |
|---|---|---|---|---|
| Jocelyn Carter-Miller | x | | x | |
| Jill M. Considine | | x | x | |
| Richard A. Goldstein | | x | x | |
| H. John Greeniaus | | x | x | |
| Mary J. Steele Guilfoile | CHAIR | | | x |
| Dawn Hudson | x | | | |
| William T. Kerr | | CHAIR | | x |
| Michael I. Roth | | | | CHAIR |
| David Thomas* | x | | CHAIR | x |
| Number of Meetings in 2013 | 10 | 7 | 5 | 0 |

(*) Presiding Director

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# Corporate Governance Practices *continued*

***Executive Committee***

The Executive Committee is authorized, when the Board of Directors is not in session, to exercise all powers of the Board of Directors which, under Delaware law and the by-laws of Interpublic, may properly be delegated to a committee, except certain powers that have been delegated to other committees of the Board of Directors or reserved for the Board of Directors itself. Due to the frequency of meetings of the Board and other committees of the Board, the Executive Committee did not hold any meetings in 2013.

***Corporate Governance Committee***

The Corporate Governance Committee is responsible for recommending to the Board of Directors the persons to be nominated for election to the Board of Directors and the membership and chairman of each Board committee. The other responsibilities of the Corporate Governance Committee include the establishment of criteria for membership on the Board and its committees, the review and recommendation to the Board as to the independence of Non-Management Directors under the requirements set forth in Interpublic s Corporate Governance Guidelines and the NYSE Listing Standards, the evaluation on an annual basis of the collective performance of the Board and the Board s committees, the recommendation to the Board of compensation and benefits for Non-Management Directors, the establishment and recommendation to the Board the process and procedures of the emergency CEO succession plan, the review and general oversight of the Company s corporate social responsibility programs and practices, and the periodic assessment and recommendation to the Board of the best practices in corporate governance matters generally. The Corporate Governance Committee is authorized to hire experts or other independent advisers or legal counsel, at Interpublic s expense, to assist the Committee in the discharge of its duties. Each member of the Corporate Governance Committee is a Non-Management Director and is independent in accordance with the standards set forth in Interpublic s Corporate Governance Guidelines and the NYSE Listing Standards.

***Audit Committee***

The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to (i) the annual financial information to be provided to shareholders and the SEC; (ii) the system of internal controls that management has established; and (iii) the internal and external audit processes. The Committee is also responsible for the selection, compensation, retention and oversight of Interpublic s independent accounting firm and the review of its compensation. Specific activities of the Audit Committee are described in the Audit Committee Report on page 12. Other responsibilities of the Audit Committee are described below under the heading Risk Management. The Audit Committee is authorized to hire experts or other independent advisers or legal counsel, at Interpublic s expense, to assist the Audit Committee in the discharge of its duties. Each member of the Audit Committee is a Non-Management Director and is independent in accordance with the standards set forth in Interpublic s Corporate Governance Guidelines and the NYSE Listing Standards. The Board has determined that each member of the Audit Committee qualifies as an audit committee financial expert within the meaning of applicable SEC rules.

***Compensation and Leadership Talent Committee***

The Compensation and Leadership Talent Committee (the Compensation Committee ) is responsible for the adoption and periodic review of an executive remuneration strategy for Interpublic and its subsidiaries, with a view to ensuring that compensation for key senior executives is designed to incentivize and reward long-term growth, profitability and return to shareholders.

In the execution of such duties, the Compensation Committee is responsible for approving the compensation paid to senior executives of Interpublic and its subsidiaries. For these purposes, compensation includes but is not limited to: (i) salary, (ii) deferred compensation, (iii) bonuses and other extra compensation of all types, including annual and long-term performance incentive awards under Interpublic s 2009 Performance Incentive Plan (the

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# Corporate Governance Practices *continued*

2009 PIP ), (iv) awards under the Amended and Restated Interpublic Restricted Cash Plan, (v) insurance premiums paid for by Interpublic or any of its subsidiaries other than group plans, (vi) annuities and individual retirement arrangements, (vii) benefits under the Executive Special Benefit Agreements, (viii) benefits under Interpublic s Senior Executive Retirement Income Plan, and (ix) benefits under Interpublic s Capital Accumulation Plan. The Compensation Committee also administers the 2009 PIP (and its predecessors) and the Employee Stock Purchase Plan (2006).

The Compensation Committee is responsible for approving the adoption of new plans and changes made to existing plans and makes recommendations to the Board with respect to incentive compensation and equity based programs. The Compensation Committee also reviews initiatives of Interpublic and its subsidiaries to retain and develop key employees on an ongoing basis and coordinates, manages and reports to the Board on the annual performance evaluation of key executives of Interpublic. The Compensation Committee is authorized to hire experts or other independent advisers or legal counsel, at Interpublic s expense, to assist the Compensation Committee in the discharge of its duties.

The Compensation Committee s primary processes for establishing and overseeing executive compensation are described in the Compensation Discussion and Analysis under the heading Setting Compensation for the Named Executive Officers. Each member of the Compensation Committee is a Non-Management Director and is independent in accordance with the standards set forth in Interpublic s Corporate Governance Guidelines and the NYSE Listing Standards.

**Board Leadership Structure**

The Board continually examines its policies to ensure that Interpublic s corporate governance and Board structure are designed to maximize the Company s effectiveness. Currently, the Board believes that Interpublic s Chief Executive Officer is best situated to serve as Chairman because he is the director most

familiar with the operations of the Company, and most capable of determining the strategic and operational priorities of Interpublic and leading discussions with the Board. To ensure a proper level of independent board oversight, the Board has also designated a Presiding Director, who has the duties described below. The Board believes that the corporate governance measures it has in place ensure that strong, independent directors effectively oversee our management and provide vigorous oversight of our key issues relating to strategy, risk and integrity.

Interpublic s Board structure allows for independent directors to bring experience, oversight and expertise from outside Interpublic and other industries, while the Chief Executive Officer brings a company-specific knowledge base and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer promotes more effective strategy development and execution and enhances the information flow between management and the Board, which are essential to effective governance. The Board believes the combined role of Chairman and Chief Executive Officer, together with a Presiding Director, provides the most efficient and effective leadership structure for Interpublic, and accordingly is in the best interests of Interpublic and our shareholders.

**Presiding Director**

The Presiding Director of the Board helps to coordinate communications between the Board and management of Interpublic. Specifically, the Presiding Director, convenes and chairs meetings and executive sessions of the Non-Management Directors, coordinates feedback to the Chairman and Chief Executive Officer on behalf of the Non-Management Directors on business issues and management, and coordinates and develops with the Chairman of the Board and Chief Executive Officer the agendas and presentations for meetings of the Board. Mr. Thomas currently serves as the Presiding Director.

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# Corporate Governance Practices *continued*

**Risk Management**

The Board and its committees have an active role in the oversight and management of Interpublic s risks. Elements of the Board s risk management practices include:

- an annual review and assessment by the Board of the primary operational and regulatory risks facing Interpublic, their relative magnitude and management s plan for mitigating these risks;
- specific oversight by the Audit Committee of Interpublic s financial risk exposure, including Interpublic s credit and liquidity position. Such oversight includes discussions with management and internal auditors on the magnitude and steps taken to address and mitigate any such risks;
- Audit Committee oversight of Interpublic s compliance with its Code of Conduct, including establishing procedures for the receipt of anonymous complaints or concerns from employees on accounting, internal accounting controls and auditing matters;
- Audit Committee administration of Interpublic s Related Person Transaction Policy;
- Corporate Governance Committee management and oversight of potential risks associated with potential issues of independence of any Directors and potential conflicts of interest;
- Compensation Committee evaluation and management of risks relating to Interpublic s compensation plans and arrangements, as well as Interpublic s overall compensation philosophy and practices;
- the establishment of standard policies specifically designed to mitigate potential risks, including requiring Board approval for all acquisitions above a modest dollar amount.

Each committee also regularly informs the Board of any potential issues or concerns raised when performing its risk management duties.

## REVIEW AND APPROVAL OF TRANSACTIONS WITH RELATED PERSONS

Interpublic s Code of Conduct requires directors and employees to avoid activities that could conflict with the interests of Interpublic, except for transactions that are disclosed and approved in advance. Interpublic has adopted a Related Person Transaction Policy under which approval is required for any transaction, agreement or relationship between Interpublic or any of its consolidated subsidiaries and a Related Person (a Related Person Transaction ).

Under the Related Person Transaction Policy, a Related Person is defined as any (i) director, nominee for election as a director, an executive officer or any of their immediate family members (as defined by the Related Person Transaction Policy); (ii) any entity, including not-for-profit and charitable organizations, controlled by or in which any of the foregoing persons have a substantial beneficial ownership interest; or (iii) any person who is known to be, at the time of the transaction, the beneficial owner of more than 5% of the voting securities of Interpublic or an immediate family member of such person.

Under the policy, Related Person Transactions do not include any employee benefit plan, program, agreement or arrangement that has been approved by the Compensation Committee or recommended by the Compensation Committee for approval by the Board.

To facilitate compliance with the policy, the Code of Conduct requires that employees, including directors and executive officers, report circumstances that may create or appear to create a conflict between the personal interests of the individual and the interests of Interpublic, regardless of the amount involved, to Interpublic s Chief Risk Officer using Interpublic s Compliance Report Form. Each director and executive

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# Corporate Governance Practices *continued*

officer annually confirms to the Company certain information about Related Person Transactions as part of the preparation of Interpublic s Annual Report on Form 10-K and its annual proxy statement. Director nominees and persons promoted to executive officer positions must also confirm such information at the time of their nomination or promotion. Management also reviews its records and makes additional inquiries of management personnel and, as appropriate, third parties and other sources of information for the purpose of identifying Related Person Transactions, including Related Person Transactions involving beneficial owners of more than 5% of Interpublic s voting securities.

The Audit Committee reviews transactions subject to the Related Person Transaction Policy and determines whether or not to approve or disapprove those transactions, by examining whether or not the transactions are fair, reasonable and within Interpublic policy. The Audit Committee makes its determination by taking into account all relevant factors and any controls that may be implemented to protect the interests of Interpublic and its shareholders. Among the factors that the Audit Committee takes into account in determining whether a transaction is fair and reasonable, as applicable, are the following:

· the benefits of the transaction to Interpublic;

· the terms of the transaction and whether they are arm s-length and in the ordinary course of Interpublic s business;

· the direct or indirect nature of the Related Person s interest in the transaction;

· the size and expected term of the transaction; and

· other facts and circumstances that bear on the materiality of the Related Person Transaction under applicable law and listing standards.

No director may participate in any consideration or approval of a Related Person Transaction with respect

to which he or she or any of his or her immediate family members is the Related Person. Related Person Transactions entered into, but not approved or ratified as required by the Related Person Transaction Policy, are subject to termination by Interpublic. If the transaction has been completed, the Audit Committee will consider if rescission of the transaction is appropriate and whether disciplinary action is warranted.

**Related Person Transactions**

Since January 1, 2013, there have been no transactions involving a Related Person identified in the responses to the annual questionnaire sent to each director and executive officer of Interpublic or that otherwise are known to the Audit Committee or Interpublic.

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# Corporate Governance Practices *continued*

## DIRECTOR SHARE OWNERSHIP GUIDELINES

The Compensation Committee has adopted Common Stock ownership guidelines for Non-Management Directors. These guidelines set the minimum ownership expectations for Non-Management Directors at a value of $300,000, which represents three times the Directors current annual cash retainer of $100,000. Non-Management Directors elected after 2009 have five years from their initial election to meet this guideline. Outstanding shares of restricted stock are included in a Director s share ownership, but Common Stock underlying unexercised stock options is not included. The Company believes that the equity component of director compensation serves to further align the Non-Management Directors with the interests of our shareholders. For information about share ownership of our Non-Management Directors, see Non-Management Director Compensation on page 23 and Share Ownership of Management on page 110. For a discussion of the share ownership guidelines applicable to Interpublic s executives, see Compensation Discussion and Analysis Share Ownership Guidelines. As of December 31, 2013, all Non-Management Directors had met or exceeded these guidelines.

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# NON-MANAGEMENT DIRECTOR COMPENSATION

**Annual Board/Committee Retainer Fees**

During 2013, each Non-Management Director received as cash compensation for services rendered an annual retainer of $100,000. No additional compensation was paid for attendance at Board or committee meetings.

For 2013, the Chairpersons of the Compensation Committee and the Audit Committee each received an additional annual retainer of $20,000 and the Chairperson of the Corporate Governance Committee received an additional annual retainer of $15,000 per year. Effective April 1, 2013, Mr. Kerr was appointed as chair of the Compensation Committee, replacing Ms. Considine and Mr. Thomas was appointed as chair of the Corporate Governance Committee, replacing Mr. Goldstein and the chairperson fees for each respective committee were split between such chairpersons.

**Presiding Director Retainer Fees**

For 2013, the Presiding Director of the Board received a retainer of $25,000. Mr. Goldstein who served as Presiding Director through March 31, 2013, received $6,250 and Mr. Thomas, who was appointed Presiding Director effective April 1, 2013, received $18,750. This retainer was in addition to any retainers for service each received as a Non-Management Director and during their respective time in 2013 serving as the Chairperson of the Corporate Governance Committee.

**Non-Management Directors Plan**

Each Non-Management Director in 2013 also received, as consideration for services rendered as a member of the Board, an award of restricted shares of Common Stock having a market value of $150,000 on the date of grant (the Restricted Shares ) under the 2009 Interpublic Non-Management Directors Stock Incentive Plan, which was approved by the shareholders in 2009 (the 2009 Directors Plan ).

Under the terms of the 2009 Director Plan, a recipient of restricted shares has all rights of ownership with respect to the shares, including the right to vote and

to receive dividends, except that, during a restricted period ending on the first anniversary of that date of the grant, (i) the recipient is prohibited from selling or otherwise transferring the shares and (ii) the shares are subject to forfeiture if the recipient s service as a director terminates for any reason.

On May 30, 2013, in accordance with the 2009 Directors Plan, Mss. Carter-Miller, Considine, Guilfoile and Hudson and Messrs. Goldstein, Greeniaus, Kerr and Thomas each received a grant of 10,460 Restricted Shares.

**Deferred Compensation**

Mr. Goldstein and Ms. Considine each have an agreement with Interpublic under which they deferred all director fees for service before 2007. In 2013, the amounts deferred earned interest credits at an annual rate of 0.16%. The amounts deferred and accrued interest will be paid in a lump-sum within 30 days after the director s separation from the Board. This rate did not constitute above-market or preferential earnings on deferred compensation as defined by SEC rules.

**Charitable Matching Program**

Under a charitable matching program (the Charitable Matching Program ), which was approved by the Board of Directors and has been in effect for a number of years, Interpublic matches up to $20,000 in charitable contributions made to eligible charities and academic institutions by members of the Board of Directors and certain senior management employees of Interpublic and its subsidiaries.

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# Non-management Director Compensation *continued*

**Director Summary Compensation Table**

The following table shows the compensation paid to Non-Management Directors for 2013. [1]

| Name (1) | Fees Earned or Paid in Cash (2) ($) | Stock Awards (3) ($) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | Change in Pension Value & Nonqualified Deferred Compensation Earnings ($) | All Other Compensations (4) ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Jocelyn Carter-Miller | 100,000 | 150,000 | 0 | 0 | 0 | 7,500 | 257,500 |
| Jill M. Considine | 110,000 | 150,000 | 0 | 0 | 0 | 20,000 | 280,000 |
| Richard A. Goldstein | 113,750 | 150,000 | 0 | 0 | 0 | 20,000 | 283,750 |
| H. John Greeniaus | 100,000 | 150,000 | 0 | 0 | 0 | 20,000 | 270,000 |
| Mary J. Steele Guilfoile | 120,000 | 150,000 | 0 | 0 | 0 | 20,000 | 290,000 |
| Dawn Hudson | 100,000 | 150,000 | 0 | 0 | 0 | 1,100 | 251,100 |
| William T. Kerr | 110,000 | 150,000 | 0 | 0 | 0 | 14,500 | 274,500 |
| David M. Thomas | 126,250 | 150,000 | 0 | 0 | 0 | 20,000 | 296,250 |

(1) Michael Roth, Interpublic s Chairman of the Board and Chief Executive Officer, is not included in this table because he is an employee of Interpublic and receives no compensation for his services as Director. Mr. Roth s compensation as an employee of Interpublic is shown in the Summary Compensation Table on page 58, and the sections that follow the Summary Compensation Table.

(2) Consists of annual retainer fees, Committee chairmanship retainer fees and, for Messrs. Goldstein and Thomas, their respective portion of the retainer fee for their respective service as the Presiding Director during 2013.

(3) Consists of the grant date fair value of the restricted stock awards granted on May 31, 2013, computed in accordance with Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 718. The assumptions used in the calculation of these amounts are set forth in Note 10 to Interpublic s audited financial statements included in Interpublic s Form 10-K for the year ended December 31, 2013 (the 2013 Form 10-K ).

(4) Consists entirely of matching charitable contributions made by Interpublic under Interpublic s Charitable Matching Program.

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# ITEM 3. ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

In accordance with a requirement under the federal securities laws, enacted as part of the recent Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ) and SEC rules thereunder, we are submitting to an advisory vote of shareholders the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the narrative discussion set forth on pages 26 to 91 of this Proxy Statement. In addition to complying with the requirements of the Dodd-Frank Act, the Board recognizes that providing shareholders with an advisory vote on named executive officer compensation may produce useful information on investor sentiment with regard to the Company s executive compensation programs.

At our annual meeting of shareholders held in May 2013, a substantial majority of the Company s shareholders voted on an advisory basis to approve the compensation of the Company s named executive officers. The Compensation Committee believes this reflects shareholders support of the Company s approach to executive compensation.

As described in the Compensation Discussion and Analysis section of this Proxy Statement, our compensation principles and underlying programs, as developed and administered by the Compensation Committee, are designed to provide a competitive level of compensation necessary to attract, motivate and retain talented and experienced executives who are crucial to our long-term success. The compensation paid to our named executive officers reflects our commitment to pay for performance and includes long-term cash and equity awards that are designed to encourage management to achieve results to the mutual benefit of shareholders and management. Moreover, a significant portion of our named executive officers annual cash compensation is paid in the form of annual performance-based incentives, which are contingent on the Company s achievement of predefined performance measures.

We encourage you to carefully review the Compensation Discussion and Analysis beginning on page 26 of this Proxy Statement for additional details on Interpublic s executive compensation, including Interpublic s compensation philosophy and objectives, as well as the processes our Compensation Committee

used to determine the structure and amounts of the compensation received by our named executive officers in fiscal 2013. The Compensation Committee and the Board believe that these policies and procedures are effective in implementing our compensation philosophy and in achieving its goals.

We are asking you to indicate your support for the compensation of our named executive officers as described in this Proxy Statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we are asking you to vote, on an advisory basis, For the following resolution at the Annual Meeting:

RESOLVED, that the compensation paid to the named executive officers of The Interpublic Group of Companies, Inc., as described in the Compensation Discussion and Analysis, compensation tables and narrative discussion set forth on pages 26 to 91 of this Proxy Statement, is hereby approved.

While the results of this advisory vote are not binding, the Compensation Committee will consider the outcome of the vote in deciding whether to take any action as a result of the vote and when making future v for named executive officers.

***The Board of Directors recommends that you vote FOR the resolution approving the compensation of our named executive officers as disclosed in this Proxy Statement.***

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# COMPENSATION DISCUSSION AND ANALYSIS

This section of our Proxy Statement provides an overview of our compensation philosophy and our executive compensation programs, which are designed to reward our senior leaders for effectively building long-term shareholder value. This section of the Proxy Statement also details how we pay our Named Executive Officers, as well as the factors weighed by the Compensation and Leadership Talent Committee of our Board of Directors (the Committee ) in arriving at specific compensation policies and decisions involving executive pay in 2013.

Our 2013 Named Executive Officers:

| | |
|---|---|
| **Michael I. Roth** | Chairman and Chief Executive Officer |
| **Frank Mergenthaler** | EVP, Chief Financial Officer |
| **Philippe Krakowsky** | EVP, Chief Strategy and Talent Officer |
| **Christopher Carroll** | SVP, Controller and Chief Accounting Officer |
| **Andrew Bonzani** | SVP, General Counsel & Secretary |

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# Compensation Discussion and Analysis *continued*

## EXECUTIVE SUMMARY

### Executive Compensation Highlights for 2013

Our executive compensation programs are aligned with best practices in corporate governance:

***We align pay with performance***. Our incentive plans are closely tied to performance making the ultimate payout from these incentives higher when performance is strong and, conversely, lower or zero when performance is weak. This correlation between our performance and pay aligns Executive Officers with the interests of our shareholders. The incentives provided to our Named Executive Officers (NEOs) are 100% performance-based and are earned based on achieving corporate financial goals, with the exception that our Chairman & CEO receives a portion (1/3) of his long-term incentives in stock options which are tied directly to our stock price performance. In 2013, our NEOs, on average, received approximately 77% of total target compensation in variable pay (annual and long-term incentives).

***Our programs require executive share ownership.*** We adopted share ownership guidelines in 2007; in 2012, we increased our Chairman & CEO s required share ownership guideline from 5x to 6x base salary. All NEOs are in compliance with or are in progress of achieving their established ownership guideline. Beginning in 2013, those executives who have not met their established guideline level in the time allotted were required to hold all net after-tax shares delivered from equity vestings until requirements are met.

***Our incentive plan includes appropriate safeguards***. We prohibit our NEOs and other senior executives from engaging in any transaction involving derivatives designed to hedge against the risk associated with ownership of IPG shares. Our Performance Incentive Plan prohibits the repricing of stock options without shareholder approval and does not allow for the granting of reload stock options which provide for the grant of additional stock options upon the exercise of previously granted stock options. In addition, we adopted a clawback policy under which compensation can be

recovered in the event of a significant restatement of our financial results due to fraud or misconduct.

***We appropriately limit guaranteed compensation***. As indicated above, the majority of our compensation is performance based. As shown on page 64 in footnote 6 of the Summary Compensation Table, we do not provide company-paid perquisites to our most senior executives. We also do not provide for any cash severance payments that exceed 2.99 times the sum of base salary and target bonus. Dividends cannot be earned on unvested performance shares.

***We do not provide for any excise tax gross-up payments.*** Section 4999 of the Internal Revenue Code imposes excise taxes if payments made to executives due to a change of control exceed certain limits. If IPG were to experience a change of control, payments to our executives may be reduced to avoid adverse tax consequences to the executive, but under no circumstances would IPG provide additional payments to cover these excise taxes.

These practices were validated at our annual meeting of shareholders in May 2013 when a substantial number of votes (98%) were cast in favor of our executive compensation. Given that an overwhelming majority of shareholders supported our pay practices in 2012, we did not make any significant structural changes to our compensation programs in 2013.

### 2013 Business Highlights

Significant progress was made by our company in 2013 on a number of important fronts.

- Continued focus on clients led to a very good year in terms of account retention. We further enhanced senior talent across our organization and honed our offerings, with particular emphasis on strategic, creative and digital leadership. Exceptional performance at major industry award competitions, across all marketing disciplines, confirmed the competitiveness of our agencies. We also took additional steps to strengthen the company s

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# Compensation Discussion and Analysis *continued*

## INTERPUBLIC OVERVIEW EXECUTIVE SUMMARY

financial infrastructure and deploy our balance sheet to enhance value creation.

· Cycling a difficult year on the top line, we set an organic revenue target of two to three percent growth for 2013. The final result, of 2.8%, was toward the high end of that range and returns us to competitive performance on this key metric for the third time in the past four years. Growth in the fourth quarter was a very strong 3.7%, led by the US and high growth regions such as Asia and Latin America.

· Operating margin of 8.4% for the year included a $61 million restructuring charge, without which our margin would have been 9.3%, 100 basis points shy of our target for the year. The primary drivers of this shortfall were: performance in Europe, which was much weaker than anticipated; a limited number of our businesses that saw revenue decreases and could not cut costs commensurately; and investment behind a high level of new business activity.

· Highlights of our performance included solid growth in media and marketing services, at a number of our digital specialist agencies, as well as within the embedded digital capabilities across the portfolio. We were pleased to see strong performance in emerging international markets, on top of outstanding growth in recent years. This was particularly the case in Brazil, China and India.

· Our focus on delivering open architecture solutions that integrate the best of our talent across the organization by means of customized client teams led to a very strong performance in holding company consolidations where we were successful in four of the five major reviews we participated in against our principal competitors during the year. We also improved our delivery of multi-agency solutions for a number of our leading multinational clients.

· During 2013, we successfully completed a series of actions begun the prior year to further strengthen our balance sheet. These included capital market

transactions that improved our credit position and will yield go-forward savings that will significantly enhance shareholder value. Our return of capital programs saw us repurchase an additional 32 million shares, bringing the total amount that has been put to work on behalf of our owners to $1.6 billion. Cash flow generation for the year was also significantly improved relative to 2012. These factors combined to positively impact the company s financial results which, along with our strong growth prospects, were evident in our outstanding share performance.

· For the year, we led our core competitive peer group with a 63.9% total shareholder return, which was nearly twice the performance of the S&P 500 in what was a very strong year overall for the equity markets.

**Target Compensation**

For 2013, approximately 88% of the target total compensation (excluding benefits) for the Chairman & CEO was variable pay, while on average variable pay represented 74% of target total compensation (excluding benefits) for all other NEOs. For our NEOs, 100% of the annual incentives and performance-based awards could be earned only if corporate financial performance goals were met. Note: In order to link a portion of compensation for the Chairman & CEO directly to shareholder interests, 1/3 of target long-term incentives were granted in stock options tied directly to our stock price performance.

**2013 Target Compensation Pay Mix for Chairman & CEO**

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# Compensation Discussion and Analysis *continued*

**2013 Target Compensation Pay Mix for**

**all other NEOs** *(excluding Chairman & CEO)*

**2013 Compensation Highlights**

The Committee annually reviews the Company s compensation policies and programs and continues to believe that they encourage executives to remain focused on delivering against both the short-term and long-term goals of the Company. In 2013, the Committee made the following few adjustments to remain competitive in the market for talent, to strengthen the retention of our current NEOs and continue strengthening the linkage between pay and long-term performance:

- ***Base salaries:*** In an effort to begin better aligning Mr. Bonzani s compensation with market following his first year with IPG and proven performance as SVP, General Counsel and Secretary, the Committee increased Mr. Bonzani s salary from $550,000 to $600,000, effective January 1, 2013. Mr. Carroll s base salary increased from $543,375 to $565,110 effective April 1, 2013, reflecting a standard merit increase. No changes were made to base salary levels for other NEOs during 2013.

- ***Annual Incentives:*** for 2013, we continued with the design first approved in 2011 which increased emphasis on the two financial measures key to driving shareholder value; Organic Revenue Growth (OG) and Operating Income After Incentive (OIAI) Margin, which is defined as operating income after
restructuring and impairment charges, and after the cost of all incentives and a commensurate reduction in the percentage of the target annual incentive tied to strategic and non-financial goals. The Committee increased the annual incentive target for Mr. Roth from 160% to 200% and for Messrs. Mergenthaler and Krakowsky from 100% to 125%. These increases were to provide better alignment with the market and in consideration of increased responsibilities within the roles for Messrs. Mergenthaler and Krakowsky. No changes were made to the annual incentive target levels for other NEOs.

- ***Long-term Incentives:*** Continued with the design first approved in 2011. In 2013, all NEOs received an increase in long-term incentive target values to better align their pay with the market. An additional consideration for Mr. Bonzani is his performance during his first year at IPG. Please note, one-time long-term incentive awards were provided to Messrs. Mergenthaler, Krakowsky and Carroll in 2013. Messrs. Mergenthaler and Krakowsky received $250,000 and $200,000 respectively in performance-based shares in light of the direct operational oversight they took on for portions of the portfolio in 2013. Mr. Carroll received $565,110 of his 2013 LTI Value at Target (shown on the table on the following page) as a one-time performance-based cash award that was delivered to him as leader of a special corporate initiative and will be paid out based on the success of that initiative over three years.

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# Compensation Discussion and Analysis *continued*

**INTERPUBLIC OVERVIEW EXECUTIVE SUMMARY**

Details on these increases are provided in the following table.

2013 Target Compensation vs. 2012

| Name | Year | Base Salary Earned (1) ($) | Target AI (2) (%) | Target AI (2) ($) | LTI Value at Target ($) | Total Target Compensation ($) | Difference in Total Target Compensation ($) |
|---|---|---|---|---|---|---|---|
| Michael I. Roth | 2013 | 1,400,000 | 200 | 2,800,000 | 7,800,000 | 12,000,000 | |
| | 2012 | 1,400,000 | 160 | 2,240,000 | 7,000,000 | 10,640,000 | 1,360,000 |
| Frank Mergenthaler (3) | 2013 | 1,000,000 | 125 | 1,250,000 | 2,600,000 | 4,850,000 | |
| | 2012 | 908,333 | 100 | 900,000 | 2,250,000 | 4,058,333 | 791,667 |
| Philippe Krakowsky (3) | 2013 | 800,000 | 125 | 1,000,000 | 2,200,000 | 4,000,000 | |
| | 2012 | 754,167 | 100 | 750,000 | 1,750,000 | 3,254,167 | 745,833 |
| Chris Carroll | 2013 | 559,677 | 60 | 335,806 | 1,065,110 | 1,960,593 | |
| | 2012 | 543,375 | 60 | 326,025 | 450,000 | 1,319,400 | 641,193 |
| Andrew Bonzani (4) | 2013 | 600,000 | 75 | 450,000 | 750,000 | 1,800,000 | |
| | 2012 | 478,958 | 75 | 412,500 | 600,000 | 1,491,458 | 308,542 |

(1) Mr. Bonzani s salary increased from $550,000 to $600,000 effective January 1, 2013 based on his performance during 2012 and to better align his pay with market. Mr. Carroll s base salary increased from $543,375 to $565,110 effective April 1, 2013 to reflect a standard merit increase.

(2) In 2013, the Committee increased the annual incentive targets for Messrs. Roth, Mergenthaler and Krakowsky to provide better alignment with the market and in consideration of increased responsibilities within the roles for Messrs. Mergenthaler and Krakowsky.

(3) Base salaries in 2012 for Messrs. Mergenthaler and Krakowsky reflect increases that became effective December 2012. The dollar values of the 2012 annual incentive targets are based on the salaries in effect at the beginning of 2012 ($900,000 for Mr. Mergenthaler and $750,000 for Mr. Krakowsky).

(4) Since Mr. Bonzani started in February 2012, the 2012 salary has been prorated based on an annual salary of $550,000. The dollar value of his 2012 annual incentive target is based on this salary rate.

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# Compensation Discussion and Analysis *continued*

2013 Annual Incentives (paid in 2014)

| Name | Annual Incentive Target ($) | Annual Incentive Payment ($) | (% of Target) |
|---|---|---|---|
| Michael I. Roth | 2,800,000 | 2,600,000 | 93 |
| Frank Mergenthaler | 1,250,000 | 1,350,000 | 108 |
| Philippe Krakowsky | 1,000,000 | 1,100,000 | 110 |
| Christopher Carroll | 335,806 | 345,000 | 103 |
| Andrew Bonzani | 450,000 | 425,000 | 94 |

Details relating to determination of the annual incentive payments is provided on page 46 under the heading 2013 Annual Incentive Payouts.

2013 Long-term Incentive awards (vesting in 2016):

| Name | 2013 Long-term Incentive Target Value Awarded (value of A+B+C) ($) | Value of Stock Options at Grant (A) ($) | Value of Target Performance Shares, 2013-2014 Performance Cycle [1] (B) ($) | Value of Target Performance Cash, 2013-14 Performance Cycle[2] (C) ($) |
|---|---|---|---|---|
| Michael I. Roth | 7,800,000 | 2,600,000 (628,019 Options) | 2,600,000 (203,602 target shares) | 2,600,000 |
| Frank Mergenthaler | 2,600,000 | | 1,033,333 (80,918 target shares) | 1,566,667 |
| Philippe Krakowsky | 2,200,000 | | 866,667 (67,866 target shares) | 1,333,333 |
| Christopher Carroll | 1,065,110 | | 166,667 (13,051 target shares) | 898,443 |
| Andrew Bonzani | 750,000 | | 250,000 (19,577 target shares) | 500,000 |

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# Compensation Discussion and Analysis *continued*

**INTERPUBLIC OVERVIEW EXECUTIVE SUMMARY**

(1) The number of target shares was determined by dividing the target value by the average of the high and low stock price on the date of grant ($12.77 on February 28, 2013). The grant-date fair values estimated in accordance with ASC 718 and reported in the Summary Compensation Table and the Grants of Plan-Based Awards Table are lower than the values reported in this table since the awards do not pay any dividends or dividend equivalents while the awards are outstanding.

(2) Performance cash will be settled 50% in cash and 50% in shares. The number of shares will be determined upon date of settlement.
Details relating to determination of the above awards are provided on page 46 under the heading 2013 Long-term Incentive Awards.

Payout of 2011 Long-term Incentive Awards

For the 2011-12 performance cycle, the corporate goals achieved were 90.4% of the target amount. This resulted in the following payments in February 2014:

2011-2012 Performance Awards

| | | **Performance Shares** | | **Performance Cash** | | | |
|---|---|---|---|---|---|---|---|
| **Name** | **% of Target Achieved** | **Target (#)** | **Actual (#)** | **Target ($)** | **Actual ($)** | **Cash Settled ($)** | **Shares Delivered (#)** |
| Michael I. Roth | 90.40 | 180,389 | 163,071 | 2,333,334 | 2,109,333 | 1,054,667 | 59,703 |
| Frank Mergenthaler | 90.40 | 51,539 | 46,591 | 1,333,333 | 1,205,333 | 602,667 | 34,116 |
| Philippe Krakowsky | 90.40 | 34,789 | 31,449 | 900,000 | 813,600 | 406,800 | 23,028 |
| Christopher Carroll | 90.40 | 11,596 | 10,482 | 300,000 | 271,200 | 135,600 | 7,676 |

Further details relating to the 2011-2013 Performance Awards are provided beginning on page 51, under the heading 2011-2012 Performance Award Payouts.

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# Compensation Discussion and Analysis *continued*

**2014 Compensation Decisions**

For 2014, the following changes were made to annual incentive design:

| **2013 Annual Incentive Design** | | **2014 Annual Incentive Design** | |
|---|---|---|---|
| **Metric** | **Weighting (%)** | **Metric** | **Weighting (%)** |
| Organic Revenue Growth % | 20 | Organic Revenue Growth [1] % | 20 |
| Operating Income After Incentives Margin % | 50 | Operating Income ***Before*** Incentives Margin [2] % | 60 |
| High-Priority Objectives (HPO s) | 30 | High-Priority Objectives (HPO s) | 20 |

Note: White boxes reflect areas where 2014 design differs from 2013 design

(1) Organic Revenue Growth (OG) reflects the competitiveness of our offerings and is defined as the percentage change in IPG s total gross revenue vs. prior year, excluding the impact of foreign currency rate fluctuations and the net effect of acquisitions and divestitures.

(2) Operating Income Before Incentives (OIBI) Margin is the most fundamental measure of profitability and is defined as OIBI divided by gross revenue.

A change in the annual incentive design was approved for the 2014 incentive cycle and beyond; specifically in regards to the financial measures used to calculate awards. The first measure, Organic Revenue Growth, will remain unchanged from previous years. The second measure will be changed from Operating Income After Incentives Margin to Operating Income Before Incentives Margin. This subtle change intends to better align the plan with the way our Networks/Agencies track profitability, also allowing them to more accurately push down clear and understandable financial targets to their respective local units.

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# Compensation Discussion and Analysis *continued*

**INTERPUBLIC OVERVIEW EXECUTIVE SUMMARY**

For 2014, the following changes were made to long-term incentive design:

| | **2013 Long-term Incentive Design** | **2014 Long-term Incentive Design** |
|---|---|---|
| LTI Vehicle | CEO: 1/3 Stock Options; 1/3 Performance Shares; 1/3 Performance Cash (1)<br><br>All Other NEOs: 1/3 Performance Shares; 2/3 Performance Cash (1) | All NEOs (including CEO)<br><br>1/2 Performance Shares settling in shares; 1/4 in Performance Cash settling in cash; 1/4 in Restricted Shares |
| Performance Period | 2 years for performance shares and performance cash | 3 years for Performance Shares; 2 years for Performance Cash |
| Performance Metrics | Cumulative Organic Revenue Growth (2) (30%) and Operating Income Before Incentive Margin (3) (70%) | Cumulative Organic Revenue Growth (2) (30%) and Operating Income Before Incentive Margin (3) (70%) |
| Relative Total Shareholder Return (TSR) Modifier | Not applicable | +/- 10% applied to the performance rating on the performance-based share portion of award (4) |
| Payout Range | 0%-300% of target | 0%-300% of target |
| Vesting | 100% after year 3 | 100% after year 3 |

Note: White boxes reflect areas where 2014 design differs from 2013 design

(1) For 2013, performance cash settles 50% in shares and 50% in cash.

(2) Organic Revenue Growth (OG) reflects the competitiveness of our offerings and is defined as the percentage change in IPG s total gross revenue vs. prior year, excluding the impact of foreign currency rate fluctuations and the net effect of acquisitions and divestitures.

(3) Operating Income Before Incentives (OIBI) Margin is the most fundamental measure of profitability and is defined as OIBI divided by gross revenue.

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# Compensation Discussion and Analysis *continued*

(4) Total Shareholder Return is a metric that assesses share performance over a defined period of time which reflects the change in stock price plus an assumed reinvestment of dividends into additional shares of stock. For the 2014 performance-based share awards, the modifier will be based on IPG s TSR over a three-year period compared to a group of peer companies. TSR will be based on 30-trading day average opening and closing prices; calculated as (Closing Price + Reinvested Dividends)/Opening Price 1. For purposes of this award the opening price will be the 30-trading days prior to January 1, 2014 and the closing price will be the 30-trading days up to and including December 31, 2016.

For 2014, IPG shifted the focus of long-term incentive awards for NEOs from cash-based awards to equity-based awards. Due to this it was decided that 75% of the target long-term incentive value for each of the NEOs would be delivered in equity (an increase from the 33% that was issued in equity to all NEOs excluding the Chairman & CEO from 2011-2013; an increase from 67% for the Chairman & CEO from 2011-2013). Of this 75%, two-thirds will be issued in performance-based shares (50% of the NEO s total long-term incentive target) while one-third will be issued in restricted shares (25% of the NEO s total long-term incentive target). The remaining 25% of the total long-term incentive target will be issued in performance-based cash.

For 2014, performance-based share awards for NEOs are based on a longer-term performance forecast of 3 years rather than the 2-year performance that was forecasted for awards granted in 2011-2013. In addition, while the performance-based share awards granted to NEOs in 2014 continue to be tied to the cumulative OG (30%) and OIBI Margin (70%) of IPG, we have also introduced a Relative TSR Modifier to this award. This Relative TSR Modifier is a +/- 10% adjustment to the performance rating determined based on OG and OIBI Margin. The amount of the adjustment is based on how well IPG s 3-year Total Shareholder Return compares to that of its 2013 Compensation Peer Group (detailed on page 40) at the end of the performance period.

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# Compensation Discussion and Analysis *continued*

## COMPENSATION PHILOSOPHY AND BASIC PRINCIPLES

Our executive compensation philosophy remains to provide a performance-based, market-competitive total compensation program that:

· *Supports our talent needs and business objectives*

· *Ties a significant portion of pay to performance*

· *Aligns with the interests of our shareholderstshareholders*

Our success continues to depend on our ability to attract, motivate and retain a diverse group of talented individuals throughout our organization who will enable us to deliver the best and most contemporary marketing solutions to drive our clients businesses. Talent is our Company s most vital asset, which is why it represents our most significant expense. We must continue to ensure that the investments we make in our key people are disciplined and designed to drive results. To this end, our compensation programs are guided by the following basic principles:

· Our compensation programs will be balanced and are intended to treat all stakholders equitably.

· Our executive compensation programs will include four major elements: base salary, performance-based annual cash incentives, long-term cash and equity incentives, retirement and other benefit programs. It bears noting that, outside of the Charitable Matching Program which is capped at $20,000 per executive per year, company-paid perquisites are not offered to our most senior executives.

· Our fixed and performance-based compensation will target our competitive market for talent. Outstanding financial and individual performance may deliver total earned compensation that is above target for certain individuals.

· Our competitive market for executive leadership includes companies with similar talent requirements within the following sectors: direct advertising, marketing communications, media/ entertainment, publishing and, increasingly, digital media.

· All individual pay decisions will consider the competitive market data and will be based on an executive s performance against financial and individual objectives, as well as contributions and skills identified in our annual Leadership Talent and Succession Plan Review ( Talent Review ) process. Exceptional performance against these measures may result in pay levels exceeding the competitive market for certain executives who deliver outstanding results.

· We will strive to design incentive programs that can be responsive to unique market requirements and that provide meaningful and appropriate rewards for superior results, encouraging executives to make carefully considered decisions to drive said superior performance, while discouraging excessive or unjustified risks.

· Senior executives and non-management directors will be required to meet stock ownership guidelines.

- When warranted, incentive recovery policies will be vigorously enforced.

- The communication and implementation of our compensation programs will be clear, specific and transparent.

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# Compensation Discussion and Analysis *continued*

## HOW COMPENSATION DECISIONS ARE MADE

**Role of the Compensation and Leadership Talent Committee**

The Committee is responsible for establishing, implementing and continually monitoring adherence to the Company s compensation philosophy, as well as approving compensation awarded to senior corporate and operating executives, including the NEOs. Among its duties, the Committee is responsible for formulating the compensation recommendations for our Chairman & CEO and approving all compensation recommendation for select senior executives. Following review and discussion, the Committee submits its recommendations for compensation for the Chairman & CEO to the non-employee members of our Board for approval. The Committee is supported in its work by the EVP, Chief Strategy and Talent Officer, his staff, and an independent executive compensation consultant as described below.

The Committee s charter, which sets out its duties and responsibilities and addresses other matters, can be found on our website at www.interpublic.com.

**Role of Executive Officers and Management in Compensation Decisions**

The Committee makes all pay decisions related to the NEOs. The Chairman & CEO does not participate in the Committee s deliberations or decisions with regard to his own compensation.

At the Committee s request, the Chairman & CEO does present individual pay recommendations to the Committee for the CFO, the other NEOs and other executives whose compensation arrangements are subject to the Committee s review. The Chairman & CEO s pay recommendations for such executives are informed by his assessments of individual contributions to the Company s financial performance, achievement of specified performance or strategic objectives, Talent Review results, as well as competitive pay data and other factors. These recommendations are then considered by the Committee with the assistance of its independent consultant.

The Chairman & CEO, the EVP, Chief Strategy and Talent Officer, the SVP, General Counsel & Secretary, and the Vice President of Global Executive Compensation all attend Committee meetings, but are not present for the Committee s executive sessions, or for any discussion of their own compensation. Other senior executives, as appropriate to the topic, may be asked to attend Committee meetings to provide relevant information or advice, but they also do not attend executive sessions, or any discussion of their own compensation.

**Role of Independent Consultant**

In 2013, the Committee again retained the services of an external independent executive compensation consultant, Meridian Compensation Partners, LLC ( Meridian ), to work for the Committee in its review of executive and non-employee director compensation practices, including the competitiveness of pay levels, executive compensation design issues, market trends, and technical considerations.

At no time during 2013, nor at any other time, has the Committee directed Meridian to perform its services in any particular manner, or using any particular methodology.

The Committee has the final authority to hire and terminate the consultant, and the Committee evaluates the consultant annually. Pursuant to SEC rules, the Committee has assessed the independence of Meridian and concluded that no conflict of interest exists that would prevent Meridian from independently representing the Committee. Meridian does not provide any consulting advice to IPG, or any of its subsidiaries, outside the scope of executive compensation and will not do so without the prior consent of the Committee Chair. Meridian meets with the Committee chair and the Committee outside the presence of management.

**Role of Shareholder Say-on-Pay Votes**

We provide our shareholders with the opportunity to cast an annual advisory vote on executive compensation (a say-on-pay proposal ). At our annual

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# Compensation Discussion and Analysis *continued*

meeting of shareholders held in May 2013, a substantial majority of the votes (98%) cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Committee believes this affirms shareholders support of our approach to executive compensation, and the Committee did not change the structure of its programs in 2013. The Committee will continue to consider the outcome of the Company s say-on-pay votes and evolving best practices in this area when making future compensation decisions for the NEOs.

**Setting Compensation for the Named Executive Officers**

The Committee reviews and assesses the total compensation of each NEO on an annual basis. Material changes in compensation typically occur only based on performance, in response to significant changes in an individual s responsibility, due to changes in market conditions, or in limited circumstances when the Company is at risk of losing a highly talented and valued employee.

Compensation decisions are made based on the following information:

- ***External Market Analysis***: The Committee annually conducts a review of the competitive market compensation level for each NEO. This review is performed by the independent consultant after the Committee has approved the peer companies to be used for the study. The Committee targets the competitive market for talent for both fixed and total target compensation.

- ***Internal Equity:*** When making pay decisions, the Committee also takes into account internal equity. The Company has established comparability guidelines based on an executive s purview with regard to revenue, operating income and headcount responsibility, geographic scope, and job complexity.
- ***Individual Performance and Talent Assessment:*** The Committee s consideration is also informed by the Company s Talent Review process. The Committee participates in this annual review with the full membership of the Board of Directors. This Board-level review includes a discussion of each of the NEOs, their future career path and successors, as well as succession plans for the IPG CEO position. These reviews inform pay decisions by providing an in-depth look at the NEOs, their responsibilities, relative contributions and future potential, as well as their relative compensation.

- ***Other factors:*** Additional factors, such as scarce skills, leadership skills, long-term potential and key client relationships are also taken into consideration when reviewing compensation.

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# Compensation Discussion and Analysis *continued*

## USE OF COMPETITIVE DATA FOR COMPENSATION REVIEWS

### The Market for Talent

*In order to ensure our compensation programs reflect best practices, as well as to maintain competitive compensation program designs and levels, the Committee considers market data and compensation ranges of our peer group. In 2012, the Committee considered market data from two separate peer groups when making compensation decisions. In 2013, the Committee reevaluated the compensation peers and approved a single peer group that reflects both talent peers as well as industry peers. The Committee believes that this change in peer group is appropriate given the recent industry consolidation.*

In December 2012, Meridian Compensation Partners conducted its annual market review to assess the competitiveness of each NEO s target total compensation (consisting of base salary, target annual incentives and target long-term incentives). Compensation data were analyzed for comparable positions at the 2012 Compensation Peer Group (detailed in the column to the right) as well as several published survey sources. Compensation data for comparable positions at peer companies were adjusted to reflect IPG s size by considering the correlation between revenue and pay using a common statistical technique called regression analysis. Retirement benefits are reviewed independently, with the last review conducted in 2011.

Using these size-adjusted data, the 2012 study concluded that, executives in aggregate, were positioned near the median of the market for total compensation, however certain officers had various elements of pay that were either above or below this level. The Committee utilized this information, as well as other incumbent specific factors, to determine whether any pay adjustments were warranted for 2013.

Due to an increasingly convergent media landscape, the Company increasingly competes for executive talent not only with direct industry peers but also a broader group of companies. To reflect this key development and capture the full scope of labor markets in which the Company now sources talent, the annual compensation review benchmarked pay against peers that include industry comparitors as well as companies in other industries. In 2012, the Committee considered two separate peer groups when making compensation decisions, one included direct advertising and marketing services peers while the other included talent peers. This 2012 Compensation Peer Group is detailed below:

**Direct Advertising Competitors**

Aegis Group
Havas
Omnicom
Publicis Groupe
WPP

**Talent Peers**
***Media/Entertainment***

CBS Corporation
Discovery Communications
Liberty Interactive Group
News Corporation
Time Warner Inc.
Viacom
Walt Disney

***Digital Media***

Activision Blizzard, Inc.
Amazon.com, Inc.
AOL, Inc.
eBay
Electronic Arts Inc.
Google Inc.
IAC / Interactive Corp.
Yahoo! Inc.

***Publishing***

Dun & Bradstreet
Gannett
McGraw Hill
Thomson-Reuters

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# Compensation Discussion and Analysis *continued*

For 2013, in light of the recent consolidation in the advertising industry, the Committee decided to combine peer companies into one peer group, eliminate peers that underwent a corporate transaction, eliminate peers that were considered too large and add peers based on industry, size and consideration by proxy advisory firms. Accordingly, the company eliminated from the 2012 peer groups Aegis Group plc, The McGraw-Hill Companies, Amazon.com, Inc., Google Inc. and The Walt Disney Company, then added Cablevision Systems Corporation, Nielsen Holdings N.V. and Sirius XM Holdings Inc. The resultant 2013 Compensation Peer Group includes the following companies:

Activision Blizzard, Inc.
AOL Inc.
Cablevision Systems Corporation
CBS Corporation
Discovery Communications, Inc.
Dun & Bradstreet, Inc.
eBay Inc.
Electronic Arts Inc.
Gannett Co., Inc.
Havas IAC/InterActivCorp
Liberty Interactive Corporation
News Corporation
Nielsen Holdings N.V.
Omnicom Group Inc.
Publicis Groupe
Sirius XM Holdings Inc.
Thomson-Reuters Corporation
Time Warner Inc.
Viacom Inc.
WPP plc
Yahoo! Inc.

Additional changes to the peer group are anticipated due to the announced merger between Omnicom Group Inc. and Publicis Groupe.

# Compensation Discussion and Analysis *continued*

## 2013 EXECUTIVE COMPENSATION PROGRAM ELEMENTS

For the fiscal year ended December 31, 2013, the principal components of IPG s executive compensation program were:

- **BASE SALARY;**
- **ANNUAL INCENTIVES;**
- **LONG-TERM INCENTIVES;**
- **RETIREMENT AND OTHER BENEFITS.**

## BASE SALARY

**Purpose**

Base salary is central to our ability to attract and retain talent, including our NEOs. Although its prominence in the pay mix declines with seniority, base salary generally remains an important part of compensation discussions with executive talent in our sector and related industries.

**2013 Base Salary**

For the NEOs, base salaries are specified in individual employment agreements (described in greater detail beginning on page 79, under the heading Employment Agreements ), which give IPG the ability to increase, but not decrease, base salary. In considering whether to increase an executive s base salary, the Committee takes into consideration market pay for comparable executives at peer companies as well as the individual s performance and experience.

In an effort to begin better aligning Mr. Bonzani s compensation with market following his first year with IPG and proven performance as SVP, General Counsel and Secretary, the Committee increased Mr. Bonzani s salary from $550,000 to $600,000, effective January 1, 2013. Mr. Carroll s base salary increased from $543,375 to $565,110 effective April 1, 2013, reflecting a standard merit increase. No changes were made to base salary levels for other NEOs during 2013.

Base salaries for our NEOs are summarized in the following table:

| Name | Base Salary as of 12/31/2012 ($) | Base Salary as of 12/31/2013 ($) | Increase (%) |
|---|---|---|---|
| Michael I. Roth | 1,400,000 | 1,400,000 | 0 |
| Frank Mergenthaler | 1,000,000 | 1,000,000 | 0 |
| Philippe Krakowsky | 800,000 | 800,000 | 0 |
| Christopher Carroll | 543,375 | 565,110 | 4 |

| | | | |
|---|---|---|---|
| Andrew Bonzani | 550,000 | 600,000 | 9 |

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# Compensation Discussion and Analysis *continued*

## ANNUAL INCENTIVES

***Purpose***

Annual cash incentives remain a standard component of compensation within our labor markets and are in place to reward performance that grows annual organic revenue, increases profitability and involves the achievement of high priority strategic objectives, all of which ultimately drive increased long-term shareholder value. Given this design, our annual incentives encourage senior leaders to stay focused on results, but do not encourage or allow for excessive and unnecessary risk-taking in achieving said results.

***Target Annual Incentive Opportunities***

Individual incentive award targets are expressed as a percentage of each individual s base salary. These percentages are based, in part, on the target annual incentive data for compensation peers. Each year, the Committee determines the annual incentive target for the Chairman & CEO and approves the annual incentive targets for the other NEOs after considering recommendations from the Chairman & CEO. In determining the annual cash incentive target, the Committee takes into account the same factors that it considers in determining base salary.

For 2013, the annual cash incentive targets, as a percent of base salary, for the NEOs were as follows:

| **Name** | **2013 Annual Cash Incentive Target (as % of base salary)** |
|---|---|
| Michael I. Roth | 200 |
| Frank Mergenthaler | 125 |
| Philippe Krakowsky | 125 |
| Christopher Carroll | 60 |
| Andrew Bonzani | 75 |

For the NEOs, annual incentive targets are detailed in individual employment agreements (described in greater detail beginning on page 79, under the heading Employment Agreements ), which give IPG the ability to increase, but not decrease, target percentage levels.

***Performance Metrics***

*Annual Incentive Awards are tied to results in three areas:*

- ***Organic Revenue Growth % (OG):*** *measures ability to drive revenue growth from existing operations, exclusive of acquisitions and currency effects*
- ***Operating Income After Incentives Margin (OIAI Margin):*** *measures business efficiency and profitability*
- ***High Priority Objectives (HPOs):*** *focuses individuals on defined goals that contribute to the Company s short and long-term performance*

In 2013, as in past years, actual annual incentive awards earned could vary between 0% and 200% of the individual incentive target, depending on the Company s financial performance and individual HPO ratings. For 2012, we continued with the same design as was put in place in 2012.

In addition, the metrics and weightings for calculating annual incentives for Mr. Roth remain aligned with those of the broader population.

Organic Revenue Growth ( OG ) and Operating Income After Incentives ( OIAI ) Margin are the Company s primary measures of business success and the key drivers of shareholder value. OG reflects the competitiveness of our offerings and is defined as the

# Compensation Discussion and Analysis *continued*

percentage change in IPG s total gross revenue vs. prior year, excluding the impact of foreign currency rate fluctuations and the net effect of acquisitions and divestitures. OIAI Margin is the most fundamental measure of profitability and is defined as Operating Income After Incentives (OIAI) divided by gross revenue. OG and OIAI Margin targets are set early each year, as part of the Company s annual budgeting process.

High-priority Objectives ( HPOs ) are also set early in the year, and may consist of quantitative and/or qualitative objectives specific to the individual. HPOs include goals tied to the Company s overall, or an operating unit s, strategic priorities and typically include talent management, diversity and inclusion and cross-agency collaboration. For quantitative HPOs, specific objectives are established. For qualitative HPOs, specific accomplishments or expectations are defined and the Committee exercises judgment in assessing performance.

With all HPOs, performance is assessed after considering written assessments submitted to the Committee for both the Company as a whole and its principal operating units. Results are then ranked as poor, fair, good, excellent and spectacular, and a rating between 0% to 20( respectively, of the target is assigned.

The chart that follows illustrates the performance metric weightings that apply to all IPG Corporate NEOs:

**2013 Annual Incentive Performance Metrics**

| | |
|---|---|
| Organic Revenue Growth | 20% |
| OIAI Margin | 50% |
| HPOs | 30% |

**2013 Financial Performance vs. Goals**

Following on the OG of 0.7% in 2012, the OG goal set for 2013 was 2.3%. The OIAI Margin goal set for 2013 was 10.3%, which represented a 50 basis point improvement

from the previous year. The actual result for 2013 versus these goals is shown by the following chart:

| **Financial Goals** | **2013 Goal** | **2013 Actual** |
|---|---|---|
| Organic Revenue Growth (%) | 2.3% | 2.8% |
| OIAI Margin (%) | 10.3% | 9.3%(1) |

(1) The 9.3% OIAI Margin for 2013 excludes $60.6 million in restructuring charges. The actual reported OIAI Margin after restructuring was 8.4%

These results produced a combined rating of 78.2% relative to the target for the financial performance portion of awards.

**HPO Performance vs. Goals**

For the corporate NEOs other than Mr. Roth, each executive s HPO rating was based on the Committee and Chairman & CEO s assessment and the Committee s approval of the executive officer s achievement of the established key strategic objectives. Mr. Roth s assessment rating was based on an assessment by the full Board of Directors of his achievement of the established key strategic objectives. There were no material adjustments made to actual financial performance in determining these ratings.

***Mr. Roth***

Mr. Roth received an HPO rating of approximately 127% against the 2013 HPOs. This reflected his financial and strategic leadership that resulted in the Company s increasingly strong balance sheet, competitive professional offerings and topline growth, as well as significant shareholder value creation. Key accomplishments included:

- Continued enhancement of the Company s ability to meet the evolving needs of clients, particularly in the delivery of integrated open architecture solutions, which were instrumental in strong

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# Compensation Discussion and Analysis *continued*

performance in terms of client retention and the pursuit of new business.

- Successfully represented the Company to all key stakeholders, including major multinational clients, prospective clients, as well as current and prospective senior-level employees. Outstanding performance in outreach to the financial community. Mr. Roth also continued to promote best practices in corporate governance, disclosure and transparency.

- Led actions that further improved the Company s standing in terms of its capital structure and credit profile. Continued commitment to return of capital programs introduced in 2011, bringing total cash put to work on behalf of shareholders during three-year period to over $1.6 billion.

- Further progress in the talent review process to ensure that it fully engages operating unit leadership and focuses on business strategy. Brought high level of focus to identification and development of potential successors from within current senior management ranks, so as to ensure seamless succession in due course.

- Demonstrated strong personal engagement in and commitment to the Company s full range of diversity and inclusion efforts; the Company continued to show year-on-year progress across all dimensions of diversity in 2013.

***Mr. Mergenthaler***

Mr. Mergenthaler received an HPO rating of 178% against the 2013 HPOs. This reflected his financial leadership that resulted in continued improvement in the Company s capital structure, strengthening of its marketing services offerings and enhanced shareholder value. Key accomplishments included:

- Drove continued improvement in financial systems and processes, and demonstrated active leadership with other principal financial stakeholders, which led to successful management of Company s
capital structure. This, in turn, led to improved credit profile, lowered interest expense, reduction of outstanding share count and other value-creating outcomes.

- Played lead role in the Company s outreach to the investor community, which included a record number of meetings with current and prospective shareholders. These efforts attracted new investment and maintained stability in existing ownership base. This activity also resulted in numerous analyst upgrades and retention of the Company s industry-leading position as measured by analyst recommendations.

- Increased involvement in operating management led to improvement in the professional offerings of and closer collaboration among the Company s major marketing services units, as well as strong financial performance within that group.

- Continued strong involvement in diversity and inclusion activity, as Chairperson of the Corporate Diversity Council and an executive sponsor of MERGE (IPG Multicultural Employee Resource Groups for Excellence).

***Mr. Krakowsky***

Mr. Krakowsky received an HPO rating of 184% against the 2013 HPOs. This reflected his leadership role in building a competitive portfolio of offerings in growth areas such as digital/emerging media, continued upgrades to the Company s talent initiatives and enhanced shareholder value.

Key accomplishments included:

- Further enhancements to the Company s HR function to increase functional integration with operating unit leadership, as well as close alignment with corporate finance. This has resulted in talent management and compensation processes that are closely linked to operating strategy and key global client needs, which helped accelerate the progress of new management teams at our major networks.

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# Compensation Discussion and Analysis *continued*

- Continued focus on the Company s professional capabilities, particularly in the area of digital marketing, so as to ensure that we are able to effectively meet the evolving needs of clients and therefore grow our business.

- Identified and activated IPG-wide teams on a number of major clients and new business opportunities, matching talent to client needs so as to improve the quality of strategic and creative work, thereby securing or expanding those business relationships.

- Continued strong involvement in Company s full range of diversity and inclusion activity, including engagement with operating unit leadership on all such programs and linking of compensation to their results, as well as active participation in the Corporate Diversity Council.

***Mr. Carroll***

Mr. Carroll received an HPO rating of approximately 160% against the 2013 HPOs in recognition of his leadership and success in the controller s organization and a number of major finance optimization initiatives. Key accomplishments included:

- Implemented a faster and more efficient closing process that brought the company into parity with its major US competitor.

- Continued implementation of multi-year finance optimization plan. Additional shared services centers were consolidated, significant progress was made in adding users to Vantage/SAP platform, domestic media systems fully consolidated and global payroll rolled out in principal European markets.

- Successfully conducted major Hyperion upgrade and further improved SOX testing results.

- Active support of the Company s diversity and inclusion initiatives, including filling key senior finance posts by diverse candidates.

***Mr. Bonzani***

Mr. Bonzani received a HPO rating of approximately 132% against the 2013 HPOs. This reflected his leadership in the enhancement of the Company s legal department, his stewardship of certain board functions and his increased involvement in operating matters. Key accomplishments included:

- Close support of corporate and unit talent management in efforts to bolster agency leadership groups and attract key hires.

- Further refinement of outside counsel management processes, focusing on savings and efficiency in engagements, as well as expanding this approach globally. Secured highly favorable outcomes on a number of high-profile litigations.

- Identification and management of significant areas of potential opportunity and/or exposure, including in-house staffing of privacy function and addition of regulatory compliance responsibilities to the department s charter.

- Active support of the Company s diversity and inclusion initiatives, including engaging as an Executive Sponsor of the Women s Leadership Network and as a member of the Corporate Diversity Council.

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# Compensation Discussion and Analysis *continued*

**2013 Annual Incentive Payouts**

Following its regular practice, for the NEOs the Committee considered IPG s financial performance and each individual s achievement of individual HPOs when determining annual incentive payments. For the fiscal year ended December 31, 2013, the NEOs received the following annual incentive awards, which were paid in March 2014:

| Name | Target Bonus Incentive ($) | 2013 Actual Annual Incentive ($) | Total 2013 Annual Incentive as % of Target (%) |
|---|---|---|---|
| Michael I. Roth | 2,800,000 | 2,600,000 | 93 |
| Frank Mergenthaler | 1,250,000 | 1,350,000 | 108 |
| Philippe Krakowsky | 1,000,000 | 1,100,000 | 110 |
| Andrew Bonzani | 335,806 | 345,000 | 103 |
| Christopher Carroll | 450,000 | 425,000 | 94 |

## LONG-TERM INCENTIVES

**Purpose**

Long-term incentive awards are designed to retain and attract top talent, and align executive and shareholder interests by focusing recipients on the long-term performance of IPG and its principal operating units. Like our annual incentives, our long-term incentives encourage senior leaders to focus on delivering on our key financial metrics, but do not encourage or allow for excessive and unnecessary risk-taking in achieving this aim. The long-term plan also ensures that executives have compensation that is at risk for longer periods of time and is subject to forfeiture in the event they terminate their employment.

**2013 Long-term Incentive Awards**

In 2013, annual long-term incentive awards were made on the final trading day of February. This allowed for

synchronized communication of annual and long-term incentives with each executive, which enforces the concept of total compensation.

At its February meeting, the Committee determined the long-term incentive target awards under the Performance Incentive Plan, defined as a dollar expected value, for the Chairman & CEO and, after considering recommendations from the Chairman & CEO, approved the long-term incentive targets for the other NEOs. The Chairman & CEO s long-term incentives were discussed and approved by the full Board.

The determination of the annual long-term incentive award is assessed as part the total compensation review for senior executives and, as in the case of setting salaries, takes into consideration the independent consultant s competitive review and other factors such as each executive s total compensation, pay history, absolute and relative performance, and expected future performance.

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# Compensation Discussion and Analysis *continued*

For the NEOs, long-term incentive targets are the subject of individual employment agreements (described in greater detail beginning under the heading  Employment Agreements  on page 79), which allow IPG to increase, but not decrease, long-term incentive targets.

The 2013 awards to our NEOs were 100% performance-based awards and were comprised of the following:

| Long-term Incentive Vehicles | Chairman & CEO | All Other IPG Corporate NEOs |
|---|---|---|
| Stock Options | 1/3 of target value | |
| Performance Cash | 1/3 of target value | 2/3 of target value |
| Performance Shares | 1/3 of target value | 1/3 of target value |

For Messrs. Mergenthaler, Krakowsky and Carroll, long-term incentive targets of $2,350,000, $2,000,000 and $500,000 respectively were split as reflected above. Each however received a one-time long-term incentive award in 2013 that would slightly alter the total mix of their LTI in 2013 from that reflected above. Messrs. Mergenthaler and Krakowsky received an additional $250,000 and $200,000 respectively in performance-based shares in light of the direct operational oversight they took on for portions of the portfolio in 2013. Mr. Carroll received $565,110 as a one-time performance-based cash award that was delivered to him as leader of a special corporate initiative and will be paid out based on the success of that initiative over three years.

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# Compensation Discussion and Analysis *continued*

**2013 Target Long-term Incentive Opportunities**

Total long-term incentive expected dollar value guidelines are set for each of the NEOs. For 2013, the Committee set the following long-term incentive expected dollar value guidelines:

| Name | 2013 Long-term Incentive Target Value Awarded (value of A+B+C) ($) | Value of Stock Options at Grant (A) ($) | Value of Target Performance Shares 2013-2014 Performance Cycle [1] (B) ($) | Value of Target Performance Cash, 2013-2014 Performance Cycle [2] (C) ($) |
|---|---|---|---|---|
| Michael I. Roth | 7,800,000 | 2,600,000 (628,019 Options) | 2,600,000 (203,602 target shares) | 2,600,000 |
| Frank Mergenthaler | 2,600,000 | | 1,033,333 (80,918 target shares) | 1,566,667 |
| Philippe Krakowsky | 2,200,000 | | 866,667 (67,866 target shares) | 1,333,333 |
| Christopher Carroll | 1,065,110 | | 166,667 (13,051 target shares) | 898,443 |
| Andrew Bonzani | 750,000 | | 250,000 (19,577 target shares) | 500,000 |

(1) The number of target shares was determined by dividing the target value by the average of the high and low stock price on the date of grant ($12.77 on February 28, 2013). The grant-date fair values estimated in accordance with ASC 718 and reported in the Summary Compensation Table and the Grants of Plan-Based Awards Table are lower than the values reported in this table since the awards do not pay any dividends or dividend equivalents while the awards are outstanding.

(2) Performance cash will be settled 50% in cash and 50% in shares. The number of shares will be determined upon date of settlement.

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# Compensation Discussion and Analysis *continued*

Each of the long-term incentive vehicles employed is designed with unique characteristics that, when viewed in total, balance the need to incentivize executive performance and promote the retention of the executives, as well as provide them with clarity as to how and when the awards can be earned. The following table outlines the material terms of the respective awards (excluding Mr. Carroll s one-time performance-based cash award granted on May 31, 2013):

| | Stock Options | Performance Cash | Performance Shares |
|---|---|---|---|
| ***Purpose*** | Rewards for stock price appreciation over the long-term | Rewards achievement of long-term financial objectives; manage share utilization; retention of talent | Reward achievement of long-term financial objectives; link executives to share price; retention of talent |
| ***Performance Period*** | Up to 10 years | Two year performance period with an additional year vesting | Two year performance period with an additional year s vesting |
| ***Value Creators*** | Appreciation in Company s stock price | Combined two-year Organic Revenue Growth and OIBI Margin | Combined two-year Organic Revenue Growth and OIBI Margin coupled with increase in Company s stock price |
| ***Payout Range*** | Minimum value of $0; no maximum value | 0% to 300% of cash target* | 0% to 300% of the target number of shares* |
| ***Payout Methods*** | Payment in shares or cash, at the discretion of the participant | 50% cash, 50% shares | 100% shares |
| ***Retention Value*** | Must remain for one year for 33% of options to vest; two years for 66% vesting; three years for 100% vesting | Must remain for the full two-year performance cycle, plus a subsequent additional vesting year in order to receive a payment | Must remain for the full two-year performance cycle, plus a subsequent additional vesting year in order to receive a payment |

*The potential for a payout of 300% was a new feature of the plan approved in 2011 and employed again in 2012. It should be noted that achieving a payout greater than 200% involves exceeding financial targets that the Committee deems to be exceptionally difficult to achieve.

# Compensation Discussion and Analysis *continued*

**Stock Options**

***Vesting***

The stock options granted to Mr. Roth in 2013 have a ten-year term and vest 33%, 33% and 34% on the first, second and third anniversaries, respectively, of the date of grant. The Company believes that these vesting provisions promote a long-term focus and provide a strong retention incentive. This grant is shown in the Grants of Plan-Based Awards Table on page 66.

***Valuation***

The number of stock options granted to Mr. Roth in 2013 was determined by dividing the target compensation value to be delivered in stock options by the estimated grant date fair value per stock option calculated in accordance with FASB ASC Topic 718. The estimated grant date fair value of the award was calculated with Meridian Compensation Partner s assistance, and also with the assistance of a third party vendor that provides the Company with stock option values for FASB ASC Topic 718 reporting purposes. In all cases, the grant date fair value and stock option exercise prices are calculated using the average of the Company s high and low stock price on the grant date.

**Long-term Performance Plans**

***Performance Period and Vesting***

The 2013 Performance Share and Performance Cash awards are subject to evaluation of financial performance over a two-year performance period, with vesting occurring on the third anniversary of the grant date. In 2013, performance share and cash awards were granted for the performance period January 1, 2013 through December 31, 2014 and subsequent vesting period of January 1, 2015 to February 28, 2016.

***Performance Metrics***

Performance Shares and Performance Cash Awards are both measured on the same performance objectives over the two-year performance period. For the NEOs 30% of the target award value was tied to IPG s cumulative organic revenue growth (OG) and 70% was tied to operating income before incentives (OIBI) margin targets.

Two year cumulative financial objectives are set at the start of each performance period. The Company does not disclose the multiple-year performance goals for its long-term performance plans at any time during the performance cycle, as these data are not publicly disclosed and would provide insights to competitors that could harm our business. When they were established at its March 2013 meeting, the Committee considered the performance targets for the 2013-14 performance cycle difficult to attain, while appropriate for the current economic environment.

***Potential Payouts***

Under the terms of the awards, the actual value, if any, that the executive would receive at the end of the performance period and subsequent vesting period depends on the extent to which the cumulative performance objectives are achieved at the end of the performance period. Based on year-over-year comparisons, management and the Committee deem these financial performance targets as relatively difficult to achieve or predict.

The final value of the awards may vary from 0% to 300% of the target amount, based on IPG s multi-year performance against financial objectives (achieving a payout greater than 200% involves exceeding financial targets that the Committee deems to be exceptionally difficult to achieve).

**One-time Long-term Incentive Awards**

***Frank Mergenthaler***

Along with his annual long-term incentive award with a target value of $2,350,000, in February 2013 Mr. Mergenthaler received a one-time performance-based share award in the amount of $250,000. This one-time award is designed as detailed above, however is tied directly to the performance of the portion of the portfolio that Mr. Mergenthaler took direct oversight of beginning in 2013.

***Philippe Krakowsky***

Along with his annual long-term incentive award with a target value of $2,000,000, in February 2013 Mr. Krakowsky received a one-time performance-based share award in the amount of $200,000. This one-time

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# Compensation Discussion and Analysis *continued*

award is designed as detailed above, however is tied directly to the performance of the portion of the portfolio that Mr. Krakowsky took direct oversight of beginning in 2013.

***Chris Carroll***

Along with his annual long-term incentive award with a target value of $500,000, in May 2013 Mr. Carroll received a one-time performance-based cash award in the amount of $565,110. This award is granted in recognition of his leadership role in a special corporate initiative and payout is determined based on the success of this initiative as measured in 2013 (40%), 2014 (30%) and 2015 (30%). Potential payout can range from 0% to 120% of the target amount and will vest in May 2016.

**2011-2012 Performance Plan Payouts**

On February 28, 2011, the Committee granted performance share awards and performance cash award, both under the 2009 Performance Incentive Plan (PIP), one-third of which were delivered to NEO s as performance shares with the other two-thirds to be delivered as performance cash (with exception to the Chairman & CEO who received one-third in each performance shares, performance cash and stock options). In addition, 50% of the performance cash awards are settled in cash with the remaining 50% to be settled in shares of IPG. The performance cycle for these awards began on January 1, 2011 and ended on December 31, 2012. However, all of the performance awards were subject to an additional vesting period which ended on February 28, 2014.

The final award values were determined in March 2013 based on IPG s cumulative performance against financial objectives over the two year performance period. The final number of shares for the performance share award and the final value for the performance cash award for each of the NEOs were settled in March of 2014, after the additional vesting period ended. The cumulative OG and OIBI Margin targets set for the 2011-2012 Performance Plan were 4.1% and 13.8%, respectively. The cumulative results were slightly below target, with

OG of 3.5% and OIBI Margin of 13.2%. Based on these results, Mr. Roth, Mr. Mergenthaler, Mr. Krakowsky and Mr. Carroll each earned a performance rating of 90.4% of target.

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# Compensation Discussion and Analysis *continued*

The resulting share and cash payments earned and paid in March 2014 for the performance awards were as follows:

**2011-2012 Performance Awards**

| | | Performance Shares | | Performance Cash | | | |
|---|---|---|---|---|---|---|---|
| **Name** | **% of Target Achieved** | **Target (#)** | **Actual (#)** | **Target ($)** | **Actual ($)** | **Cash Settled ($)** | **Shares Delivered (#)** |
| Michael I. Roth | 90.40 | 180,389 | 163,071 | 2,333,334 | 2,109,333 | 1,054,667 | 59,703 |
| Frank Mergenthaler | 90.40 | 51,539 | 46,591 | 1,333,333 | 1,205,333 | 602,667 | 34,116 |
| Philippe Krakowsky | 90.40 | 34,789 | 31,449 | 900,000 | 813,600 | 406,800 | 23,028 |
| Christopher Carroll | 90.40 | 11,596 | 10,482 | 300,000 | 271,200 | 135,600 | 7,676 |

**RETIREMENT BENEFITS**

***Purpose***

The Company views retirement benefits as a key component of our executive compensation program because they encourage and reward long-term service. Therefore, we offer our NEOs and other employees a comprehensive benefits program that provides the opportunity to accumulate retirement income.

***Program Descriptions***

Our retirement programs include the Company s qualified 401(k) savings plan, the Capital Accumulation Plan ( CAP ), and the Senior Executive Retirement Income Plan ( SERIP ).

The Company s 401(k) savings plan is a tax-qualified retirement savings plan pursuant to which all U.S.-based

employees, including the NEOs, are able to contribute compensation on a before-tax basis, subject to dollar limits prescribed by federal tax laws. For employees with less than 10 years of service, the Company matches 50% of the first 6% of compensation contributed. For employees with 10 or more years of service, the Company matches 75% of the first 6% of compensation that is contributed. The Company s 401(k) savings plan also allows after-tax contributions up to limits prescribed by federal tax laws. The match applies to the total amount contributed on both a before- and after-tax basis.

From time to time, the Company may provide an additional performance-based matching contribution to the 401(k) plan based on the Committee s assessment of the Company s annual performance, including the Company s operating margin for its consolidated U.S. businesses relative to pre-set targets. The objective of this feature is to induce greater participation in the 401(k) savings plan and to allow all U.S. employees to

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# Compensation Discussion and Analysis *continued*

benefit from the Company s strong performance. For 2012, the Committee approved an additional matching contribution equal to 8% of participant matched contributions.

The CAP provides participants with an annual dollar credit to an interest-bearing account. Under the terms of the CAP, interest is credited on December 31st of each year at an interest rate equal to the closing 10-year U.S. Treasury yield on the last business day of the immediately preceding calendar year. For a more detailed description of the CAP, see Nonqualified Deferred Compensation Arrangements The Interpublic Capital Accumulation Plan on page 77. Messrs. Roth, Mergenthaler, Krakowsky and Carroll participate in CAP at the levels described on page 77.

The SERIP provides a defined annual annuity to selected executives for a 15-year period following retirement upon satisfying specific vesting provisions. Participation is limited to a select group of very senior executives and requires Committee approval. Mr. Roth is the only NEO, who participates in the SERIP, and Mr. Roth no longer accumulates pay or service credit in the plan as his future benefit is fully vested. For a more detailed description of the SERIP, see Pension Arrangements The Interpublic Senior Executive Retirement Income Plan on page 75.

**Benefits Review and Decision Process**

As part of its competitive pay review, the independent consultant periodically provides the Committee with a comparison of IPG s benefits programs with to those of a sample of competing companies; this analysis. This benefits program review is conducted in the context of total compensation, and the review considers compensation and benefits in total.

Decisions regarding new or enhanced participation in these programs, other than 401(k), are made after considering the total compensation as one component to a total pay discussion. For a number of the NEOs, retirement and other benefits are the subject of individual employment agreements (which are described in greater detail beginning on page 79, under the

heading Employment Agreements and which give IPG the ability to increase, but not decrease, the specific benefit).

On a case-by-case basis, the Committee, and the Management Human Resources Committee (MHRC) consisting of IPG s Chairman & CEO, CFO, General Counsel and Chief Strategy and Talent Officer to which the Committee delegates certain responsibilities, consider the appropriateness of CAP and SERIP participation and benefits although all such decisions for NEOs are made solely by the Compensation Committee. In making recommendations to the Committee or MHRC, the Company considers an individual s role, level in the organization, total compensation level, performance, length of service, and other factors. When making determinations to award additional CAP and SERIP awards, the Company also considers an individual s current retirement positioning, including all forms of accrued qualified and non-qualified retirement benefits previously awarded or earned and the value of the individual s Company match in the 401(k) savings plan or if not a participant for any year it assumes the executive contributed the maximum amount permitted to the plan.

**Severance and Change of Control Benefits**

In order to provide market-competitive total compensation packages to our executive officers, as well as to ensure the ongoing retention of these individuals in the event of potential takeovers that would create uncertainty as to their future employment, the Company offers severance and change of control benefits upon the occurrence of several specified events.

The NEOs may receive severance benefits from the Company under the terms of their employment agreements (described in greater detail beginning on page 79 under the heading Employment Agreements ), the Executive Severance Plan and/or change of control agreements, depending on the circumstances of a potential termination. Under the PIP, NEOs receive accelerated vesting and payouts at target of their annual and long-term incentives upon a Change of Control, as

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# Compensation Discussion and Analysis *continued*

defined on page 84 (severance benefits under these and other applicable plans or agreements are described in greater detail beginning under the heading Employment Agreements on page 79).

Under our change in control agreements, individuals are eligible for enhanced severance benefits, contingent on a Change of Control being followed by a Qualifying Termination.

**SHARE OWNERSHIP GUIDELINES**

We have adopted share ownership guidelines for non-employee directors, NEOs and other senior executives. The purpose of these stock ownership guidelines is to:

- More closely align the financial interests of executives and non-employee directors with the Company s shareholders.

- Communicate the commitment and personal investment of executives and directors in the Company.
- Persons subject to the guidelines are also prohibited from engaging in any transaction involving derivatives that is designed to hedge against the market risk associated with ownership of IPG shares.

The share ownership guidelines are expressed as multiples of base salary. The multiple for the Chairman & CEO was increased from five times base salary to six times base salary in October 2012. Executives in the program have five years from 2008 (or from the date at which he or she joins the Company or is promoted into a position in which the guidelines apply) to reach the established guideline level. Beginning in 2013, those executives who have not met their established guideline level in the time allotted will be required to hold all net after-tax shares delivered from equity vestings until requirements are met.

| Name | Stock Ownership Guideline as a Multiple of Base Salary | 2013 Compliance with Stock Ownership Guidelines |
|---|---|---|
| Michael I. Roth | 6x | Yes |
| Frank Mergenthaler | 2x | Yes |
| Philippe Krakowsky | 2x | Yes |
| Christopher Carroll | 2x | In Progress* |
| Andrew Bonzani | 2x | In Progress* |

The Committee regularly reviews the levels of stock ownership against the stock ownership guideline levels applicable to the NEOs and other senior executives. As of December 31, 2013, all NEOs who are required to have reached their stock ownership guidelines had met or exceeded these guidelines. Mr. Carroll and Mr. Bonzani will have until October 2014 and 2017, respectively to reach set ownership guidelines.

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# Compensation Discussion and Analysis *continued*

## TAX AND ACCOUNTING IMPLICATIONS

**Deductibility of Executive Compensation**

Section 162(m) of the U.S. Internal Revenue Code (the Code ) prohibits the Company from taking a tax deduction for compensation paid in excess of $1,000,000 to a NEO (other than the principal financial officer). However, performance-based compensation, as defined in the tax law, is fully deductible if the plan under which the compensation is paid has been approved by shareholders and meets other requirements. The Company s policy is to qualify the compensation paid under its incentive compensation programs as tax deductible to the extent feasible and consistent with its overall compensation objectives.

As part of its responsibility, the Committee reviews and considers the deductibility of executive compensation. The Company believes that compensation paid in 2013 under its executive incentive plans is deductible for federal income tax purposes, except as indicated below. In certain situations, the Committee may approve compensation that is not deductible in order to ensure competitive levels of total compensation for its NEOs. In this regard, for 2013, with respect to each NEO who is covered by Section 162(m) of the Code, to the extent that the sum of the executive s base salary, the fair market value of restricted stock awards that vested during the year and the additional bonus awards exceeded $1,000,000, the excess was not deductible for federal income tax purposes.

The Company has guidelines for reviewing the impact of the accounting and tax treatment of various forms of compensation covered by the PIP. The guidelines identify specific responsibilities and actions required by the Human Resources, Accounting and Tax departments for all group and individual actions. These guidelines are designed to ensure that accounting and tax treatment of the awards granted under the plan are properly addressed.

**Nonqualified Deferred Compensation**

Effective since January 1, 2005, most of the Company s deferred compensation and nonqualified retirement

benefit arrangements, including most of the Company s severance arrangements; have been subject to Section 409A of the Internal Revenue Code which provides that nonqualified deferred compensation plans follow certain rules on the timing and form of payments. Noncompliance with these rules could result in adverse tax consequences for the executives. The Company has made significant efforts to ensure that affected arrangements comply with the new requirements.

**Accounting for Stock-based Compensation**

Beginning on January 1, 2006, the Company began accounting for stock-based payments including its grants of stock options, restricted shares and performance shares in accordance with the requirements of FASB ASC Topic 718.

**Compensation Risk**

The Company regularly reviews its compensation policies and practices, including any risks that may be inherent in the design of the Company s compensation plans. In early 2014, the Company reviewed its 2013 risk assessment process and the resulting analysis with the Committee, which concluded that the compensation plans reflect the appropriate compensation goals and philosophy and any risk arising from the Company s compensation policies and practices was not deemed likely to have a material adverse impact on the Company s performance or financial results.

**Compensation Recovery in the Event of a Financial Restatement**

The Company has adopted a clawback policy under which, in the event of a significant restatement of financial results due to fraud or misconduct, it will review payments made to senior executives on the basis of having met or exceeded specific performance targets during the restatement period. If such bonuses would have been lower had they been calculated based on such restated results, the Board of Directors will, to the full extent permitted by governing law, seek to recoup for the benefit of the Company all such bonuses to senior executives

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# Compensation Discussion and Analysis *continued*

whose fraud or misconduct, as determined by the Board of Directors, resulted in such restatement. For purposes of this policy, the term senior executives means executive officers as defined under the Securities Exchange Act of 1934, as amended, and the term bonuses means awards under The Interpublic Group of Companies, Inc. 2009 Performance Incentive Plan or any equivalent incentive plan which supersedes such plan, including, among other awards, annual incentives, stock options, performance cash and performance shares.

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# Compensation Discussion and Analysis *continued*

## COMPENSATION AND LEADERSHIP TALENT COMMITTEE REPORT

Among its duties, the Compensation and Leadership Talent Committee is responsible for reviewing and discussing with the Company s management the Compensation Discussion and Analysis included in this Proxy Statement for the 2014 Annual Meeting (the CD&A ). Based on such a review and discussion, the Committee has recommended to the Board of Directors that the CD&A be included in this Proxy Statement and incorporated by reference in the Company s Form 10-K for the year ended December 31, 2013.

William T. Kerr, Chair

Jill M. Considine

Richard A. Goldstein

H. John Greeniaus

March 26, 2014

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# EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation paid by Interpublic and its subsidiaries to (i) Mr. Roth, who served as the Interpublic s principal executive officer during 2013, (ii) Mr. Mergenthaler, who served as the principal financial officer in 2013 and (iii) each of the three most highly compensated executive officers of Interpublic, other than the principal executive officer and the principal financial officer (as determined based on total compensation in 2013, excluding the amount, if any, shown in the column headed Change in Pension Values and Nonqualified Deferred Compensation Earnings), who were serving as executive officers on December 31, 2013 (the named executive officers ). In each instance, the compensation shown is for services rendered in all capacities for the years indicated. The employment agreements for the named executive officers are summarized beginning on page 79 under the heading Employment Agreements.

## Summary Compensation Table

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards (2) ($) | Option Awards (3) ($) | Non-Equity Incentive Plan Compensation (4) ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (5) ($) | All Other Compensations (6) ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| Michael I. Roth | 2013 | 1,400,000 | 0 | 3,723,896 | 2,598,416 | 3,654,666 | 0 | 381,847 | 11,758,825 |
| Chairman of the Board and | 2012 | 1,400,000 | 0 | 3,362,388 | 2,331,191 | 2,100,000 | 57,285 | 382,430 | 9,663,294 |
| Chief Executive Officer | 2011 | 1,400,000 | 0 | 3,379,974 | 2,333,331 | 5,448,207 | 19,595 | 402,835 | 12,983,942 |
| Frank Mergenthaler | 2013 | 1,000,000 | 0 | 1,746,668 | 0 | 1,952,667 | 0 | 211,847 | 4,911,182 |
| Executive Vice President | 2012 | 908,333 | 249,470 | 1,455,769 | 0 | 1,000,530 | 0 | 215,560 | 3,829,662 |
| and Chief Financial Officer | 2011 | 900,000 | 60,940 | 1,299,032 | 0 | 2,075,259 | 0 | 212,269 | 4,547,500 |
| Philippe Krakowsky | 2013 | 800,000 | 0 | 1,474,618 | 0 | 1,506,800 | 0 | 66,212 | 3,847,630 |
| Executive Vice President | 2012 | 754,167 | 166,225 | 1,132,262 | 0 | 833,775 | 335,525 | 68,538 | 3,290,492 |
| Chief Strategy and Talent Officer | 2011 | 736,667 | 13,029 | 876,848 | 0 | 1,651,621 | 183,236 | 92,713 | 3,554,114 |
| Christopher Carroll | 2013 | 559,676 | 0 | 604,595 | 0 | 480,600 | 0 | 62,387 | 1,707,258 |
| Senior Vice President | 2012 | 543,375 | 0 | 291,147 | 0 | 350,000 | 0 | 63,060 | 1,247,582 |
| Controller and Chief Accounting Officer | 2011 | 538,781 | 0 | 292,279 | 0 | 714,479 | 0 | 62,269 | 1,607,808 |
| Andrew Bonzani (1) | 2013 | 600,000 | 0 | 483,066 | 0 | 425,000 | 0 | 14,605 | 1,522,671 |
| Senior Vice President General Counsel and Secretary | 2012 | 478,958 | 850,000 | 388,196 | 0 | 400,000 | 0 | 5,702 | 2,122,856 |

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# Executive Compensation *continued*

(1) Andrew Bonzani became a named executive officer in 2012.

(2) The amounts shown for each year is the aggregate grant date fair value of stock awards made to the executive during the year, computed in accordance with FASB ASC Topic 718, excluding the effect of estimated service-based forfeitures. The assumptions used in the calculation of these amounts are set forth in Note 11 to Interpublic s audited financial statements included in the 2013 Form 10-K. The grant date fair values of the performance share awards and the performance cash awards shown for each year were calculated assuming a target level of performance achievement. The following tables show grant date fair values of (i) performance share awards and (ii) the portion of performance cash awards to be settled in shares of Common Stock, in each case assuming achievement of the target performance level and maximum performance level.

For 2013, the amounts shown in the table consist of the grant date fair value of each executive s (i) performance share award for the two-year performance period ending in 2014 and (ii) the portion (fifty percent) of the executive s performance cash award for the two-year performance period ending in 2014 that is to be settled in shares of Common Stock. The balance of each executive s performance cash award for the two-year period ending in 2014, which will be settled in cash and reported in the Summary Compensation Table following the 2016 fiscal year, is shown in the Grants of Plan Based Awards Table in the column titled Estimated Future Payouts Under Non-Equity Incentive Plan Awards. The awards shown in the table will vest at the end of the third year following the grant of the respective awards.

**2013 Performance Share Awards**

| Name | Target ($) | Maximum ($) |
|---|---|---|
| Mr. Roth | 2,423,895 | 7,271,687 |
| Mr. Mergenthaler | 963,334 | 2,890,003 |
| Mr. Krakowsky | 807,949 | 2,423,848 |
| Mr. Carroll | 155,373 | 466,119 |
| Mr. Bonzani | 233,066 | 699,197 |

**2013 Performance Cash Awards (Common Stock Settlement Portion)**

| Name | Target ($) | Maximum ($) |
|---|---|---|
| Mr. Roth | 1,300,000 | 3,900,000 |
| Mr. Mergenthaler | 783,333 | 2,350,000 |
| Mr. Krakowsky | 666,667 | 2,000,001 |
| Mr. Carroll | 449,222 | 839,066 |
| Mr. Bonzani | 250,000 | 750,000 |

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# Executive Compensation *continued*

(2) continued

For 2012, the amounts shown in the table consist of the grant date fair value of each executive s (i) performance share award for the two-year performance period ending in 2013 and (ii) the portion (fifty percent) of the executive s performance cash award for the two-year performance period ending in 2013 that is to be settled in shares of Common Stock. The awards shown in the table vested at the end of the third year following the grant of the respective awards.

**2012 Performance Share Awards**

| Name | Target ($) | Maximum ($) |
|---|---|---|
| Mr. Roth | 2,195,721 | 6,587,163 |
| Mr. Mergenthaler | 705,769 | 2,117,307 |
| Mr. Krakowsky | 548,928 | 1,646,784 |
| Mr. Carroll | 141,147 | 423,441 |
| Mr. Bonzani | 188,196 | 564,588 |

**2012 Performance Cash Awards (Common Stock Settlement Portion)**

| Name | Target ($) | Maximum ($) |
|---|---|---|
| Mr. Roth | 1,166,667 | 3,500,000 |
| Mr. Mergenthaler | 750,000 | 2,250,000 |
| Mr. Krakowsky | 583,334 | 1,750,002 |
| Mr. Carroll | 150,000 | 450,000 |
| Mr. Bonzani | 200,000 | 600,000 |

For 2011, the amounts shown in the table consist of the grant date fair value of each executive s (i) performance share award for the two-year performance period ending in 2012 and (ii) the portion (fifty percent) of the executive s performance cash award for the two-year performance period ending in 2012 that is to be settled in shares of Common Stock. The awards shown in the table vested at the end of the third year following the grant of the respective awards.

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# Executive Compensation *continued*

(2) continued

**2011 Performance Share Awards**

| Name | Target ($) | Maximum ($) |
|---|---|---|
| Mr. Roth | 2,213,307 | 6,639,921 |
| Mr. Mergenthaler | 632,365 | 1,897,095 |
| Mr. Krakowsky | 426,848 | 1,280,544 |
| Mr. Carroll | 142,279 | 426,837 |

**2011 Performance Cash Awards (Common Stock Settlement Portion)**

| Name | Target ($) | Maximum ($) |
|---|---|---|
| Mr. Roth | 1,666,667 | 3,500,000 |
| Mr. Mergenthaler | 666,667 | 2,000,000 |
| Mr. Krakowsky | 450,000 | 1,350,000 |
| Mr. Carroll | 150,000 | 450,000 |

(3) The amount shown for each year is the aggregate grant date fair value of option awards made to Mr. Roth during the year, computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions used in the calculation of these amounts are set forth in Note 11 to Interpublic s audited financial statements included in the 2013 Form 10-K.

(4) Other than for Mr. Bonzani, the amounts shown for each of 2013 and 2011 for each named executive officer are the payments made for both the (i) annual non-equity compensation award and (ii) the performance cash awards for the 2011-2012 performance period, which vested on February 28, 2014 and the 2009-2010 performance period, which vested on March 31, 2012, in the respective amounts shown in the following table.

The amount shown for 2012 for each named executive officer is the payment made for performance under the annual non-equity compensation award.

The performance cash award for the 2010-11 performance period, which were paid in shares of Common Stock on March 31, 2013, were reflected in the Stock Awards column for 2010.

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# Executive Compensation *continued*

(4) continued

**2013 Non-Equity Incentive Plan Compensation**

| Name | Annual Incentive Award ($) | 2011 Performance Cash Award ($) |
|---|---|---|
| Mr. Roth | 2,600,000 | 1,054,666 |
| Mr. Mergenthaler | 1,350,000 | 602,667 |
| Mr. Krakowsky | 1,100,000 | 406,800 |
| Mr. Carroll | 345,000 | 135,600 |
| Mr. Bonzani | 425,000 | |

**2011 Non-Equity Incentive Plan Compensation**

| Name | Annual Incentive Award ($) | 2009 Performance Cash Award ($) |
|---|---|---|
| Mr. Roth | 3,400,000 | 2,048,207 |
| Mr. Mergenthaler | 1,389,060 | 686,199 |
| Mr. Krakowsky | 1,136,971 | 514,650 |
| Mr. Carroll | 440,000 | 274,479 |
| Mr. Bonzani | | |

(5) The amounts in this column for Mr. Roth reflect the change in the value of the benefits he is entitled to receive under the Senior Executive Retirement Income Plan, which is described in greater detail on page 75 under the heading Pension Arrangements Senior Executive Retirement Income Plan. Mr. Roth does not have an Executive Special Benefit Agreement.

In 2013, due to the increase in the discount rate from 2012 (4.00%) to 2013 (4.85%) the actuarial present value of the benefits Mr. Roth is entitled to receive under the SERIP decreased by $66,198, as of December 31, 2013.

The amounts in this column for Mr. Krakowsky reflect the change in the value of the benefits he is entitled to receive under his Executive Special Benefit Agreement, which is described in greater detail on page 75, under the heading Pension Arrangements - Executive Special Benefit Agreements.

In 2013, due to the increase in the discount rate from 2012 (4.00%) to 2013 (4.85%) the actuarial present value of Mr. Krakowsky s maximum possible benefit under the ESBA decreased by $141,465, as of December 31, 2013.

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# Executive Compensation *continued*

(5) continued
Messrs. Mergenthaler, Carroll and Bonzani do not participate in a pension plan nor do they have an Executive Special Benefit Agreement.

While each of the named executive officers, other than Mr. Bonzani, participate in deferred compensation arrangements, as described in greater detail beginning on page 77, under the heading Nonqualified Deferred Compensation Arrangements, none received above-market or preferential earnings on deferred compensation as defined by SEC rules.

(6) The table below shows the components of the amounts shown in this column for 2013.

| Name | Annual Dollar Credits under the Capital Accumulation Plan (a) ($) | Matching Contributions under the Interpublic Savings Plan ($) | Premiums Paid by Interpublic on Group Life Insurance ($) | Perquisites and Other Personal Benefits (b) ($) | Total all Other Compensation ($) |
|---|---|---|---|---|---|
| Mr. Roth | 350,000 | 8,850 | 261 | 22,736 | 381,847 |
| Mr. Mergenthaler | 200,000 | 8,850 | 261 | 2,736 | 211,847 |
| Mr. Krakowsky | 50,000 | 12,675 | 261 | 3,276 | 66,212 |
| Mr. Carroll | 50,000 | 8,850 | 261 | 3,276 | 62,387 |
| Mr. Bonzani | 0 | 8,420 | 261 | 5,924 | 14,605 |

(a) The Capital Accumulation Plan is described in greater detail on page 77 under the heading Nonqualified Deferred Compensation Arrangements The Interpublic Capital Accumulation Plan.

(b) The 2013 Perquisites and Other Personal Benefits table on the following page lists the type and amount of each perquisite received by the named executive officers in 2013.

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# Executive Compensation *continued*

**2013 Perquisites and Other Personal Benefits**

The following table describes the amount of each perquisite and other personal benefit received by each of the named executive officer in 2013.

| Name | Executive Dental Plan Coverage ($) | Charitable Matching Program (a) ($) |
|---|---|---|
| Mr. Roth | 2,736 | 20,000 |
| Mr. Mergenthaler | 2,736 | 0 |
| Mr. Krakowsky | 3,276 | 0 |
| Mr. Carroll | 3,276 | 0 |
| Mr. Bonzani | 924 | 5,000 |

(a) The Charitable Matching Program is described in greater detail on page 23 under the heading Non-Management Director Compensation.

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# Executive Compensation *continued*

### Grants of Plan-Based Awards Table

The following table provides information on grants of equity and non-equity plan based awards made in 2013 to the named executive officers. The awards are described in greater detail in the Compensation Discussion and Analysis, beginning on page 26.

| Name | Grant Date | Approval Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | All Other Stock Awards: Number of Shares of Stock or Units (#) | All Other Option Awards: Number of Securities Underlying Options (5) (#) | Excercise or Base Price of Option Awards (6) ($/Shr) | Closing Price of Stock on Date Option Awards ($/Shr) | Grant Date Fair Value of Stock and Option Awards (7) ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Threshold ($) | Target ($) | Maximum ($) | Threshold ($/#) | Target ($/#) | Maximum ($/#) | | | | | |
| Mr. Roth | 3/31/2013 | 3/27/2013[1] | 0 | 2,800,000 | 5,600,000 | | | | | | | | |
| | 2/28/2013 | 2/26/2013[2] | 0 | 1,300,000 | 3,900,000 | 0 | $ 1,300,000 | $ 3,900,000 | | | | | 1,300,000 |
| | 2/28/2013 | 2/26/2013[3] | | | | 0 | 203,602 | 610,806 | | | | | 2,423,896 |
| | 2/28/2013 | 2/26/2013 | | | | | | | | 628,019 | 12.77 | 12.78 | 2,598,416 |
| Mr. Mergenthaler | 3/31/2013 | 3/27/2013[1] | 0 | 1,250,000 | 2,500,000 | | | | | | | | |
| | 2/28/2013 | 2/26/2013[2] | 0 | 783,333 | 2,350,000 | 0 | $ 783,333 | $ 2,350,000 | | | | | 783,333 |
| | 2/28/2013 | 2/26/2013[3] | | | | 0 | 61,341 | 184,023 | | | | | 730,269 |
| | 2/28/2013 | 2/26/2013[3] | | | | 0 | 19,577 | 58,731 | | | | | 233,066 |
| Mr. Krakowsky | 3/31/2013 | 3/27/2013[1] | 0 | 1,000,000 | 2,000,000 | | | | | | | | |
| | 2/28/2013 | 2/26/2013[2] | 0 | 666,667 | 2,000,001 | 0 | $ 666,667 | $ 2,000,001 | | | | | 666,667 |
| | 2/28/2013 | 2/26/2013[3] | | | | 0 | 52,205 | 156,615 | | | | | 621,505 |
| | 2/28/2013 | 2/26/2013[3] | | | | 0 | 15,661 | 46,983 | | | | | 186,446 |
| Mr. Carroll | 5/31/2013 | 5/22/2013[4] | 0 | 282,555 | 339,066 | | $ 282,555 | $ 339,066 | | | | | 282,555 |
| | 3/31/2013 | 3/27/2013[1] | 0 | 335,806 | 671,612 | | | | | | | | |
| | 2/28/2013 | 2/26/2013[2] | 0 | 166,667 | 500,000 | 0 | $ 166,667 | $ 500,000 | | | | | 166,667 |
| | 2/28/2013 | 2/26/2013[3] | | | | 0 | 13,051 | 39,153 | | | | | 155,373 |
| Mr. Bonzani | 3/31/2013 | 3/27/2013[1] | 0 | 450,000 | 900,000 | | | | | | | | |
| | 2/28/2013 | 2/26/2013[2] | 0 | 250,000 | 750,000 | 0 | $ 250,000 | $ 750,000 | | | | | 250,000 |
| | 2/28/2013 | 2/26/2013[3] | | | | 0 | | | | | | | |