



Interpublic Group

SECOND QUARTER 2016 EARNINGS CONFERENCE CALL

July 21, 2016

Overview – Second Quarter 2016

- Total revenue increase was 2.2% in Q2 and 3.0% in H1
- Organic revenue growth was 3.7% in Q2 and 5.1% in H1
- Operating margin +20 bps in Q2 and +40 bps in H1
- Diluted EPS was \$0.38 in Q2, and was \$0.33 as adjusted for below-the-line items, an increase of 14%
- Repurchased 2.5 million shares in Q2, using \$59 million

Operating Performance

	Three Months Ended June 30,	
	2016	2015
<i>Revenue</i>	\$ 1,917.9	\$ 1,876.1
Salaries and Related Expenses	1,229.0	1,205.2
Office and General Expenses	464.1	455.1
<i>Operating Income</i>	224.8	215.8
Interest Expense	(24.5)	(20.3)
Interest Income	5.6	5.0
Other (Expense) Income, net	(0.1)	0.5
<i>Income Before Income Taxes</i>	205.8	201.0
Provision for Income Taxes	43.7	77.7
Equity in Net (Loss) Income of Unconsolidated Affiliates	(1.9)	0.5
<i>Net Income</i>	160.2	123.8
Net Income Attributable to Noncontrolling Interests	(3.3)	(2.6)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 156.9	\$ 121.2
 <i>Earnings per Share Available to IPG Common Stockholders:</i>		
Basic	\$ 0.39	\$ 0.30
Diluted	\$ 0.38	\$ 0.29
 <i>Weighted-Average Number of Common Shares Outstanding:</i>		
Basic	400.1	410.5
Diluted	409.8	417.6
 <i>Dividends Declared per Common Share</i>	 \$ 0.15	 \$ 0.12

Revenue

	Three Months Ended		Six Months Ended	
	\$	% Change	\$	% Change
June 30, 2015	\$ 1,876.1		\$ 3,552.1	
Total change	41.8	2.2%	107.8	3.0%
Foreign currency	(33.0)	(1.8%)	(84.9)	(2.4%)
Net acquisitions/(divestitures)	6.1	0.3%	11.6	0.3%
Organic	68.7	3.7%	181.1	5.1%
June 30, 2016	\$ 1,917.9		\$ 3,659.9	

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change	
	2016	2015	Total	Organic	2016	2015	Total	Organic
IAN	\$ 1,548.5	\$ 1,522.1	1.7%	3.9%	\$ 2,950.1	\$ 2,867.2	2.9%	5.6%
CMG	\$ 369.4	\$ 354.0	4.4%	2.8%	\$ 709.8	\$ 684.9	3.6%	3.0%

Integrated Agency Networks (“IAN”): McCann Worldgroup, FCB (Foote, Cone & Belding), MullenLowe Group, IPG Mediabrands, our digital specialist agencies and our domestic integrated agencies
 Constituency Management Group (“CMG”): Weber Shandwick, Golin, Jack Morton, FutureBrand, Octagon and our other marketing service specialists

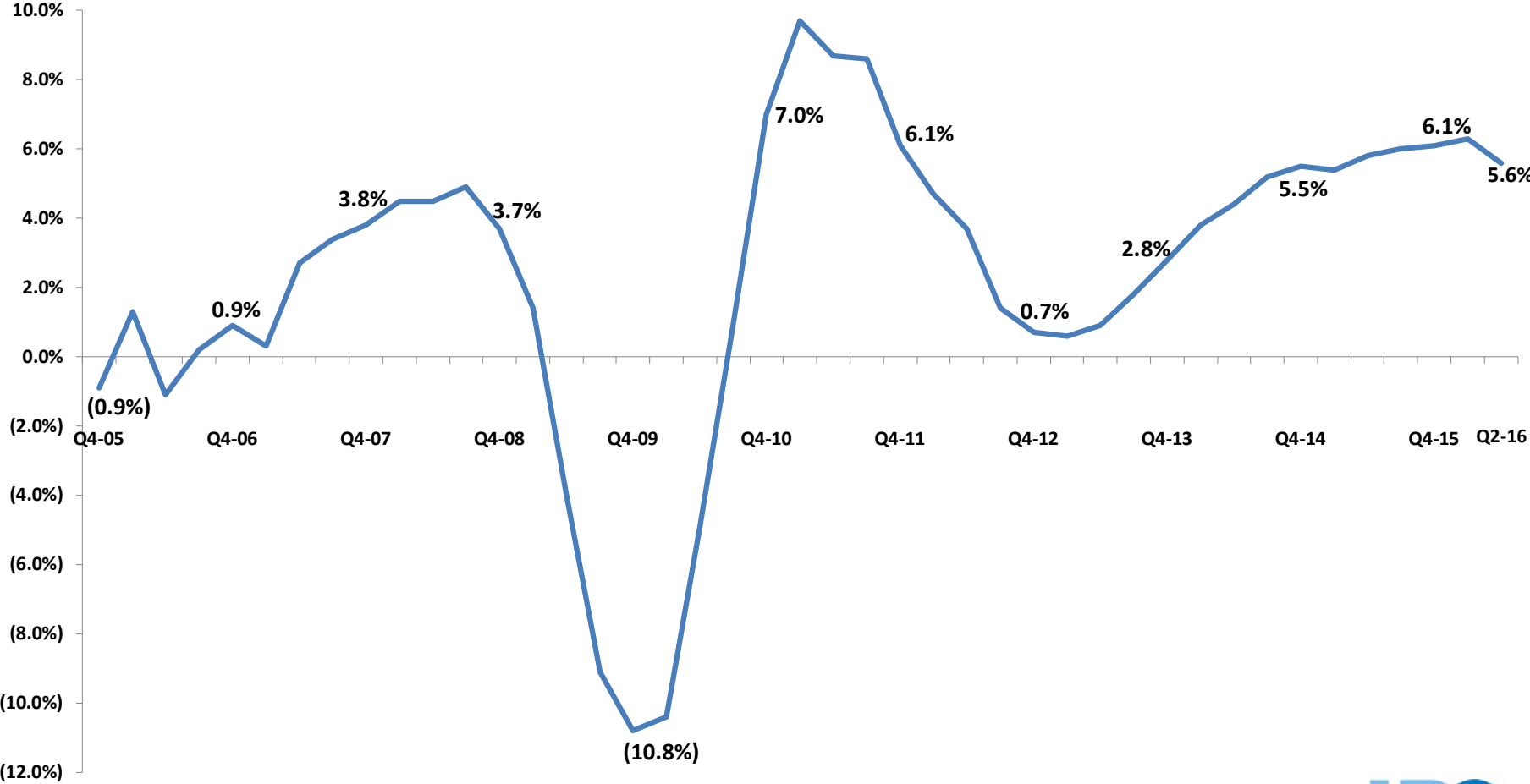
Geographic Revenue Change

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2016	
	Total	Organic	Total	Organic
United States	5.1%	4.6%	6.8%	6.4%
International	(2.0%)	2.3%	(2.5%)	3.2%
United Kingdom	(0.6%)	1.2%	(0.1%)	2.4%
Continental Europe	(2.5%)	0.5%	(3.6%)	1.1%
Asia Pacific	(6.0%)	(3.2%)	(4.7%)	(0.5%)
Latin America	(4.1%)	15.9%	(9.5%)	13.9%
All Other Markets	7.4%	7.3%	5.8%	7.3%
Worldwide	2.2%	3.7%	3.0%	5.1%

“All Other Markets” includes Canada, Africa and the Middle East.

Organic Revenue Growth

Trailing Twelve Months



Operating Expenses

Salaries & Related

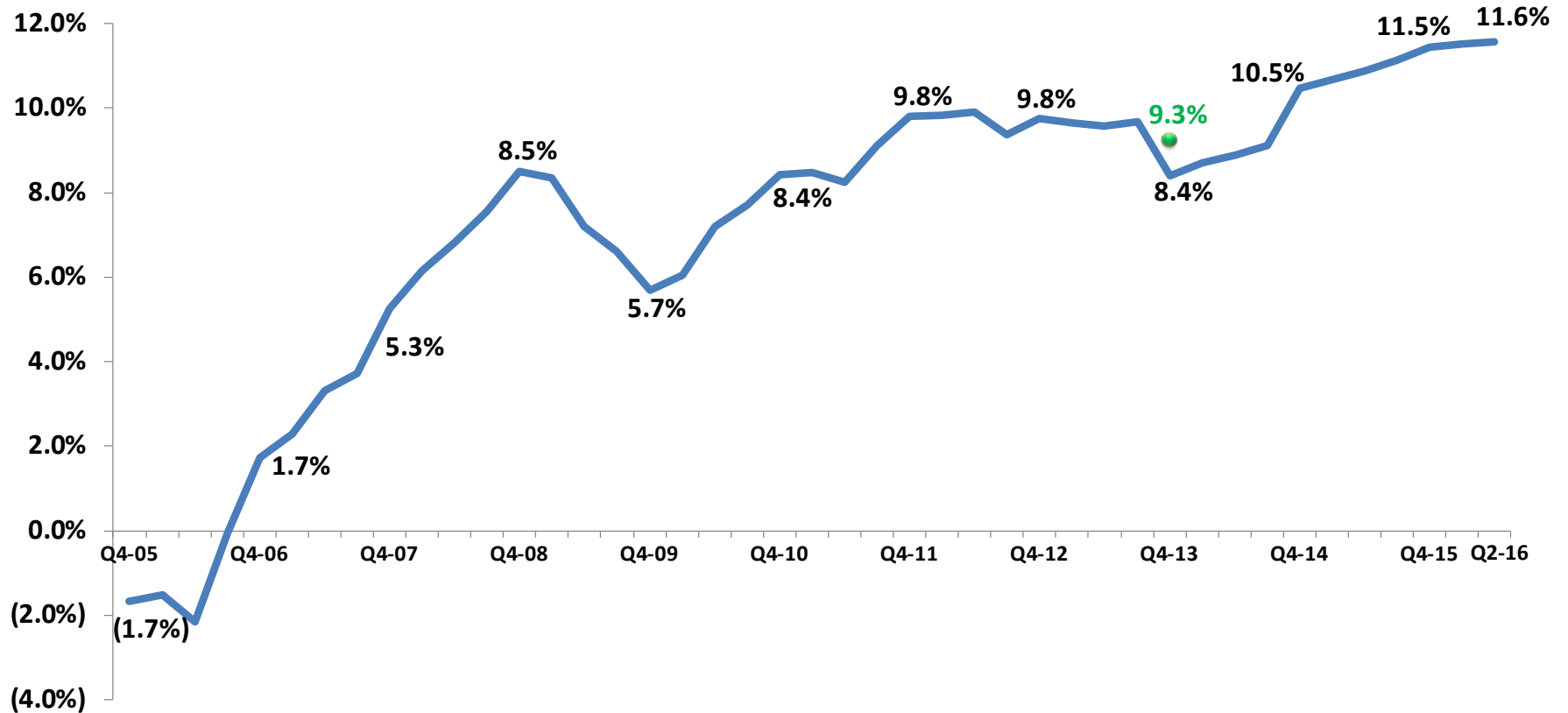
	2016	2015	Change		
			\$	Total	Organic
Three Months Ended June 30,	\$ 1,229.0	\$ 1,205.2	\$ 23.8	2.0%	3.5%
<i>% of Revenue</i>	64.1%	64.2%			
Three months severance	\$ 19.2	\$ 16.9	\$ 2.3	13.6%	
<i>% of Revenue</i>	1.0%	0.9%			
Six Months Ended June 30,	\$ 2,499.9	\$ 2,420.4	\$ 79.5	3.3%	5.6%
<i>% of Revenue</i>	68.3%	68.1%			
Six months severance	\$ 43.0	\$ 34.2	\$ 8.8	25.7%	
<i>% of Revenue</i>	1.2%	1.0%			

Office & General

	2016	2015	Change		
			\$	Total	Organic
Three Months Ended June 30,	\$ 464.1	\$ 455.1	\$ 9.0	2.0%	4.1%
<i>% of Revenue</i>	24.2%	24.3%			
Three months occupancy expense (ex-D&A)	\$ 125.9	\$ 110.3	\$ 15.6	14.1%	
<i>% of Revenue</i>	6.6%	5.9%			
Six Months Ended June 30,	\$ 914.3	\$ 908.1	\$ 6.2	0.7%	3.4%
<i>% of Revenue</i>	25.0%	25.6%			
Six months occupancy expense (ex-D&A)	\$ 252.0	\$ 232.0	\$ 20.0	8.6%	
<i>% of Revenue</i>	6.9%	6.5%			

Operating Margin

Trailing Twelve Months



For the twelve months ended December 31, 2013, reported operating income of \$598.3 includes our Q4 2013 restructuring charge of \$60.6. Excluding this charge, adjusted operating income was \$658.9, and adjusted operating margin is represented in green.

Adjusted Diluted Earnings Per Share

Three Months Ended June 30, 2016

	As Reported	Losses on Sales of Businesses ⁽¹⁾	Adoption of ASU 2016-09 ⁽³⁾	Settlement of Certain Tax Positions ⁽⁴⁾	Adjusted Results
Income Before Income Taxes	\$ 205.8	\$ (3.7)			\$ 209.5
Provision for Income Taxes	43.7		\$ 2.7	\$ 23.4	69.8
Effective Tax Rate	21.2%				33.3%
Diluted EPS Components:					
Net Income Available to IPG Common Stockholders	\$ 156.9	\$ (3.7)	\$ 2.7	\$ 23.4	\$ 134.5
Weighted-Average Number of Common Shares Outstanding	409.8		1.8		408.0
Earnings Per Share Available to IPG Common Stockholders	\$ 0.38	\$ (0.01)	\$ 0.01	\$ 0.06	\$ 0.33

Six Months Ended June 30, 2016

	As Reported	Losses on Sales of Businesses ⁽¹⁾	Valuation Allowance Reversals ⁽²⁾	Adoption of ASU 2016-09 ⁽³⁾	Settlement of Certain Tax Positions ⁽⁴⁾	Adjusted Results
Income Before Income Taxes	\$ 192.8	\$ (20.0)				\$ 212.8
Provision for Income Taxes	28.1	0.4	\$ 12.2	\$ 10.2	\$ 23.4	74.3
Effective Tax Rate	14.6%					34.9%
Diluted EPS Components:						
Net Income Available to IPG Common Stockholders	\$ 162.3	\$ (19.6)	\$ 12.2	\$ 10.2	\$ 23.4	\$ 136.1
Weighted-Average Number of Common Shares Outstanding	409.4			1.5		407.9
Earnings Per Share Available to IPG Common Stockholders	\$ 0.40	\$ (0.05)	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.33

(1) During the six months ended June 30, 2016, we recorded losses on sales of businesses in our international markets, primarily in Continental Europe.

(2) During Q1 2016, we recorded valuation allowance reversals as a consequence of the disposition of certain businesses in Continental Europe.

(3) During the six months ended June 30, 2016, we early adopted Financial Accounting Standards Board Accounting Standards Update 2016-09.

(4) During Q2 2016, we released reserves related to the conclusion and settlement of a tax examination of previous tax years.

See full reconciliation of adjusted diluted earnings per share on pages 22 and 23.

Balance Sheet – Current Portion

	June 30, 2016	December 31, 2015	June 30, 2015
CURRENT ASSETS:			
Cash and cash equivalents	\$ 672.6	\$ 1,502.9	\$ 848.9
Marketable securities	2.8	6.8	6.7
Accounts receivable, net	3,945.0	4,361.0	3,976.7
Expenditures billable to clients	1,710.4	1,594.4	1,452.4
Other current assets	294.6	228.0	352.7
Total current assets	\$ 6,625.4	\$ 7,693.1	\$ 6,637.4
CURRENT LIABILITIES:			
Accounts payable	\$ 5,857.7	\$ 6,672.0	\$ 5,669.8
Accrued liabilities	588.4	760.3	603.8
Short-term borrowings	211.7	150.1	158.0
Current portion of long-term debt	24.5	1.9	2.0
Total current liabilities	\$ 6,682.3	\$ 7,584.3	\$ 6,433.6

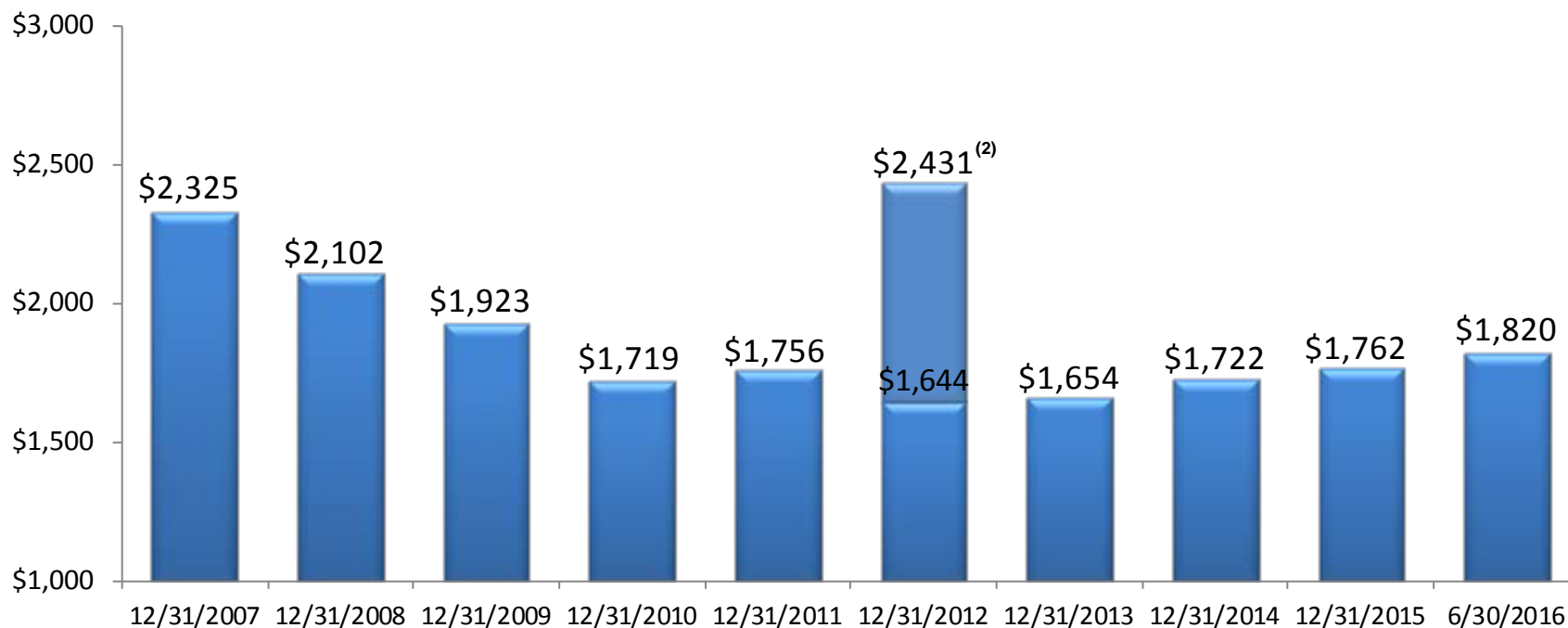
Cash Flow

	Three Months Ended June 30,	
	2016	2015
NET INCOME	\$ 160	\$ 124
OPERATING ACTIVITIES		
Depreciation & amortization	57	57
Deferred taxes	24	32
Non-cash loss on sales of businesses	4	-
Other non-cash items	7	5
Change in working capital, net	(128)	42
Change in other non-current assets & liabilities	(30)	1
Net cash provided by Operating Activities	94	261
INVESTING ACTIVITIES		
Capital expenditures	(36)	(30)
Acquisitions, net of cash acquired	(7)	-
Other investing activities	(5)	-
Net cash used in Investing Activities ⁽¹⁾	(48)	(30)
FINANCING ACTIVITIES		
Common stock dividends	(60)	(50)
Repurchase of common stock	(59)	(51)
Acquisition-related payments	(29)	(26)
Tax payments for employee shares withheld ⁽²⁾	(4)	(1)
Distributions to noncontrolling interests	(3)	(7)
Exercise of stock options	6	2
Net increase in short-term bank borrowings	82	21
Other financing activities	-	2
Net cash used in Financing Activities	(67)	(110)
Currency Effect	16	(7)
(Decrease) Increase in Cash & S/T Marketable Securities	\$ (5)	\$ 114

(1) Excludes net purchases, sales and maturities of short-term marketable securities. See reconciliation on page 21.

(2) As part of the adoption of FASB ASU 2016-09, we have reclassified the tax payments for employee shares withheld balance into Financing Activities in both periods presented. This amount was previously included in Change in working capital, net in Operating Activities. Additionally, the excess tax benefit from share-based payment arrangements amount is now reflected within Net Income for Q2 2016, as prospective adoption was required.

Total Debt (1)



(1) Includes current portion of long-term debt, short-term borrowings and long-term debt.

(2) Includes our November 2012 debt issuances of \$800 aggregate principal amount of Senior Notes, which pre-funded our plan to redeem a similar amount of debt in 2013.

Summary

- Solid performance against FY-16 financial objectives
- Sustained traction from key strategic initiatives
 - Quality of our agency offerings, creative talent, embedded digital, and “open architecture” solutions
 - Performance in high-growth disciplines
 - Effective expense management
- Focus is on continued growth and margin improvement
- Financial strength continues to be a source of value creation



Interpublic Group

Appendix

Operating Performance

	Six Months Ended June 30,	
	2016	2015
<i>Revenue</i>	\$ 3,659.9	\$ 3,552.1
Salaries and Related Expenses	2,499.9	2,420.4
Office and General Expenses	914.3	908.1
<i>Operating Income</i>	245.7	223.6
Interest Expense	(47.1)	(41.2)
Interest Income	11.4	12.2
Other (Expense) Income, net	(17.2)	0.8
<i>Income Before Income Taxes</i>	192.8	195.4
Provision for Income Taxes	28.1	76.3
Equity in Net (Loss) Income of Unconsolidated Affiliates	(1.8)	0.5
<i>Net Income</i>	162.9	119.6
Net Income Attributable to Noncontrolling Interests	(0.6)	(0.2)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 162.3	\$ 119.4

Earnings per Share Available to IPG Common Stockholders:

Basic	\$ 0.41	\$ 0.29
Diluted	\$ 0.40	\$ 0.29

Weighted-Average Number of Common Shares Outstanding:

Basic	400.4	410.8
Diluted	409.4	417.6

<i>Dividends Declared per Common Share</i>	\$ 0.30	\$ 0.24
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Cash Flow

	Six Months Ended June 30,	
	2016	2015
NET INCOME	\$ 163	\$ 120
OPERATING ACTIVITIES		
Depreciation & amortization	120	114
Deferred taxes	(4)	-
Non-cash loss on sales of businesses	20	-
Other non-cash items	35	18
Change in working capital, net	(818)	(743)
Change in other non-current assets & liabilities	(71)	(29)
Net cash used in Operating Activities	(555)	(520)
INVESTING ACTIVITIES		
Capital expenditures	(63)	(50)
Acquisitions, net of cash acquired	(34)	-
Other investing activities	(10)	-
Net cash used in Investing Activities⁽¹⁾	(107)	(50)
FINANCING ACTIVITIES		
Common stock dividends	(120)	(99)
Repurchase of common stock	(113)	(102)
Acquisition-related payments	(29)	(28)
Tax payments for employee shares withheld ⁽²⁾	(23)	(17)
Distributions to noncontrolling interests	(7)	(8)
Excess tax benefit from share-based payment arrangements ⁽²⁾	-	9
Exercise of stock options	10	11
Net increase in short-term bank borrowings	57	55
Other financing activities	-	2
Net cash used in Financing Activities	(225)	(177)
Currency Effect	53	(65)
Decrease in Cash & S/T Marketable Securities	\$ (834)	\$ (812)

(1) Excludes net purchases, sales and maturities of short-term marketable securities. See reconciliation on page 21.

(2) As part of the adoption of FASB ASU 2016-09, we have reclassified the tax payments for employee shares withheld balance into Financing Activities in both periods presented. This amount was previously included in Change in working capital, net in Operating Activities. Additionally, the excess tax benefit from share-based payment arrangements amount is now reflected within Net Income for Q2 2016, as prospective adoption was required.

Depreciation and Amortization

	2016				
	Q1	Q2	Q3	Q4	YTD 2016
Depreciation and amortization of fixed assets and intangible assets	\$ 38.0	\$ 39.8			\$ 77.8
Amortization of restricted stock and other non-cash compensation	23.1	16.8			39.9
Net amortization of bond discounts and deferred financing costs	1.4	1.4			2.8
	2015				
	Q1	Q2	Q3	Q4	FY 2015
Depreciation and amortization of fixed assets and intangible assets	\$ 38.7	\$ 39.5	\$ 38.1	\$ 40.7	\$ 157.0
Amortization of restricted stock and other non-cash compensation	16.8	16.4	16.5	20.6	70.3
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4	1.6	5.8

Reconciliation of Organic Measures

	Three Months Ended June 30, 2015	Components of Change			Three Months Ended June 30, 2016	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
Segment Revenue							
IAN	\$ 1,522.1	\$ (28.8)	\$ (3.5)	\$ 58.7	\$ 1,548.5	3.9%	1.7%
CMG	354.0	(4.2)	9.6	10.0	369.4	2.8%	4.4%
Total	<u>\$ 1,876.1</u>	<u>\$ (33.0)</u>	<u>\$ 6.1</u>	<u>\$ 68.7</u>	<u>\$ 1,917.9</u>	<u>3.7%</u>	<u>2.2%</u>
Geographic							
United States	\$ 1,112.1	\$ -	\$ 6.1	\$ 50.9	\$ 1,169.1	4.6%	5.1%
International	764.0	(33.0)	-	17.8	748.8	2.3%	(2.0%)
United Kingdom	156.7	(8.9)	6.0	1.9	155.7	1.2%	(0.6%)
Continental Europe	177.4	2.4	(7.8)	0.9	172.9	0.5%	(2.5%)
Asia Pacific	231.7	(6.9)	0.2	(7.3)	217.7	(3.2%)	(6.0%)
Latin America	90.5	(14.7)	(3.4)	14.4	86.8	15.9%	(4.1%)
All Other Markets	107.7	(4.9)	5.0	7.9	115.7	7.3%	7.4%
Worldwide	<u>\$ 1,876.1</u>	<u>\$ (33.0)</u>	<u>\$ 6.1</u>	<u>\$ 68.7</u>	<u>\$ 1,917.9</u>	<u>3.7%</u>	<u>2.2%</u>
Expenses							
Salaries & Related	\$ 1,205.2	\$ (19.8)	\$ 1.3	\$ 42.3	\$ 1,229.0	3.5%	2.0%
Office & General	455.1	(9.6)	0.1	18.5	464.1	4.1%	2.0%
Total	<u>\$ 1,660.3</u>	<u>\$ (29.4)</u>	<u>\$ 1.4</u>	<u>\$ 60.8</u>	<u>\$ 1,693.1</u>	<u>3.7%</u>	<u>2.0%</u>

Reconciliation of Organic Measures

	Six Months Ended June 30, 2015	Components of Change			Six Months Ended June 30, 2016	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
Segment Revenue							
IAN	\$ 2,867.2	\$ (73.0)	\$ (4.7)	\$ 160.6	\$ 2,950.1	5.6%	2.9%
CMG	684.9	(11.9)	16.3	20.5	709.8	3.0%	3.6%
Total	\$ 3,552.1	\$ (84.9)	\$ 11.6	\$ 181.1	\$ 3,659.9	5.1%	3.0%
Geographic							
United States	\$ 2,115.9	\$ -	\$ 9.8	\$ 134.6	\$ 2,260.3	6.4%	6.8%
International	1,436.2	(84.9)	1.8	46.5	1,399.6	3.2%	(2.5%)
United Kingdom	321.6	(18.2)	10.3	7.6	321.3	2.4%	(0.1%)
Continental Europe	332.5	(3.8)	(11.7)	3.5	320.5	1.1%	(3.6%)
Asia Pacific	419.5	(17.8)	0.4	(2.3)	399.8	(0.5%)	(4.7%)
Latin America	168.0	(33.4)	(5.9)	23.4	152.1	13.9%	(9.5%)
All Other Markets	194.6	(11.7)	8.7	14.3	205.9	7.3%	5.8%
Worldwide	\$ 3,552.1	\$ (84.9)	\$ 11.6	\$ 181.1	\$ 3,659.9	5.1%	3.0%
Expenses							
Salaries & Related	\$ 2,420.4	\$ (57.9)	\$ 2.8	\$ 134.6	\$ 2,499.9	5.6%	3.3%
Office & General	908.1	(25.2)	0.5	30.9	914.3	3.4%	0.7%
Total	\$ 3,328.5	\$ (83.1)	\$ 3.3	\$ 165.5	\$ 3,414.2	5.0%	2.6%

Reconciliation of Organic Revenue Growth

Last Twelve Months Ending	Beginning of Period Revenue	Components of Change During the Period			End of Period Revenue
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic	
12/31/05	\$ 6,387.0	\$ 40.4	\$ (107.4)	\$ (56.2)	\$ 6,263.8
3/31/06	6,323.8	(10.9)	(132.6)	81.5	6,261.8
6/30/06	6,418.4	(8.8)	(157.5)	(68.5)	6,183.6
9/30/06	6,335.9	(13.9)	(140.4)	15.6	6,197.2
12/31/06	6,263.8	20.7	(165.5)	57.8	6,176.8
3/31/07	6,261.8	78.4	(147.2)	16.0	6,209.0
6/30/07	6,183.6	102.4	(124.7)	166.6	6,327.9
9/30/07	6,197.2	137.3	(110.9)	209.2	6,432.8
12/31/07	6,176.8	197.5	(70.7)	233.1	6,536.7
3/31/08	6,209.0	217.8	(45.9)	280.6	6,661.5
6/30/08	6,327.9	244.8	(12.6)	282.4	6,842.5
9/30/08	6,432.8	237.4	32.8	317.2	7,020.2
12/31/08	6,536.7	71.5	87.6	243.0	6,938.8
3/31/09	6,661.5	(88.3)	114.7	91.9	6,779.8
6/30/09	6,842.5	(286.2)	139.2	(275.3)	6,420.2
9/30/09	7,020.2	(390.1)	115.2	(636.4)	6,108.9
12/31/09	6,938.8	(251.6)	69.1	(748.9)	6,007.4
3/31/10	6,779.8	(88.2)	36.0	(705.4)	6,022.2
6/30/10	6,420.2	59.1	2.0	(316.9)	6,164.4
9/30/10	6,108.9	117.7	9.6	60.1	6,296.3
12/31/10	6,007.4	63.3	17.0	419.6	6,507.3
3/31/11	6,022.2	21.0	18.2	583.7	6,645.1
6/30/11	6,164.4	61.5	12.4	535.8	6,774.1
9/30/11	6,296.3	119.1	(7.7)	539.5	6,947.2
12/31/11	6,507.3	122.2	(8.6)	393.7	7,014.6
3/31/12	6,645.1	92.9	(1.4)	310.0	7,046.6
6/30/12	6,774.1	(14.3)	14.5	247.3	7,021.6
9/30/12	6,947.2	(117.2)	39.7	95.8	6,965.5
12/31/12	7,014.6	(147.6)	41.8	47.4	6,956.2
3/31/13	7,046.6	(143.7)	48.2	41.3	6,992.4
6/30/13	7,021.6	(111.4)	56.9	65.8	7,032.9
9/30/13	6,965.5	(80.3)	49.5	128.2	7,062.9
12/31/13	6,956.2	(80.4)	50.3	196.2	7,122.3
3/31/14	6,992.4	(89.9)	51.2	263.1	7,216.8
6/30/14	7,032.9	(80.6)	51.6	308.1	7,312.0
9/30/14	7,062.9	(53.5)	74.3	369.0	7,452.7
12/31/14	7,122.3	(75.5)	95.3	395.0	7,537.1
3/31/15	7,216.8	(125.7)	98.4	386.1	7,575.6
6/30/15	7,312.0	(223.5)	85.3	426.5	7,600.3
9/30/15	7,452.7	(336.2)	58.3	449.9	7,624.7
12/31/15	7,537.1	(408.5)	23.7	461.5	7,613.8
3/31/16	7,575.6	(388.5)	11.9	480.8	7,679.8
6/30/16	7,600.3	(315.6)	10.8	426.1	7,721.6

Reconciliation of Investing Cash Flow

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
INVESTING ACTIVITIES				
Net cash used in Investing Activities per presentation	\$ (48)	\$ (30)	\$ (107)	\$ (50)
Net purchase, sales and maturities of short-term marketable securities	4	-	4	-
Net cash used in Investing Activities as reported	\$ (44)	\$ (30)	\$ (103)	\$ (50)

Reconciliation Adjusted Results - QTD ⁽¹⁾

	Three Months Ended June 30, 2016				
	As Reported	Losses on Sales of Businesses	Adoption of ASU 2016-09	Settlement of Certain Tax Positions	Adjusted Results
Income Before Income Taxes	\$ 205.8	\$ (3.7)			\$ 209.5
Provision for Income Taxes	43.7		\$ 2.7	\$ 23.4	69.8
Effective Tax Rate	21.2%				33.3%
Equity in Net Loss of Unconsolidated Affiliates	(1.9)				(1.9)
Net Income Attributable to Noncontrolling Interests	(3.3)				(3.3)
Net Income Available to IPG Common Stockholders - Basic and Diluted	\$ 156.9	\$ (3.7)	\$ 2.7	\$ 23.4	\$ 134.5
Weighted-Average Number of Common Shares Outstanding - Basic	400.1				400.1
Add: Effect of Dilutive Securities					
Restricted Stock, Stock Options and Other Equity Awards	9.7		1.8		7.9
Weighted-Average Number of Common Shares Outstanding - Diluted	409.8		1.8		408.0
Earnings Per Share Available to IPG Common Stockholders - Basic	\$ 0.39	\$ (0.01)	\$ 0.01	\$ 0.06	\$ 0.34
Earnings Per Share Available to IPG Common Stockholders - Diluted	\$ 0.38	\$ (0.01)	\$ 0.01	\$ 0.06	\$ 0.33

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the losses on sales of businesses in our international markets, primarily in Continental Europe, the effect of the adoption of ASU 2016-09 and the release of reserves related to the conclusion and settlement of a tax examination of previous tax years. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

Reconciliation Adjusted Results - YTD ⁽¹⁾

	Six Months Ended June 30, 2016					
	As Reported	Losses on Sales of Businesses	Valuation Allowance Reversals	Adoption of ASU 2016-09	Settlement of Certain Tax Positions	Adjusted Results
Income Before Income Taxes	\$ 192.8	\$ (20.0)				\$ 212.8
Provision for Income Taxes	28.1	0.4	\$ 12.2	\$ 10.2	\$ 23.4	74.3
Effective Tax Rate	14.6%					34.9%
Equity in Net Loss of Unconsolidated Affiliates	(1.8)					(1.8)
Net Income Attributable to Noncontrolling Interests	(0.6)					(0.6)
Net Income Available to IPG Common Stockholders - Basic and Diluted	\$ 162.3	\$ (19.6)	\$ 12.2	\$ 10.2	\$ 23.4	\$ 136.1
Weighted-Average Number of Common Shares Outstanding - Basic	400.4					400.4
Add: Effect of Dilutive Securities						
Restricted Stock, Stock Options and Other Equity Awards	9.0			1.5		7.5
Weighted-Average Number of Common Shares Outstanding - Diluted	409.4			1.5		407.9
Earnings Per Share Available to IPG Common Stockholders - Basic	\$ 0.41	\$ (0.05)	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.34
Earnings Per Share Available to IPG Common Stockholders - Diluted	\$ 0.40	\$ (0.05)	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.33

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the losses on sales of businesses in our international markets, primarily in Continental Europe, valuation allowance reversals as a result of the disposition of those businesses in Continental Europe, the effect of the adoption of ASU 2016-09 and the release of reserves related to the conclusion and settlement of a tax examination of previous tax years. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.



Interpublic Group

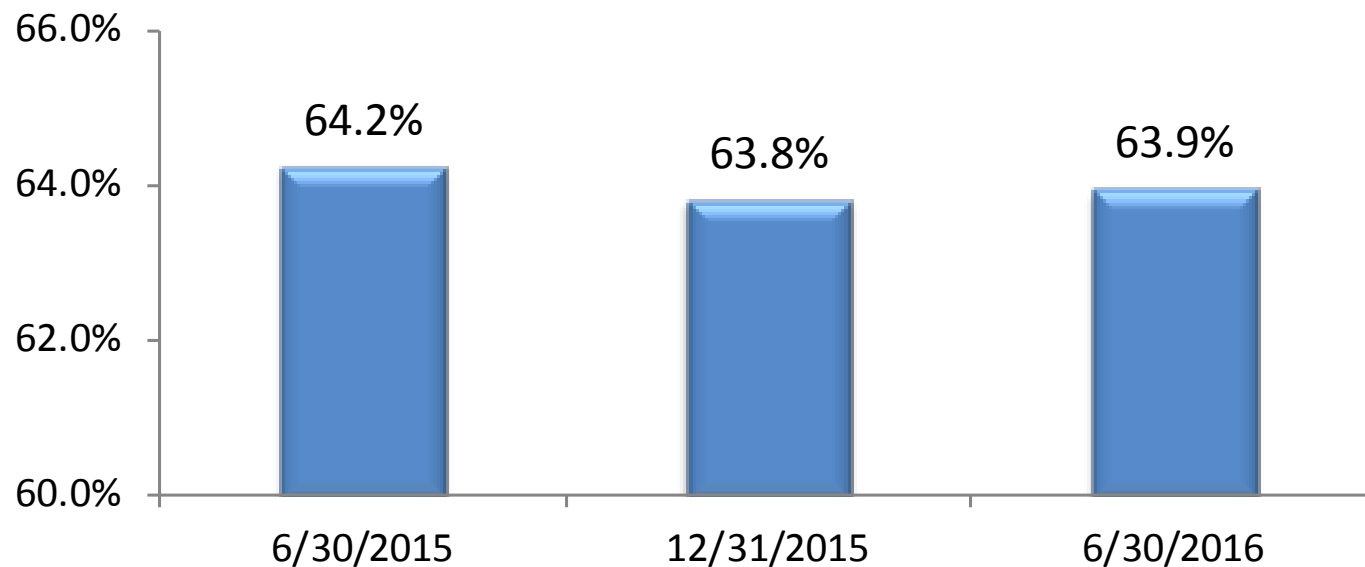
Metrics Update

Metrics Update

Category	Metric
SALARIES & RELATED (% of revenue)	Trailing Twelve Months Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help
OFFICE & GENERAL (% of revenue)	Trailing Twelve Months Professional Fees Occupancy Expense (ex-D&A) T&E, Office Supplies & Telecom All Other O&G
FINANCIAL	Available Liquidity \$1.0 Billion 5-Year Credit Facility Covenants

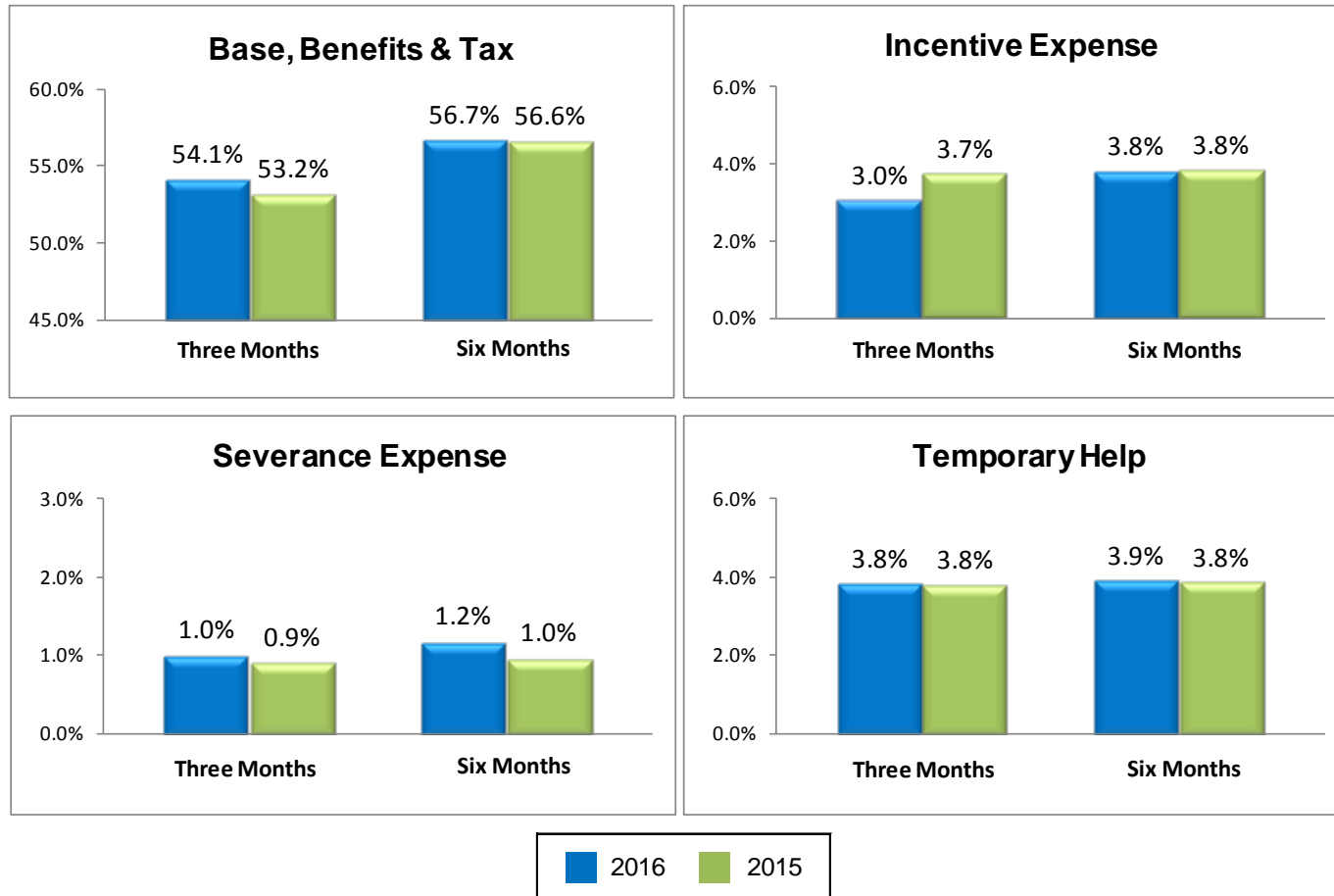
Salaries & Related Expenses

% of Revenue, Trailing Twelve Months



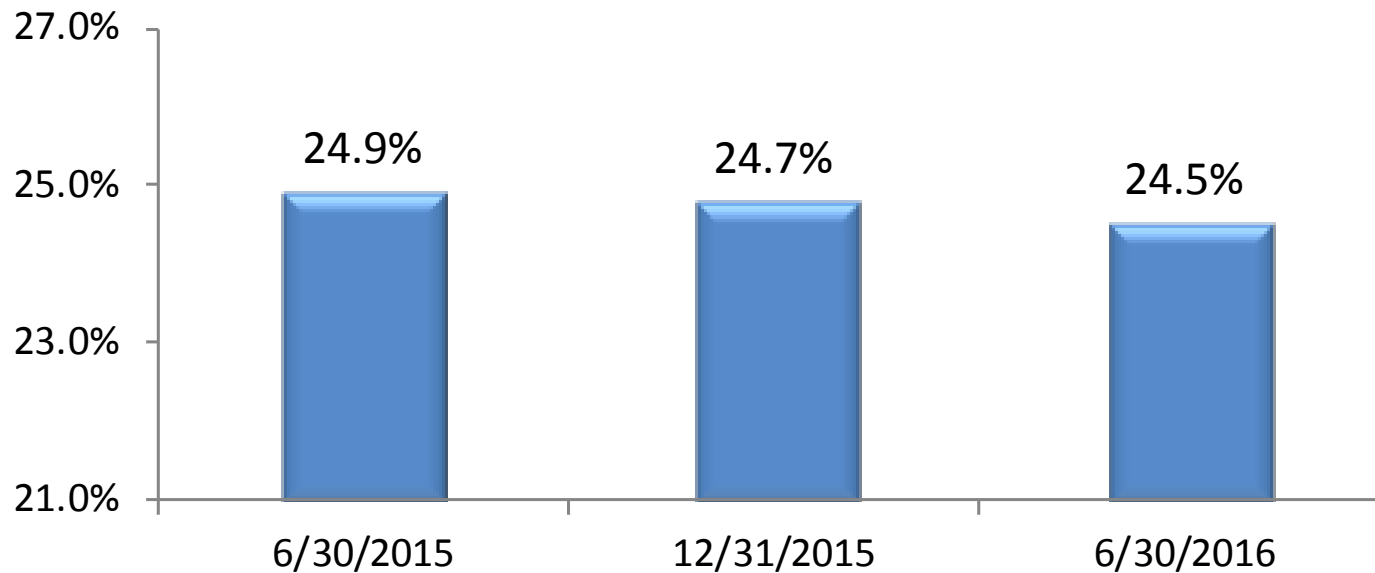
Salaries & Related Expenses (% of Revenue)

Three and Six Months Ended June 30



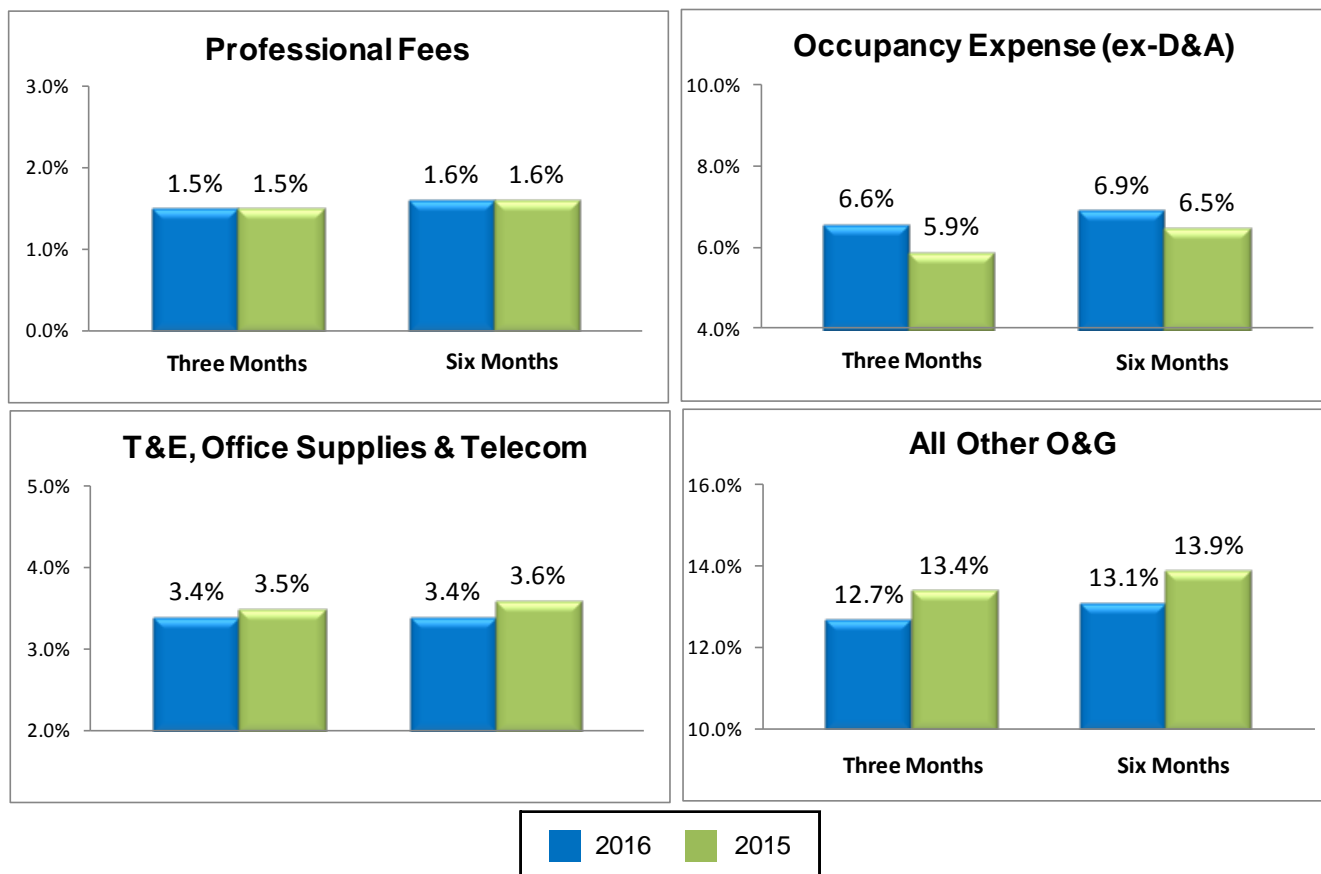
Office & General Expenses

% of Revenue, Trailing Twelve Months



Office & General Expenses (% of Revenue)

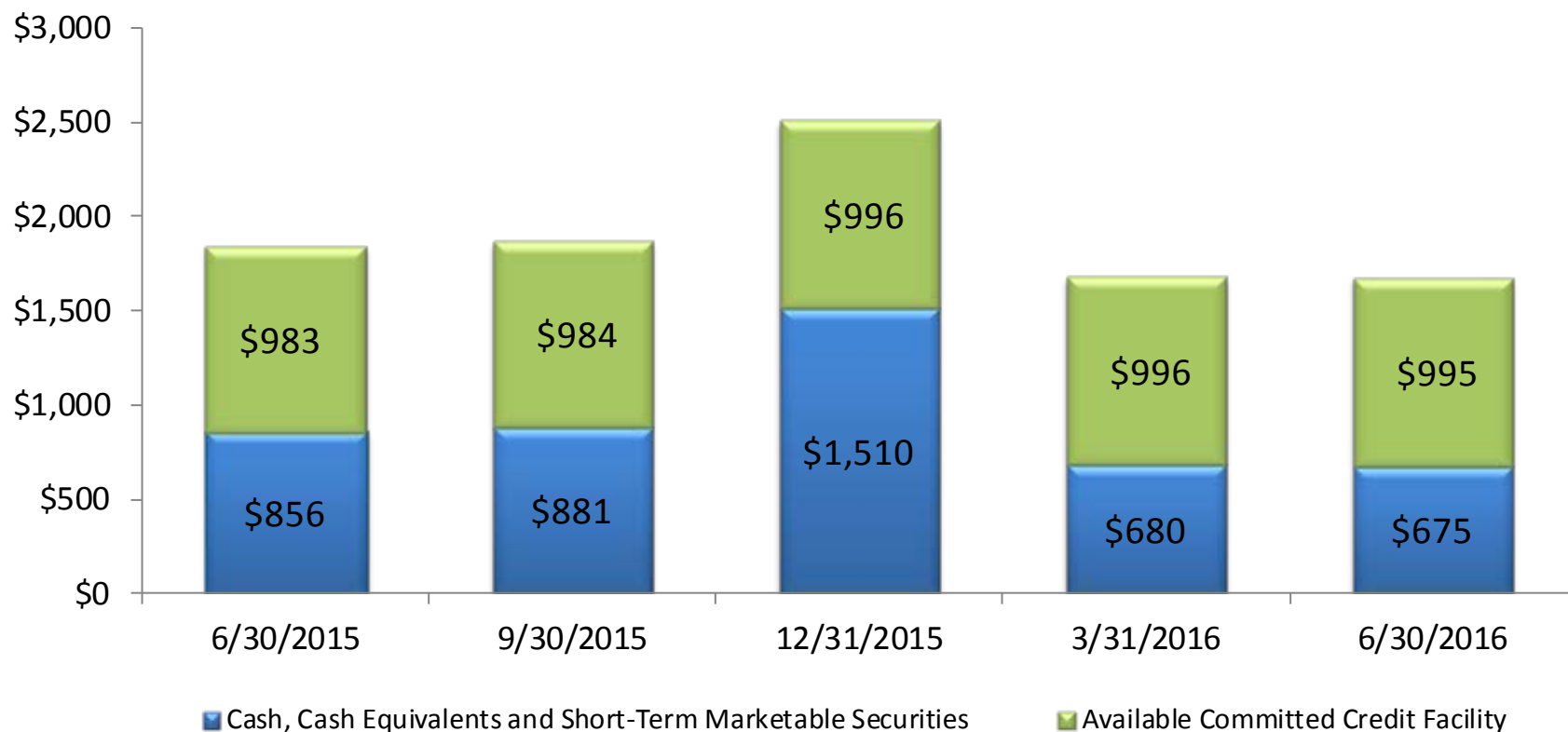
Three and Six Months Ended June 30



“All Other O&G” primarily includes production expenses and, to a lesser extent, depreciation and amortization, bad debt expense, adjustments to contingent acquisition obligations, foreign currency losses (gains), spending to support new business activity, net restructuring and other reorganization-related charges (reversals), long-lived asset impairments and other expenses.

Available Liquidity

Cash, Cash Equivalents and Short-Term Marketable Securities + Available Committed Credit Facility



\$1.0 Billion 5-Year Credit Facility Covenants

<u>Covenants</u>	<u>Last Twelve Months Ending June 30, 2016</u>
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	18.40x
II. Leverage Ratio (not greater than):	3.50x
Actual Leverage Ratio:	1.61x
<u>Interest Coverage Ratio - Interest Expense Reconciliation</u>	<u>Last Twelve Months Ending June 30, 2016</u>
Interest Expense:	\$91.7
- Interest income	22.0
- Other	8.4
Net interest expense ⁽¹⁾ :	<u>\$61.3</u>
<u>EBITDA Reconciliation</u>	<u>Last Twelve Months Ending June 30, 2016</u>
Operating Income:	\$894.0
+ Depreciation and amortization	233.6
+ Other non-cash charges	0.5
EBITDA ⁽¹⁾ :	<u>\$1,128.1</u>

Cautionary Statement

This investor presentation contains forward-looking statements. Statements in this investor presentation that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in our most recent Annual Report on Form 10-K under Item 1A, Risk Factors. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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

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

Investors should carefully consider these factors and the additional risk factors outlined in more detail in our most recent Annual Report on Form 10-K under Item 1A, Risk Factors.