



Interpublic Group

SECOND QUARTER 2013 EARNINGS CONFERENCE CALL

July 19, 2013

Overview – Second Quarter 2013

- Revenue increased 2.4% from Q2-12, 2.2% on an organic basis
 - U.S. organic growth was 3.3%
 - International organic growth was 0.8%
 - Net acquisitions added 1.2%
 - Foreign currency changes decreased revenue by 1.0%
- Strong new business record continued
- Q2 operating income was \$175 million, operating margin was 10.0%
- Diluted EPS was \$0.18 compared with \$0.22 a year ago
 - Higher Q2 effective tax rate compared with Q2-12
- Average diluted shares decreased 6.2% from Q2-12

Operating Performance

	Three Months Ended June 30,	
	2013	2012
<i>Revenue</i>	\$ 1,756.2	\$ 1,715.7
Salaries and Related Expenses	1,120.2	1,088.9
Office and General Expenses	461.2	450.4
<i>Operating Income</i>	174.8	176.4
Interest Expense	(37.5)	(32.7)
Interest Income	5.8	6.7
Other Income, net	4.8	4.7
<i>Income Before Income Taxes</i>	147.9	155.1
Provision for Income Taxes	62.0	50.1
Equity in Net Income of Unconsolidated Affiliates	0.2	0.5
<i>Net Income</i>	86.1	105.5
Net Income Attributable to Noncontrolling Interests	(3.3)	(3.6)
<i>Net Income Attributable to IPG</i>	82.8	101.9
Dividends on Preferred Stock	(2.9)	(2.9)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 79.9	\$ 99.0
<i>Earnings per Share Available to IPG Common Stockholders:</i>		
Basic	\$ 0.19	\$ 0.23
Diluted	\$ 0.18	\$ 0.22
<i>Weighted-Average Number of Common Shares Outstanding:</i>		
Basic	425.1	437.4
Diluted	448.3	477.7
<i>Dividends Declared per Common Share</i>	\$ 0.075	\$ 0.060

Revenue

	Three Months Ended		Six Months Ended	
	\$	% Change	\$	% Change
June 30, 2012	\$ 1,715.7		\$ 3,222.5	
Total change	40.5	2.4%	76.7	2.4%
Foreign currency	(17.4)	(1.0%)	(29.6)	(0.9%)
Net acquisitions/(divestitures)	19.9	1.2%	33.2	1.0%
Organic	38.0	2.2%	73.1	2.3%
June 30, 2013	\$ 1,756.2		\$ 3,299.2	

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2013	2012	Total	Organic	2013	2012	Total	Organic
IAN	\$ 1,435.7	\$ 1,423.3	0.9%	0.8%	\$ 2,676.8	\$ 2,667.2	0.4%	0.3%
CMG	\$ 320.5	\$ 292.4	9.6%	9.3%	\$ 622.4	\$ 555.3	12.1%	11.5%

Integrated Agency Networks (“IAN”): McCann Worldgroup, Drafftcb, Lowe & Partners, IPG Mediabrands and our domestic integrated agencies
 Constituency Management Group (“CMG”): Weber Shandwick, GolinHarris, Jack Morton, FutureBrand, Octagon and our other marketing service specialists

Geographic Revenue Change

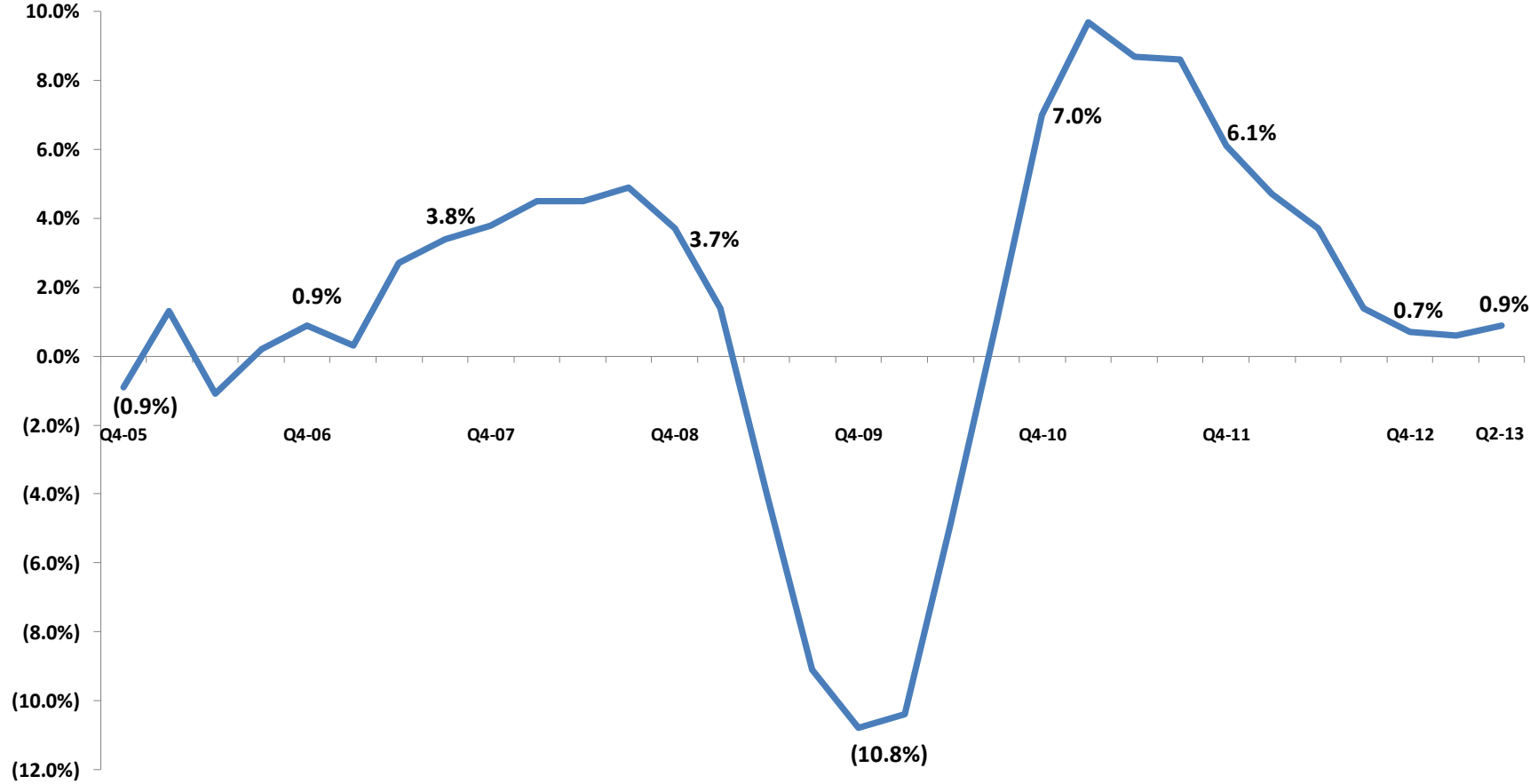
	Three Months Ended June 30, 2013		Six Months Ended June 30, 2013	
	Total	Organic	Total	Organic
United States	4.8%	3.3%	3.3%	2.0%
International	(0.7%)	0.8%	1.2%	2.7%
United Kingdom	(5.8%)	(1.3%)	2.3%	4.4%
Continental Europe	(6.8%)	(8.0%)	(5.9%)	(7.0%)
Asia Pacific	4.7%	4.5%	3.9%	4.5%
Latin America	11.4%	16.1%	10.3%	16.1%
All Other Markets	(5.3%)	(1.8%)	(0.9%)	2.9%
Worldwide	2.4%	2.2%	2.4%	2.3%

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



Organic Revenue Growth

Trailing Twelve Months



Expenses

Salaries & Related

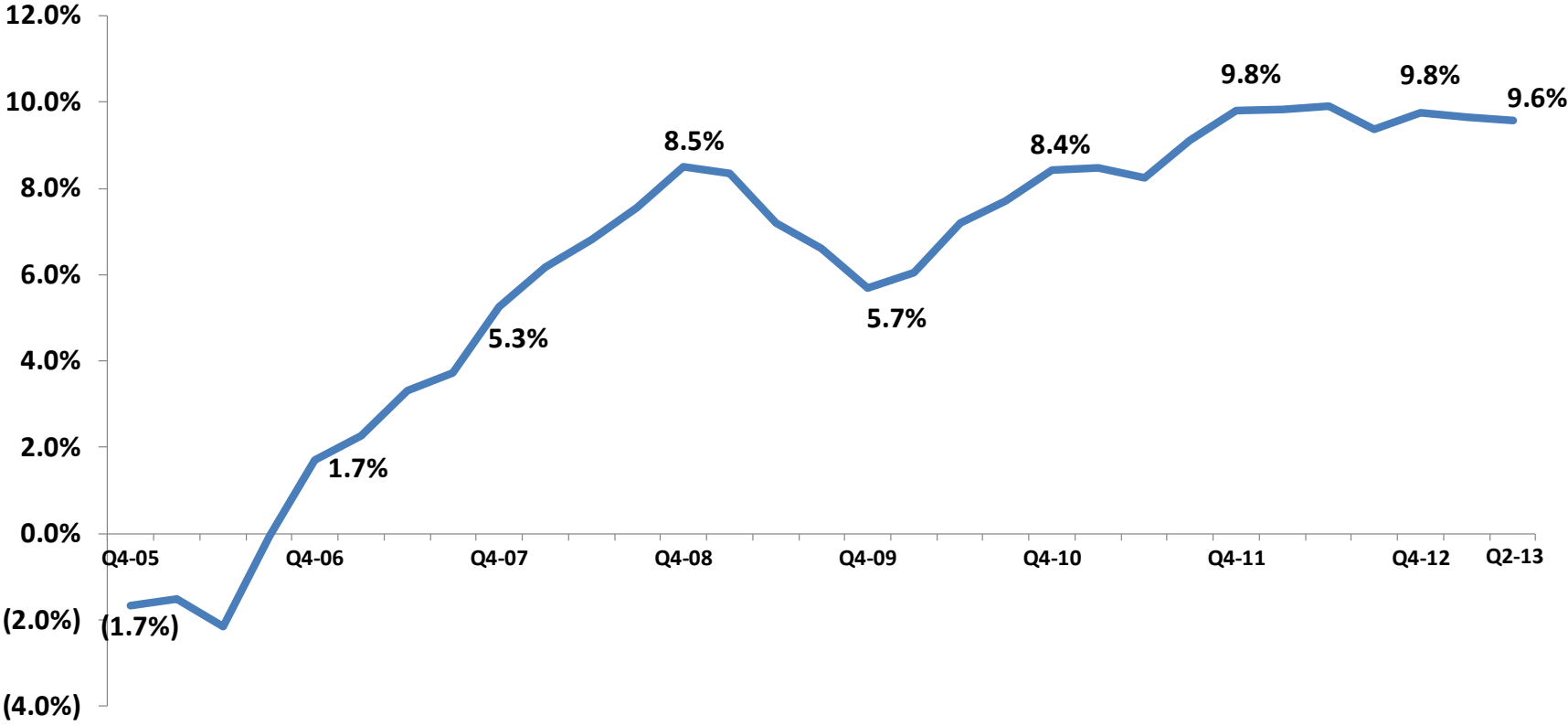
	2013		2012		Change	
	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue
Three Months Ended June 30,	\$ 1,120.2		\$ 1,088.9		\$ 31.3	
<i>% of Revenue</i>		63.8%		63.5%		
Three months severance	\$ 22.9		\$ 20.6		\$ 2.3	
<i>% of Revenue</i>		1.3%		1.2%		
Six Months Ended June 30,	\$ 2,252.3		\$ 2,193.8		\$ 58.5	
<i>% of Revenue</i>		68.3%		68.1%		
Six months severance	\$ 49.0		\$ 42.0		\$ 7.0	
<i>% of Revenue</i>		1.5%		1.3%		

Office & General

	2013		2012		Change	
	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue
Three Months Ended June 30,	\$ 461.2		\$ 450.4		\$ 10.8	
<i>% of Revenue</i>		26.3%		26.3%		
Three months occupancy expense (ex-D&A)	\$ 124.1		\$ 120.9		\$ 3.2	
<i>% of Revenue</i>		7.1%		7.0%		
Six Months Ended June 30,	\$ 914.5		\$ 891.7		\$ 22.8	
<i>% of Revenue</i>		27.7%		27.7%		
Six months occupancy expense (ex-D&A)	\$ 246.7		\$ 242.8		\$ 3.9	
<i>% of Revenue</i>		7.5%		7.5%		

Operating Margin

Trailing Twelve Months



Balance Sheet – Current Portion

	June 30, 2013	December 31, 2012	June 30, 2012
CURRENT ASSETS:			
Cash and cash equivalents ⁽¹⁾	\$ 1,613.9	\$ 2,574.8	\$ 1,502.0
Marketable securities	4.6	16.0	12.7
Restricted marketable securities ⁽²⁾	0.0	0.0	136.0
Accounts receivable, net	4,047.8	4,496.6	3,741.3
Expenditures billable to clients	1,545.9	1,318.8	1,504.1
Other current assets	391.9	332.1	341.2
Total current assets	\$ 7,604.1	\$ 8,738.3	\$ 7,237.3
CURRENT LIABILITIES:			
Accounts payable	\$ 5,891.0	\$ 6,584.8	\$ 6,026.6
Accrued liabilities	548.6	728.2	593.9
Short-term borrowings	186.0	172.1	177.0
Current portion of long-term debt ⁽¹⁾	594.8	216.6	217.7
Total current liabilities	\$ 7,220.4	\$ 7,701.7	\$ 7,015.2

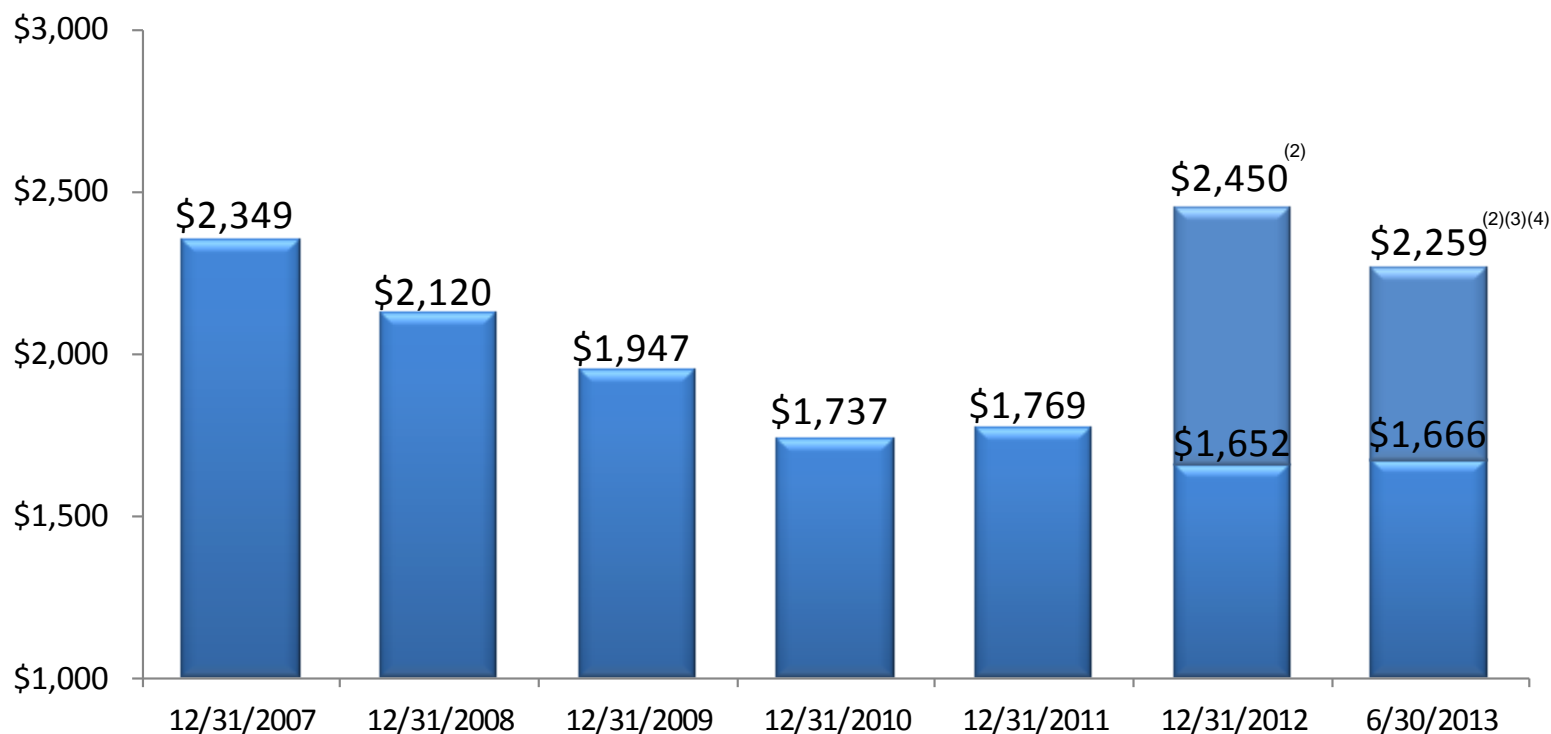
(1) On July 15, 2013, we paid \$630 to redeem \$600 aggregate principal amount of our 10.00% Senior Unsecured Notes at 105%.

(2) In the second quarter of 2012, Facebook completed an initial public offering and as a result, our Facebook investment was reclassified to restricted marketable securities and adjusted to market value through stockholders' equity on our balance sheet. In the fourth quarter of 2012, we sold our Facebook investment.

Cash Flow

	Three Months Ended June 30,	
	2013	2012
NET INCOME	\$ 87	\$ 106
OPERATING ACTIVITIES		
Depreciation & amortization	51	50
Deferred taxes	36	9
Other non-cash items	(9)	(1)
Change in working capital, net	17	(16)
Other non-current assets & liabilities	2	9
Net cash provided by Operating Activities	184	157
INVESTING ACTIVITIES		
Capital expenditures	(29)	(36)
Acquisitions & deferred payments, net	(13)	(50)
Business & investment purchases/sales, net ⁽¹⁾	(1)	9
Net cash used in Investing Activities	(43)	(77)
FINANCING ACTIVITIES		
Repurchase of common stock	(105)	(65)
Common stock dividends	(32)	(26)
Net increase in short-term bank borrowings	30	25
Acquisition-related payments	(26)	(35)
Exercise of stock options	14	3
Distributions to noncontrolling interests	(6)	(7)
Preferred stock dividends	(3)	(3)
Other financing activities	6	(4)
Net cash used in Financing Activities	(122)	(112)
Currency Effect	(51)	(40)
Decrease in Cash & S/T Marketable Securities	\$ (32)	\$ (72)

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.

(3) In March 2013, we retired \$200 aggregate principal amount of our 4.75% Convertible Senior Notes, primarily through conversion into IPG common stock.

Page 11 (4) On July 15, 2013, we redeemed \$600 aggregate principal amount of our 10.00% Notes.

Summary

- Improved US growth together with mixed international performance by market
- Strong record of new business
- Continued expense focus while making revenue-associated investments
- Driving further value creation through capital returns



Interpublic Group

Appendix

Operating Performance

	Six Months Ended June 30,	
	2013	2012
<i>Revenue</i>	\$ 3,299.2	\$ 3,222.5
Salaries and Related Expenses	2,252.3	2,193.8
Office and General Expenses	914.5	891.7
<i>Operating Income</i>	132.4	137.0
Interest Expense	(74.3)	(65.3)
Interest Income	12.2	14.7
Other Income, net	6.6	3.4
<i>Income Before Income Taxes</i>	76.9	89.8
Provision for Income Taxes	49.6	30.9
Equity in Net Income of Unconsolidated Affiliates	0.3	0.9
<i>Net Income</i>	27.6	59.8
Net Income Attributable to Noncontrolling Interests	(1.1)	(0.9)
<i>Net Income Attributable to IPG</i>	26.5	58.9
Dividends on Preferred Stock	(5.8)	(5.8)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 20.7	\$ 53.1
 <i>Earnings per Share Available to IPG Common Stockholders:</i>		
Basic	\$ 0.05	\$ 0.12
Diluted	\$ 0.05	\$ 0.12
 <i>Weighted-Average Number of Common Shares Outstanding:</i>		
Basic	419.7	437.5
Diluted	425.1	459.7
 <i>Dividends Declared per Common Share</i>	 \$ 0.15	 \$ 0.12

Cash Flow

	Six Months Ended June 30,	
	2013	2012
NET INCOME	\$ 28	\$ 60
OPERATING ACTIVITIES		
Depreciation & amortization	106	100
Deferred taxes	(14)	(43)
Other non-cash items	(4)	17
Change in working capital, net	(705)	(461)
Other non-current assets & liabilities	(2)	(14)
Net cash used in Operating Activities	(591)	(341)
INVESTING ACTIVITIES		
Acquisitions & deferred payments, net	(48)	(52)
Capital expenditures	(47)	(58)
Business & investment purchases/sales, net	1	12
Net cash used in Investing Activities ⁽¹⁾	(94)	(98)
FINANCING ACTIVITIES		
Purchase of long-term debt	(1)	(401)
Proceeds from issuance of long-term debt	-	247
Repurchase of common stock	(181)	(118)
Common stock dividends	(63)	(52)
Net increase in short-term bank borrowings	19	29
Exercise of stock options	32	8
Acquisition-related payments	(27)	(35)
Distributions to noncontrolling interests	(7)	(9)
Preferred stock dividends	(6)	(6)
Other financing activities	8	(4)
Net cash used in Financing Activities	(226)	(341)
Currency Effect	(61)	(21)
Decrease in Cash & S/T Marketable Securities ⁽¹⁾	\$ (972)	\$ (801)

Depreciation and Amortization

	2013				
	Q1	Q2			YTD 2013
Depreciation and amortization of fixed assets and intangible assets	\$ 38.2	\$ 39.2			\$ 77.4
Amortization of restricted stock and other non-cash compensation	15.5	9.4			24.9
Net amortization of bond discounts and deferred financing costs	1.4	2.6			4.0
	2012				
	Q1	Q2	Q3	Q4	FY 2012
Depreciation and amortization of fixed assets and intangible assets	\$ 34.6	\$ 36.8	\$ 37.4	\$ 38.9	\$ 147.7
Amortization of restricted stock and other non-cash compensation	16.7	12.7	8.3	6.8	44.5
Net amortization of bond (premiums) discounts and deferred financing costs	(1.7)	1.0	1.0	1.5	1.8

Reconciliation of Organic Measures

	Three Months Ended June 30, 2012	Components of Change			Three Months Ended June 30, 2013	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
Segment Revenue							
IAN	\$ 1,423.3	\$ (15.7)	\$ 17.2	\$ 10.9	\$ 1,435.7	0.8%	0.9%
CMG	292.4	(1.7)	2.7	27.1	320.5	9.3%	9.6%
Total	\$ 1,715.7	\$ (17.4)	\$ 19.9	\$ 38.0	\$ 1,756.2	2.2%	2.4%
Geographic							
United States	\$ 950.9	\$ -	\$ 14.1	\$ 31.6	\$ 996.6	3.3%	4.8%
International	764.8	(17.4)	5.8	6.4	759.6	0.8%	(0.7%)
United Kingdom	126.7	(4.3)	(1.3)	(1.7)	119.4	(1.3%)	(5.8%)
Continental Europe	210.7	2.4	-	(16.8)	196.3	(8.0%)	(6.8%)
Asia Pacific	211.0	(6.5)	6.9	9.6	221.0	4.5%	4.7%
Latin America	107.5	(5.2)	0.2	17.3	119.8	16.1%	11.4%
All Other Markets	108.9	(3.8)	-	(2.0)	103.1	(1.8%)	(5.3%)
Worldwide	\$ 1,715.7	\$ (17.4)	\$ 19.9	\$ 38.0	\$ 1,756.2	2.2%	2.4%
Expenses							
Salaries & Related	\$ 1,088.9	\$ (9.4)	\$ 10.3	\$ 30.4	\$ 1,120.2	2.8%	2.9%
Office & General	450.4	(5.0)	3.4	12.4	461.2	2.8%	2.4%
Total	\$ 1,539.3	\$ (14.4)	\$ 13.7	\$ 42.8	\$ 1,581.4	2.8%	2.7%

Reconciliation of Organic Measures

	Six Months Ended June 30, 2012	Components of Change			Six Months Ended June 30, 2013	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
Segment Revenue							
IAN	\$ 2,667.2	\$ (27.0)	\$ 27.5	\$ 9.1	\$ 2,676.8	0.3%	0.4%
CMG	555.3	(2.6)	5.7	64.0	622.4	11.5%	12.1%
Total	\$ 3,222.5	\$ (29.6)	\$ 33.2	\$ 73.1	\$ 3,299.2	2.3%	2.4%
Geographic							
United States	\$ 1,830.6	\$ -	\$ 24.6	\$ 35.8	\$ 1,891.0	2.0%	3.3%
International	1,391.9	(29.6)	8.6	37.3	1,408.2	2.7%	1.2%
United Kingdom	251.9	(4.9)	(0.2)	11.0	257.8	4.4%	2.3%
Continental Europe	378.0	4.8	(0.5)	(26.5)	355.8	(7.0%)	(5.9%)
Asia Pacific	381.9	(11.0)	9.0	17.0	396.9	4.5%	3.9%
Latin America	186.8	(11.1)	0.3	30.1	206.1	16.1%	10.3%
All Other Markets	193.3	(7.4)	-	5.7	191.6	2.9%	(0.9%)
Worldwide	\$ 3,222.5	\$ (29.6)	\$ 33.2	\$ 73.1	\$ 3,299.2	2.3%	2.4%
Expenses							
Salaries & Related	\$ 2,193.8	\$ (16.6)	\$ 20.1	\$ 55.0	\$ 2,252.3	2.5%	2.7%
Office & General	891.7	(10.1)	5.4	27.5	914.5	3.1%	2.6%
Total	\$ 3,085.5	\$ (26.7)	\$ 25.5	\$ 82.5	\$ 3,166.8	2.7%	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

Reconciliation of Investing Cash Flow

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
INVESTING ACTIVITIES				
Cash used in Investing Activities per presentation	\$ (43)	\$ (77)	\$ (94)	\$ (98)
Purchase, sale and maturities of short-term marketable securities, net	1	-	12	-
Cash used in Investing Activities as reported	\$ (42)	\$ (77)	\$ (82)	\$ (98)



Interpublic Group

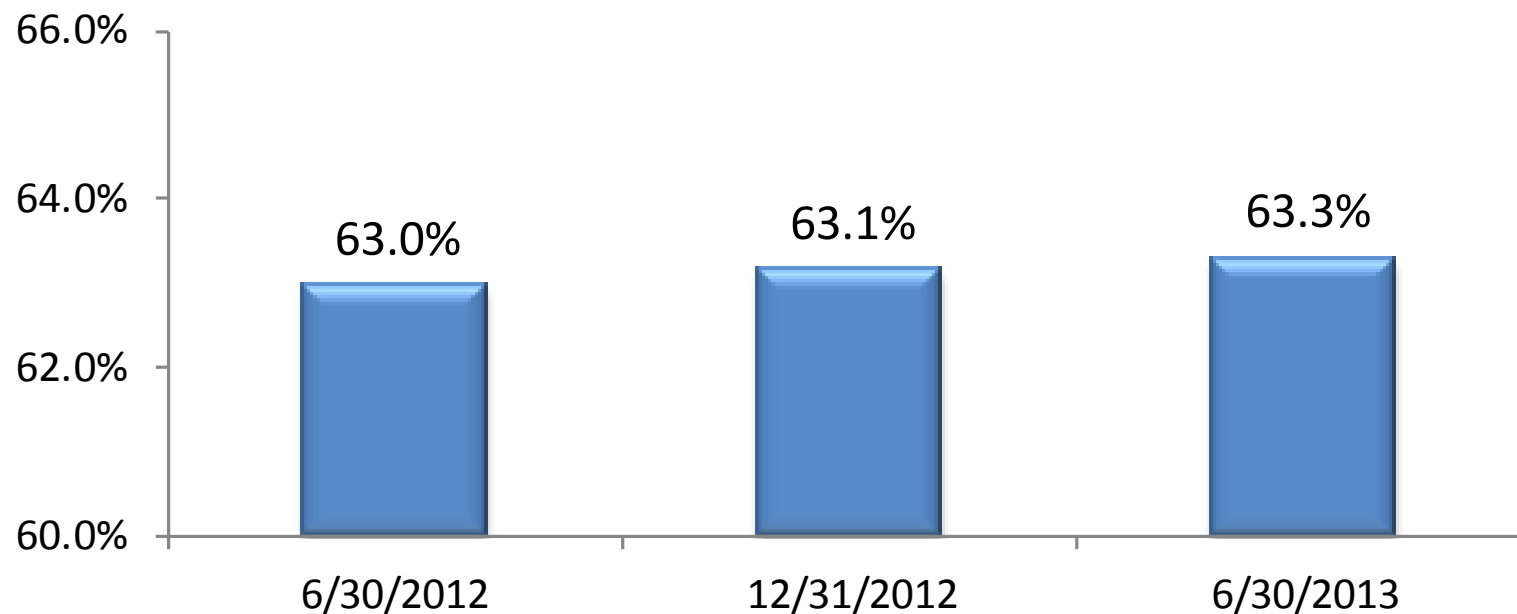
Metrics Update

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

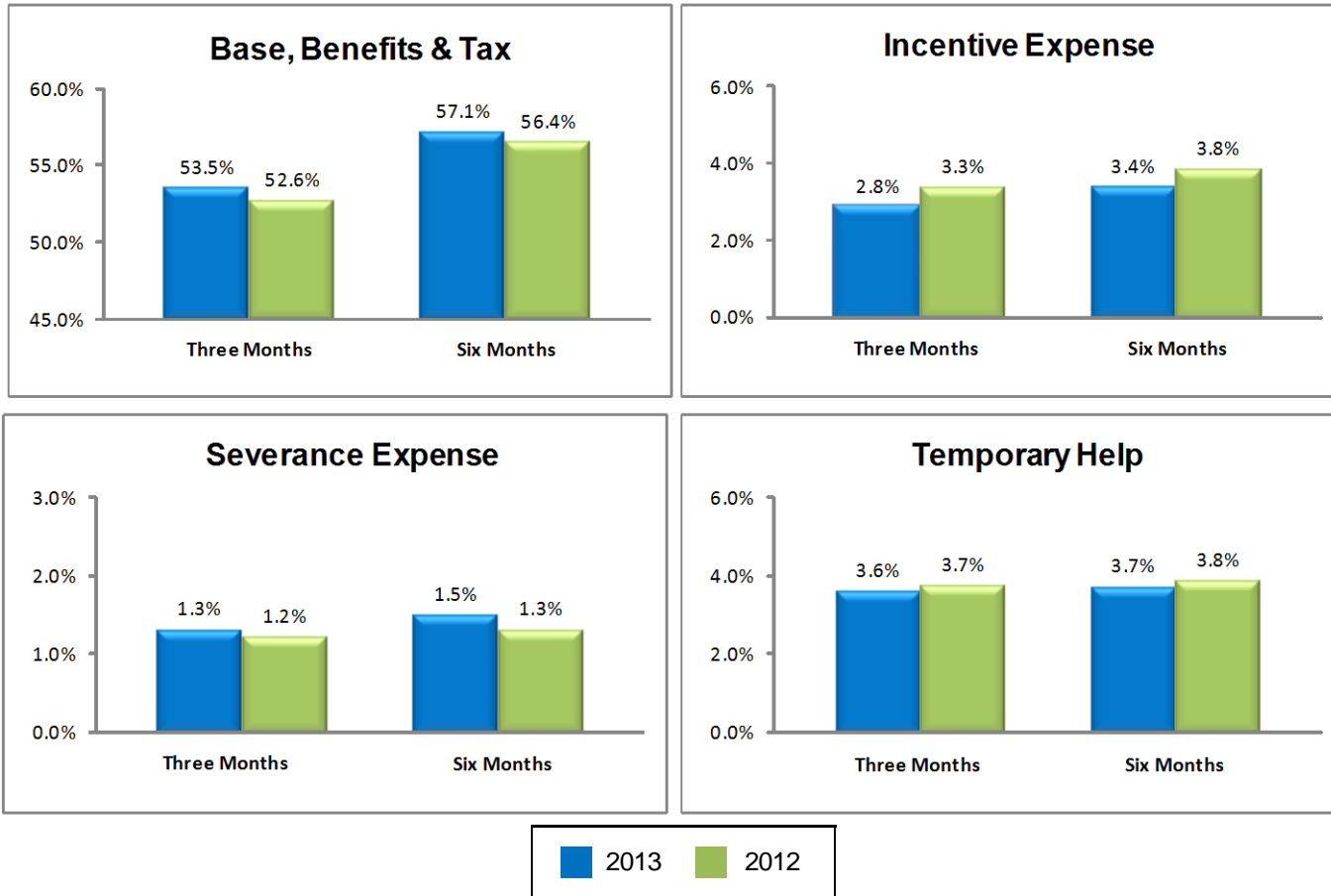
Salaries & Related Expenses

% of Revenue, Trailing Twelve Months



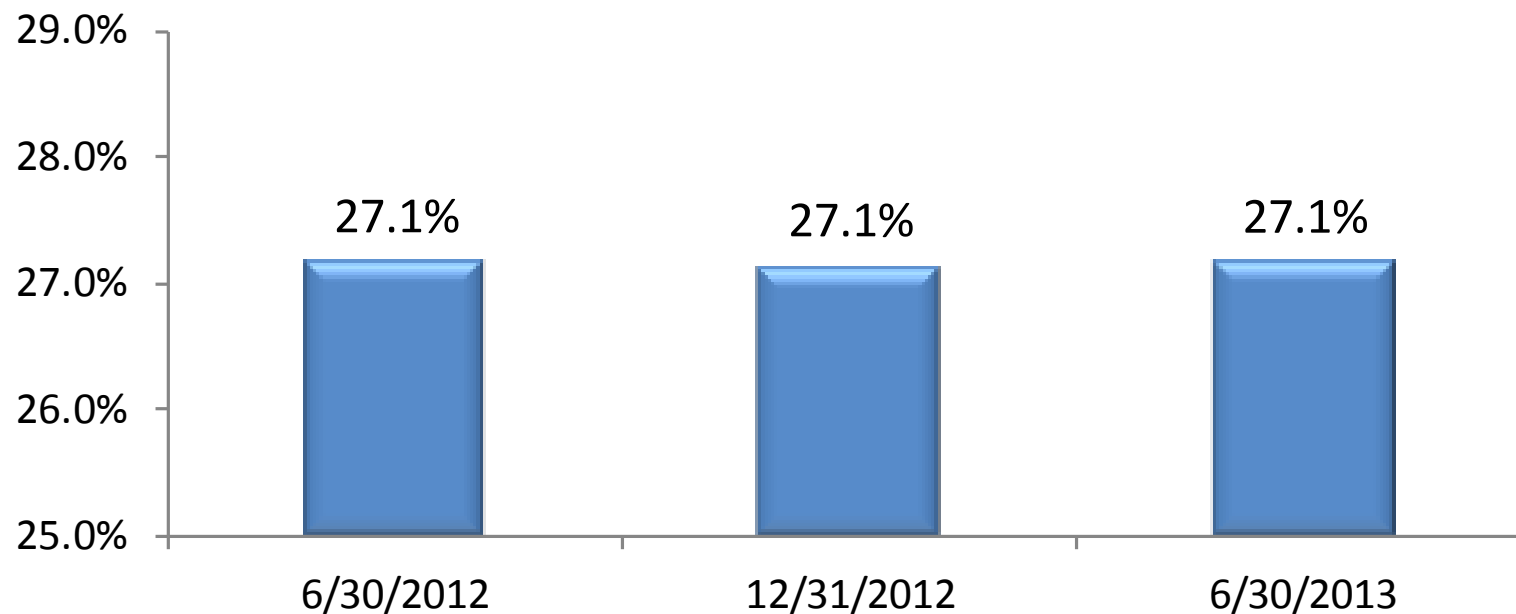
Salaries & Related Expenses (% of Revenue)

Three and Six Months Ended June 30



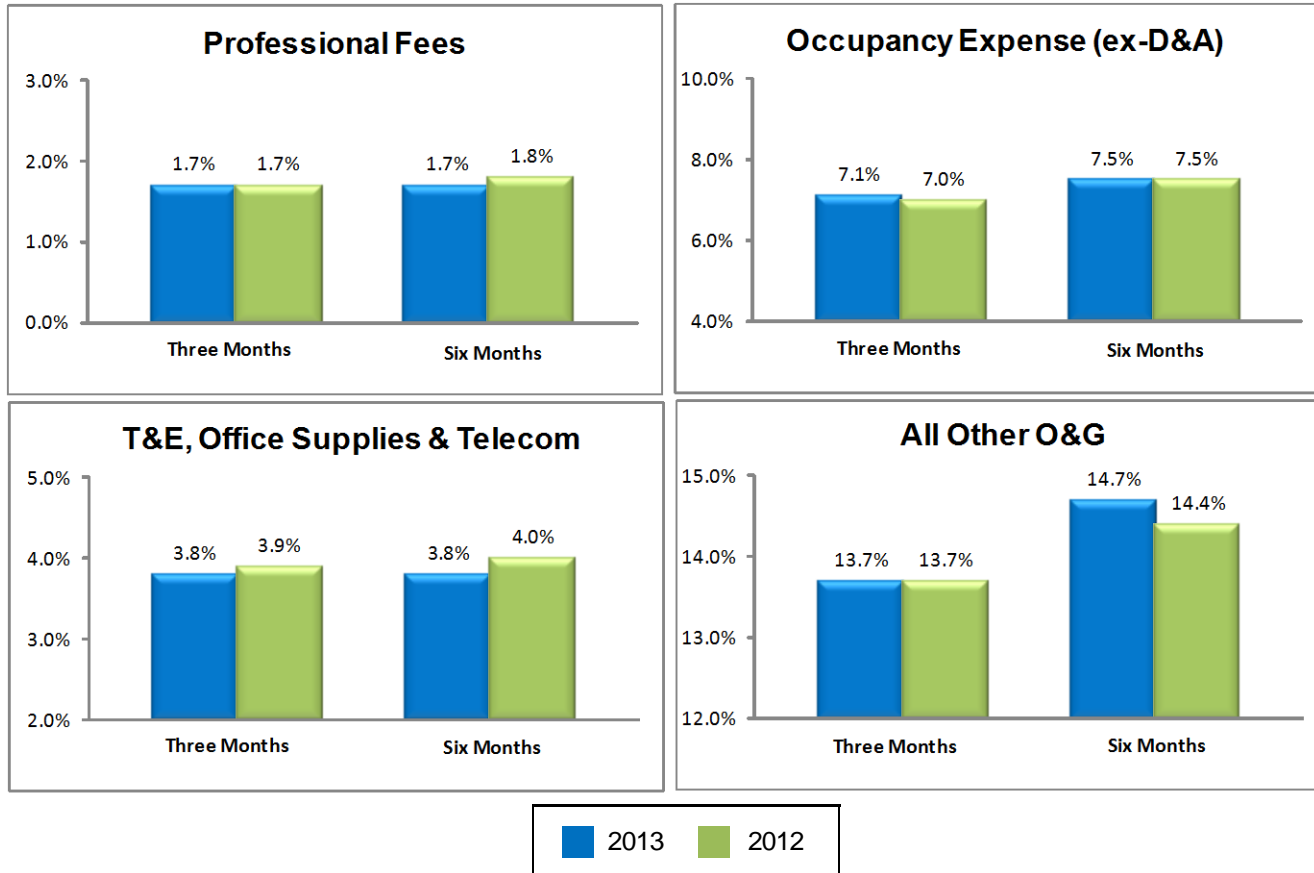
Office & General Expenses

% of Revenue, Trailing Twelve Months



Office & General Expenses (% of Revenue)

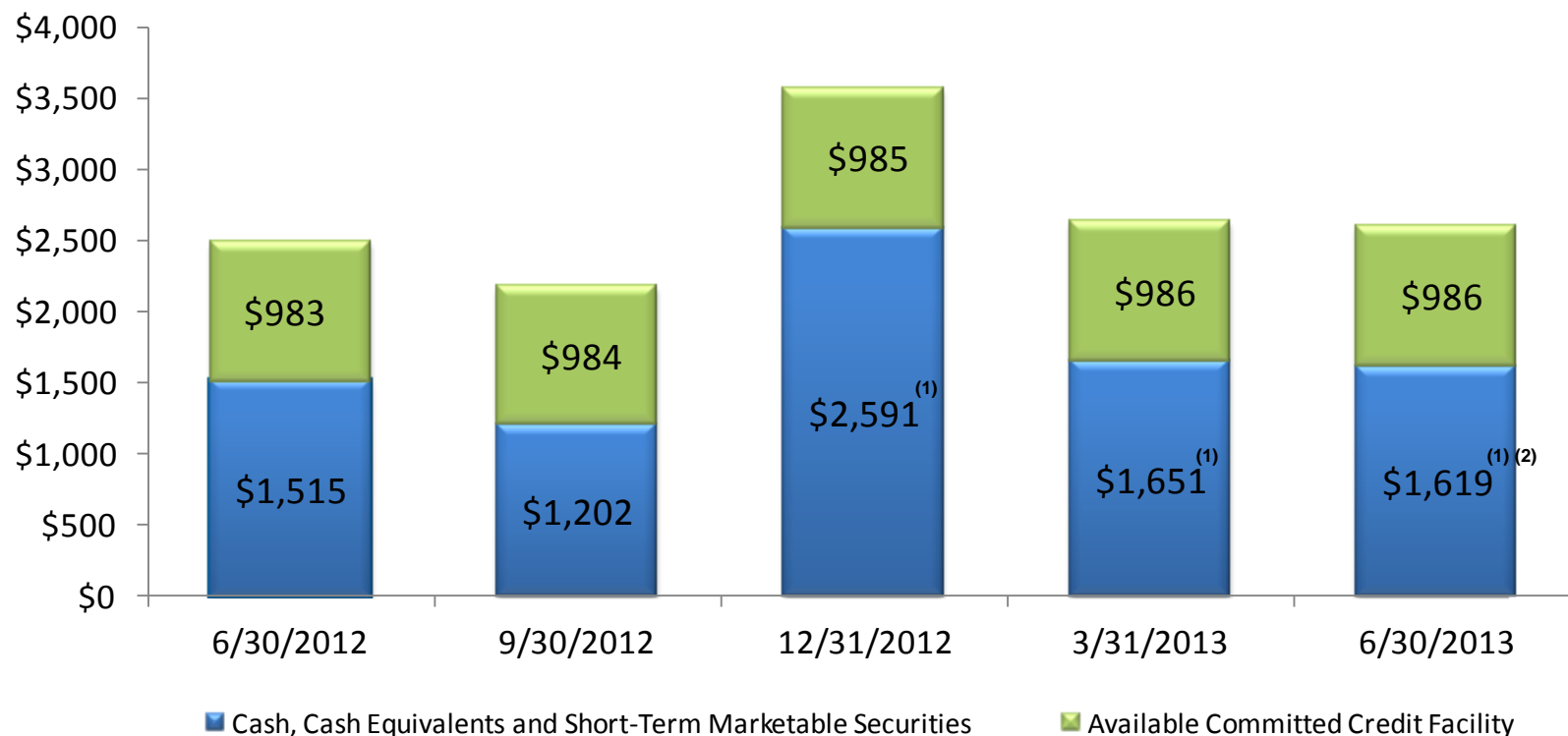
Three and Six Months Ended June 30



“All Other O&G” includes production expenses, depreciation and amortization, bad debt expense, contingent acquisition obligations, foreign currency gains (losses), 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⁾ Includes net proceeds from our November 2012 debt issuances of \$800 aggregate principal amount of Senior Notes, which pre-funded our plan to address our capital structure in 2013.

⁽²⁾ On July 15, 2013, we paid \$630 to redeem \$600 aggregate principal amount of our 10.00% Notes at 105%.

\$1.0 Billion 5-Year Credit Facility Covenants

<u>Covenants</u>	<u>Last Twelve Months Ending June 30, 2013</u>
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	7.79x ⁽¹⁾
II. Leverage Ratio (not greater than):	2.75x
Actual Leverage Ratio:	1.91x ⁽¹⁾
<u>Interest Coverage Ratio - Interest Expense Reconciliation</u>	<u>Last Twelve Months Ending June 30, 2013</u>
Interest Expense:	\$142.5
- Interest income	27.0
- Other	15.7
+ Preferred stock dividends	11.6
Net interest expense as defined:	<u>\$111.4</u> ⁽¹⁾
<u>EBITDA Reconciliation</u>	<u>Last Twelve Months Ending June 30, 2013</u>
Operating Income:	\$673.9
+ Depreciation and amortization	193.6
+ Other non-cash charges	0.5
EBITDA as defined:	<u>\$868.0</u>

⁽¹⁾ In November 2012, we entered into an amendment to our Credit Agreement that modified the definition of debt for our financial covenants. As a result of this amendment, the Senior Notes we issued in November 2012 do not have an impact on our financial covenants until August 15, 2013, unless and to the extent the 4.75% Notes or the 10.00% Notes are retired prior to that date. We retired our 4.75% Notes in the first quarter of 2013 and on July 15, 2013, we redeemed \$600 aggregate principal amount of our 10.00% Notes at 105%.

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.