



Interpublic Group

Fourth Quarter & Full Year 2011
Earnings Conference Call
February 24, 2012

Overview



- Organic revenue growth was 2.8% in Q4 and 6.1% for the year
- Q4 operating income was \$385 million, with operating margin growth of 210 basis points to 18.6%
- Full year margin was 9.8% compared with 8.4% in 2010
- Diluted EPS for the year was \$0.99, \$0.76 ex-Facebook, compared with \$0.47 a year ago
- Cash & S/T Marketable Securities of \$2.3 billion at year-end
- Repurchased 42 million shares during the year and paid common stock dividends in excess of \$100 million
- New \$300 million share repurchase program
- Calling \$400 million 4.25% convertible notes

See reconciliation of organic revenue change on pages 17 and 18 and diluted EPS on page 21.

Operating Performance



| | Three Months Ended December 31, | |
|---|--|-----------------|
| | 2011 | 2010 |
| <i>Revenue</i> | \$ 2,072.6 | \$ 2,005.2 |
| Salaries and Related Expenses | 1,138.3 | 1,139.6 |
| Office and General Expenses | 548.8 | 533.3 |
| Restructuring and Other Reorganization-Related Charges, net | 0.2 | 1.6 |
| <i>Operating Income</i> | 385.3 | 330.7 |
| Interest Expense | (38.9) | (37.4) |
| Interest Income | 10.1 | 9.3 |
| Other Income, net | 13.9 | 17.6 |
| <i>Income Before Income Taxes</i> | 370.4 | 320.2 |
| Provision for Income Taxes | 93.7 | 98.9 |
| Equity in Net Income of Unconsolidated Affiliates | 1.6 | 1.5 |
| <i>Net Income</i> | 278.3 | 222.8 |
| Net Income Attributable to Noncontrolling Interests | (16.4) | (24.9) |
| <i>Net Income Attributable to IPG</i> | 261.9 | 197.9 |
| Dividends on Preferred Stock | (2.9) | (2.9) |
| <i>Net Income Available to IPG Common Stockholders</i> | \$ 259.0 | \$ 195.0 |
| <i>Earnings per Share Available to IPG Common Stockholders:</i> | | |
| Basic | \$ 0.58 | \$ 0.41 |
| Diluted | \$ 0.50 | \$ 0.36 |
| <i>Weighted-Average Number of Common Shares Outstanding:</i> | | |
| Basic | 448.3 | 475.4 |
| Diluted | 523.2 | 553.1 |
| <i>Dividends Declared per Common Share</i> | \$ 0.06 | \$ 0.00 |

(Amounts in Millions, except per share amounts)

Revenue

| | Three Months Ended | | Twelve Months Ended | |
|---------------------------------|--------------------|----------|---------------------|----------|
| | \$ | % Change | \$ | % Change |
| December 31, 2010 | \$ 2,005.2 | | \$ 6,507.3 | |
| Total change | 67.4 | 3.4% | 507.3 | 7.8% |
| Foreign currency | 3.2 | 0.2% | 122.2 | 1.8% |
| Net acquisitions/(divestitures) | 7.3 | 0.4% | (8.6) | (0.1%) |
| Organic | 56.9 | 2.8% | 393.7 | 6.1% |
| December 31, 2011 | \$ 2,072.6 | | \$ 7,014.6 | |



Segments

| | Three Months Ended | | | | Twelve Months Ended | | | |
|------------|--------------------|------------|--------|---------|---------------------|------------|--------|---------|
| | December 31, | | Change | | December 31, | | Change | |
| | 2011 | 2010 | Total | Organic | 2011 | 2010 | Total | Organic |
| IAN | \$ 1,751.5 | \$ 1,711.3 | 2.3% | 1.4% | \$ 5,891.8 | \$ 5,468.4 | 7.7% | 5.3% |
| CMG | \$ 321.1 | \$ 293.9 | 9.3% | 11.0% | \$ 1,122.8 | \$ 1,038.9 | 8.1% | 9.8% |

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

See reconciliations of segment organic revenue change on pages 17 and 18.

(\$ in Millions)

Geographic Revenue Change



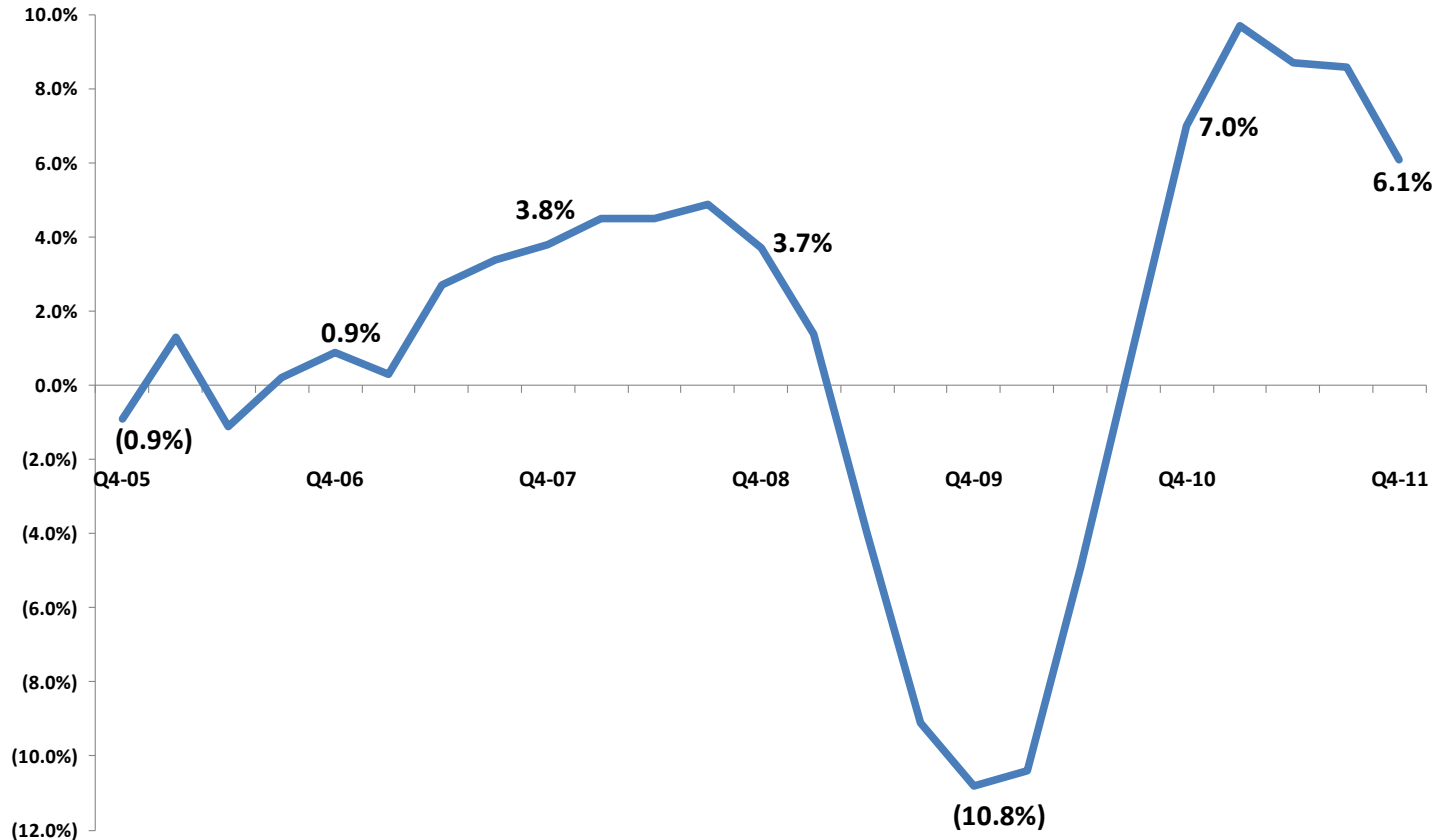
| | Three Months Ended December 31, 2011 | | Twelve Months Ended December 31, 2011 | |
|--------------------|---|-------------|--|-------------|
| | Total | Organic | Total | Organic |
| United States | 1.0% | 2.2% | 4.8% | 6.1% |
| International | 5.9% | 3.6% | 11.8% | 6.0% |
| United Kingdom | 7.0% | 2.5% | 14.9% | 6.9% |
| Continental Europe | (1.4%) | (3.2%) | 5.3% | (0.1%) |
| Asia Pacific | 6.7% | 1.0% | 15.9% | 8.7% |
| Latin America | 30.0% | 30.4% | 22.3% | 17.8% |
| All Other Markets | (0.4%) | 0.8% | 6.7% | 3.4% |
| Worldwide | 3.4% | 2.8% | 7.8% | 6.1% |

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

See reconciliations of organic revenue change on pages 17 and 18.

Organic Revenue Growth

Trailing Twelve Months



See reconciliation on page 19.



Expenses

Salaries & Related

| | 2011 | 2010 | Change | | |
|---|---------------------|---------------------|-----------|---------|---------|
| | | | \$ | Total | Organic |
| Three Months Ended December 31, <i>% of Revenue</i> | \$ 1,138.3 54.9% | \$ 1,139.6 56.8% | \$ (1.3) | (0.1%) | (0.5%) |
| Three months severance <i>% of Revenue</i> | \$ 42.6 2.1% | \$ 54.7 2.7% | \$ (12.1) | (22.1%) | |
| Twelve Months Ended December 31, <i>% of Revenue</i> | \$ 4,402.1 62.8% | \$ 4,117.0 63.3% | \$ 285.1 | 6.9% | 5.1% |
| Twelve months severance <i>% of Revenue</i> | \$ 106.9 1.5% | \$ 98.2 1.5% | \$ 8.7 | 8.9% | |

Office & General

| | 2011 | 2010 | Change | | |
|---|---------------------|---------------------|----------|--------|---------|
| | | | \$ | Total | Organic |
| Three Months Ended December 31, <i>% of Revenue</i> | \$ 548.8 26.5% | \$ 533.3 26.6% | \$ 15.5 | 2.9% | 3.0% |
| Three months occupancy expense (ex-D&A) <i>% of Revenue</i> | \$ 126.5 6.1% | \$ 129.6 6.5% | \$ (3.1) | (2.4%) | |
| Twelve Months Ended December 31, <i>% of Revenue</i> | \$ 1,924.3 27.4% | \$ 1,837.7 28.2% | \$ 86.6 | 4.7% | 3.1% |
| Twelve months occupancy expense (ex-D&A) <i>% of Revenue</i> | \$ 507.5 7.2% | \$ 498.4 7.7% | \$ 9.1 | 1.8% | |

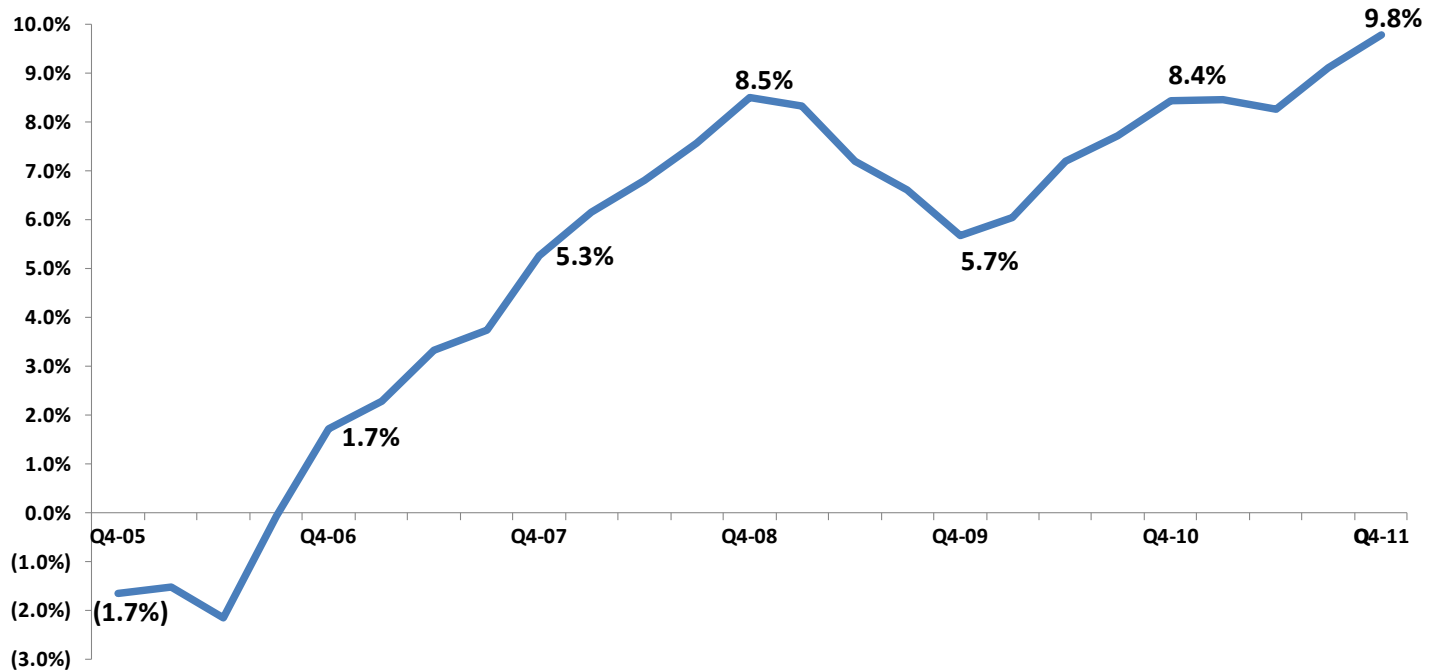
See reconciliations of organic measures on pages 17 and 18.

(\$ in Millions)



Operating Margin

Trailing Twelve Months



Balance Sheet – Current Portion



| | <u>December 31, 2011</u> | <u>December 31, 2010</u> |
|------------------------------------|------------------------------|------------------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 2,302.7 | \$ 2,675.7 |
| Marketable securities | 12.9 | 13.7 |
| Accounts receivable, net | 4,425.4 | 4,317.6 |
| Expenditures billable to clients | 1,247.2 | 1,217.1 |
| Other current assets | 298.6 | 229.4 |
| Total current assets | \$ 8,286.8 | \$ 8,453.5 |
| | | |
| CURRENT LIABILITIES: | | |
| Accounts payable ⁽¹⁾ | \$ 6,647.2 | \$ 6,806.7 |
| Accrued liabilities ⁽¹⁾ | 827.1 | 780.5 |
| Short-term borrowings | 153.5 | 114.8 |
| Current portion of long-term debt | 404.8 | 38.9 |
| Total current liabilities | \$ 8,032.6 | \$ 7,740.9 |

(1) During 2011, we combined media and production liabilities that were previously reflected in accrued liabilities with accounts payable in our Consolidated Balance Sheets. As a result of this change, which was applied retrospectively, accounts payable includes all media and production liabilities.

(\$ in Millions)

Cash Flow



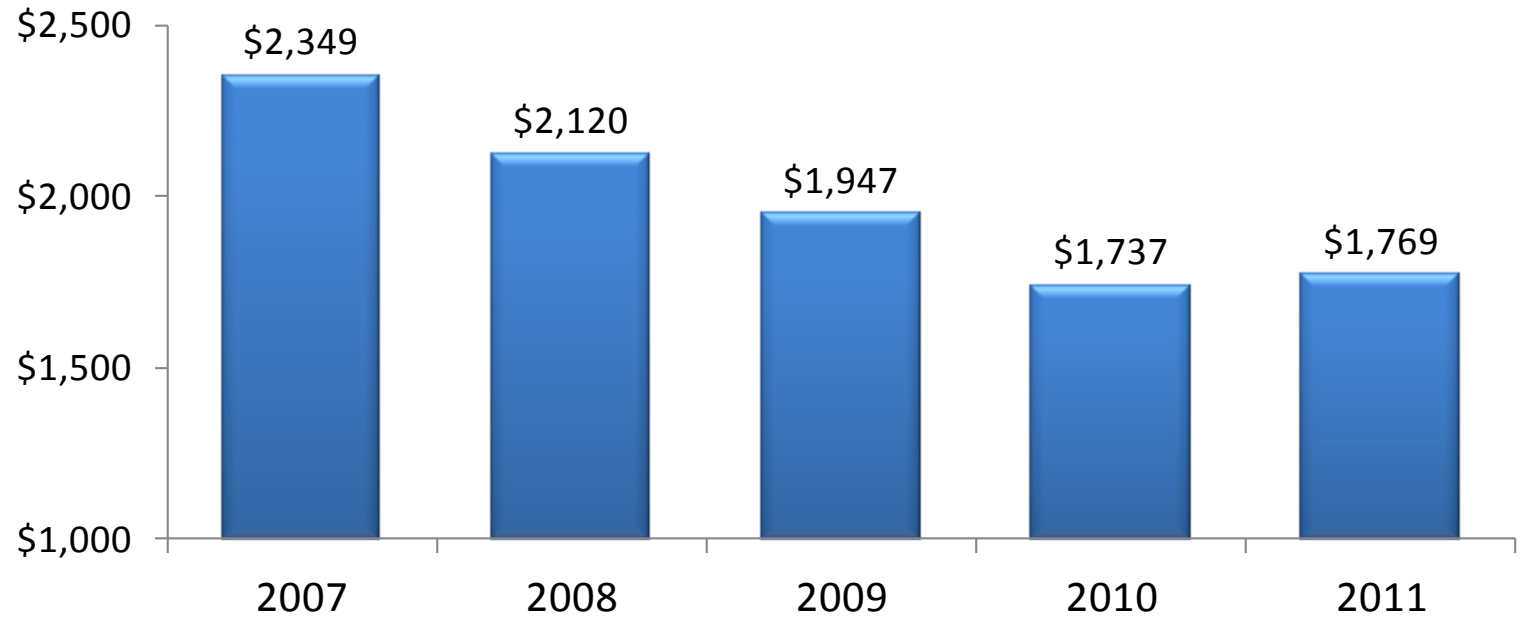
| | Three Months Ended December 31, | |
|---|--|---------------|
| | 2011 | 2010 |
| NET INCOME | \$ 279 | \$ 223 |
| OPERATING ACTIVITIES | | |
| Depreciation & amortization | 49 | 47 |
| Deferred taxes | 59 | 64 |
| Other non-cash items | 13 | 1 |
| Change in working capital, net | 344 | 639 |
| Other non-current assets & liabilities | (27) | 5 |
| Net cash provided by Operating Activities | 717 | 979 |
| INVESTING ACTIVITIES | | |
| Business & investment purchases/sales, net | 2 | 23 |
| Acquisitions & deferred payments, net | (13) | 1 |
| Capital expenditures | (57) | (47) |
| Net cash used in Investing Activities ⁽¹⁾ | (68) | (23) |
| FINANCING ACTIVITIES | | |
| Repurchase of common stock | (132) | - |
| Common stock dividends | (27) | - |
| Purchase of long-term debt | (1) | (193) |
| Net decrease in short-term bank borrowings | (6) | (9) |
| Acquisition-related payments | (1) | (4) |
| Distributions to noncontrolling interests | (6) | (3) |
| Preferred stock dividends | (3) | (3) |
| Other financing activities | 58 | (7) |
| Net cash used in Financing Activities | (118) | (219) |
| Currency Effect | (14) | 13 |
| Increase in Cash & S/T Marketable Securities | \$ 517 | \$ 750 |

⁽¹⁾ Excludes the net purchase, sale and maturities of short-term marketable securities. See reconciliation on page 20.

(\$ in Millions)

Total Debt

December 31,



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

(\$ in Millions)



Summary

- Strong growth due to the competitiveness of our agency brands
- Consistent annual margin improvement from ongoing expense discipline and new efficiencies
- Achieved margin objective for the year
- Balance sheet continues to be a source of value creation





Interpublic Group

Appendix

Operating Performance



| | Twelve Months Ended December 31, | |
|---|----------------------------------|------------|
| | 2011 | 2010 |
| <i>Revenue</i> | \$ 7,014.6 | \$ 6,507.3 |
| Salaries and Related Expenses | 4,402.1 | 4,117.0 |
| Office and General Expenses | 1,924.3 | 1,837.7 |
| Restructuring and Other Reorganization-Related Charges, net | 1.0 | 3.9 |
| <i>Operating Income</i> | 687.2 | 548.7 |
| Interest Expense | (136.8) | (139.7) |
| Interest Income | 37.8 | 28.7 |
| Other Income, net | 150.2 | 12.9 |
| <i>Income Before Income Taxes</i> | 738.4 | 450.6 |
| Provision for Income Taxes | 190.2 | 171.3 |
| Equity in Net Income of Unconsolidated Affiliates | 3.3 | 1.9 |
| <i>Net Income</i> | 551.5 | 281.2 |
| Net Income Attributable to Noncontrolling Interests | (19.2) | (20.1) |
| <i>Net Income Attributable to IPG</i> | 532.3 | 261.1 |
| Dividends on Preferred Stock | (11.6) | (15.6) |
| Benefit from Preferred Stock Repurchased | - | 25.7 |
| <i>Net Income Available to IPG Common Stockholders</i> | \$ 520.7 | \$ 271.2 |
| <i>Earnings per Share Available to IPG Common Stockholders:</i> | | |
| Basic | \$ 1.12 | \$ 0.57 |
| Diluted | \$ 0.99 | \$ 0.47 |
| <i>Weighted-Average Number of Common Shares Outstanding:</i> | | |
| Basic | 465.5 | 473.6 |
| Diluted | 540.6 | 542.1 |
| <i>Dividends Declared per Common Share</i> | \$ 0.24 | \$ 0.00 |

(Amounts in Millions, except per share amounts)

Cash Flow



| | Twelve Months Ended December 31, | |
|--|---|---------------|
| | 2011 | 2010 |
| NET INCOME | \$ 552 | \$ 281 |
| OPERATING ACTIVITIES | | |
| Depreciation & amortization | 194 | 194 |
| Deferred taxes | 84 | 56 |
| Gain on sale of an investment | (132) | - |
| Other non-cash items | 37 | 36 |
| Change in working capital, net | (359) | 263 |
| Other non-current assets & liabilities | (103) | (13) |
| Net cash provided by Operating Activities | 273 | 817 |
| INVESTING ACTIVITIES | | |
| Business & investment purchases/sales, net | 144 | 52 |
| Acquisitions & deferred payments, net | (63) | (62) |
| Capital expenditures | (140) | (96) |
| Net cash used in Investing Activities ⁽¹⁾ | (59) | (106) |
| FINANCING ACTIVITIES | | |
| Repurchase of common stock | (401) | - |
| Common stock dividends | (111) | - |
| Repurchase of preferred stock | - | (266) |
| Purchase of long-term debt | (39) | (217) |
| Net increase in short-term bank borrowings | 42 | 17 |
| Acquisition-related payments | (71) | (29) |
| Distributions to noncontrolling interests | (23) | (22) |
| Preferred stock dividends | (12) | (20) |
| Other financing activities | 74 | (10) |
| Net cash used in Financing Activities | (541) | (547) |
| Currency Effect | (47) | 19 |
| (Decrease) Increase in Cash & S/T Marketable Securities | \$ (374) | \$ 183 |

⁽¹⁾ Excludes the net purchase, sale and maturities of short-term marketable securities. See reconciliation on page 20.

(\$ in Millions)

Depreciation and Amortization



| | 2011 | | | | |
|---|---------|---------|---------|---------|----------|
| | Q1 | Q2 | Q3 | Q4 | YTD 2011 |
| Depreciation and amortization of fixed assets and intangible assets | \$ 35.6 | \$ 37.7 | \$ 36.2 | \$ 41.4 | \$ 150.9 |
| Amortization of restricted stock and other non-cash compensation | 15.7 | 13.8 | 12.6 | 9.6 | 51.7 |
| Net amortization of bond premiums and deferred financing costs | (1.9) | (2.1) | (2.3) | (2.4) | (8.7) |
| | 2010 | | | | |
| | Q1 | Q2 | Q3 | Q4 | YTD 2010 |
| Depreciation and amortization of fixed assets and intangible assets | \$ 37.4 | \$ 36.8 | \$ 37.3 | \$ 36.9 | \$ 148.4 |
| Amortization of restricted stock and other non-cash compensation | 13.7 | 12.8 | 12.0 | 11.5 | 50.0 |
| Net amortization of bond premiums and deferred financing costs | (1.0) | (0.8) | (1.2) | (1.4) | (4.4) |

(\$ in Millions)

Reconciliation of Organic Measures

| | Three Months Ended December 31, 2010 | Components of Change | | | Three Months Ended December 31, 2011 | Change | |
|---------------------------|---|----------------------|-------------------------------------|----------------|---|-------------|-------------|
| | | Foreign Currency | Net Acquisitions/ (Divestitures) | Organic | | Organic | Total |
| Segment Revenue | | | | | | | |
| IAN | \$ 1,711.3 | \$ 1.6 | \$ 14.1 | \$ 24.5 | \$ 1,751.5 | 1.4% | 2.3% |
| CMG | 293.9 | 1.6 | (6.8) | 32.4 | 321.1 | 11.0% | 9.3% |
| Total | <u>\$ 2,005.2</u> | <u>\$ 3.2</u> | <u>\$ 7.3</u> | <u>\$ 56.9</u> | <u>\$ 2,072.6</u> | <u>2.8%</u> | <u>3.4%</u> |
| Geographic Revenue | | | | | | | |
| United States | \$ 1,028.9 | \$ - | \$ (12.0) | \$ 22.2 | \$ 1,039.1 | 2.2% | 1.0% |
| International | 976.3 | 3.2 | 19.3 | 34.7 | 1,033.5 | 3.6% | 5.9% |
| United Kingdom | 168.5 | 1.9 | 5.7 | 4.2 | 180.3 | 2.5% | 7.0% |
| Continental Europe | 304.0 | 3.3 | 2.1 | (9.7) | 299.7 | (3.2%) | (1.4%) |
| Asia Pacific | 211.8 | 4.3 | 7.7 | 2.1 | 225.9 | 1.0% | 6.7% |
| Latin America | 120.7 | (3.6) | 3.1 | 36.7 | 156.9 | 30.4% | 30.0% |
| All Other Markets | 171.3 | (2.7) | 0.7 | 1.4 | 170.7 | 0.8% | (0.4%) |
| Worldwide | <u>\$ 2,005.2</u> | <u>\$ 3.2</u> | <u>\$ 7.3</u> | <u>\$ 56.9</u> | <u>\$ 2,072.6</u> | <u>2.8%</u> | <u>3.4%</u> |
| Expenses | | | | | | | |
| Salaries & Related | \$ 1,139.6 | \$ (2.7) | \$ 7.1 | \$ (5.7) | \$ 1,138.3 | (0.5%) | (0.1%) |
| Office & General | 533.3 | (1.2) | 0.6 | 16.1 | 548.8 | 3.0% | 2.9% |

(\$ in Millions)



Reconciliation of Organic Measures

| | Twelve Months Ended December 31, 2010 | Components of Change | | | Twelve Months Ended December 31, 2011 | Change | |
|---------------------------|---|------------------------|-------------------------------------|------------------------|---|--------------------|--------------------|
| | | Foreign Currency | Net Acquisitions/ (Divestitures) | Organic | | Organic | Total |
| Segment Revenue | | | | | | | |
| IAN | \$ 5,468.4 | \$ 106.9 | \$ 24.7 | \$ 291.8 | \$ 5,891.8 | 5.3% | 7.7% |
| CMG | 1,038.9 | 15.3 | (33.3) | 101.9 | 1,122.8 | 9.8% | 8.1% |
| Total | <u>\$ 6,507.3</u> | <u>\$ 122.2</u> | <u>\$ (8.6)</u> | <u>\$ 393.7</u> | <u>\$ 7,014.6</u> | <u>6.1%</u> | <u>7.8%</u> |
| Geographic Revenue | | | | | | | |
| United States | \$ 3,709.9 | \$ - | \$ (48.8) | \$ 226.6 | \$ 3,887.7 | 6.1% | 4.8% |
| International | 2,797.4 | 122.2 | 40.2 | 167.1 | 3,126.9 | 6.0% | 11.8% |
| United Kingdom | 469.6 | 17.5 | 20.1 | 32.2 | 539.4 | 6.9% | 14.9% |
| Continental Europe | 863.2 | 43.4 | 3.4 | (1.1) | 908.9 | (0.1%) | 5.3% |
| Asia Pacific | 639.8 | 38.6 | 7.8 | 55.5 | 741.7 | 8.7% | 15.9% |
| Latin America | 363.3 | 12.1 | 4.4 | 64.6 | 444.4 | 17.8% | 22.3% |
| All Other Markets | 461.5 | 10.6 | 4.5 | 15.9 | 492.5 | 3.4% | 6.7% |
| Worldwide | <u>\$ 6,507.3</u> | <u>\$ 122.2</u> | <u>\$ (8.6)</u> | <u>\$ 393.7</u> | <u>\$ 7,014.6</u> | <u>6.1%</u> | <u>7.8%</u> |
| Expenses | | | | | | | |
| Salaries & Related | \$ 4,117.0 | \$ 74.9 | \$ 1.1 | \$ 209.1 | \$ 4,402.1 | 5.1% | 6.9% |
| Office & General | 1,837.7 | 34.3 | (4.9) | 57.2 | 1,924.3 | 3.1% | 4.7% |

(\$ in Millions)



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 |

During 2011, we changed the classification of taxes assessed by governmental authorities that are directly imposed on our revenue-producing transactions from a gross to a net basis in a country. This change was applied retrospectively and does not change previously reported operating income (loss) or net income (loss). Revenue and office and general expense decreased equally in each period presented.

(\$ in Millions)

Reconciliation of Investing Cash Flow

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|----------------|-------------------------------------|-----------------|
| | 2011 | 2010 | 2011 | 2010 |
| INVESTING ACTIVITIES | | | | |
| Cash used in Investing Activities per presentation | \$ (68) | \$ (23) | \$ (59) | \$ (106) |
| Purchase, sale and maturities of short-term marketable securities, net | - | (2) | - | (3) |
| Cash used in Investing Activities as reported | <u>\$ (68)</u> | <u>\$ (25)</u> | <u>\$ (59)</u> | <u>\$ (109)</u> |



(\$ in Millions)

Reconciliation of Facebook Transaction (1)

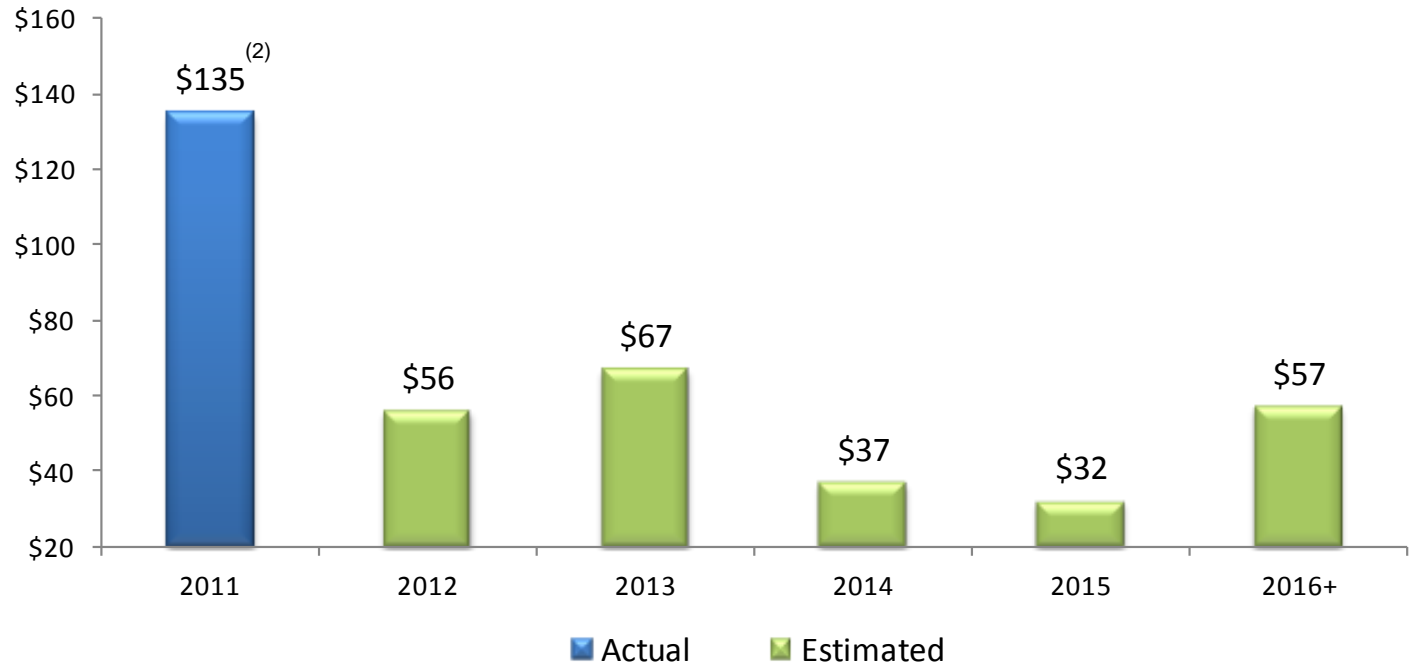


| | Twelve Months Ended December 31, 2011 | | |
|--|---------------------------------------|-----------------|-----------------|
| | As reported | Facebook | Ex - Facebook |
| Income Before Income Taxes | \$ 738.4 | \$ 132.2 | \$ 606.2 |
| Provision for Income Taxes | (190.2) | (6.0) | (184.2) |
| Effective Tax Rate | 25.8% | | 30.4% |
| Equity in Net Income of Unconsolidated Affiliates | 3.3 | | 3.3 |
| Net Income Attributable to Noncontrolling Interests | (19.2) | | (19.2) |
| Dividends on Preferred Stock | (11.6) | | (11.6) |
| Net Income Available to IPG Common Stockholders - Basic | \$ 520.7 | \$ 126.2 | \$ 394.5 |
| Adjustments: Effect of Dilutive Securities | | | |
| Interest on 4.25% Notes | 1.4 | | 1.4 |
| Interest on 4.75% Notes | 4.1 | | 4.1 |
| Preferred stock dividends | 11.6 | | 11.6 |
| Net Income Available to IPG Common Stockholders - Diluted | \$ 537.8 | | \$ 411.6 |
| Weighted-Average Number of Common Shares Outstanding - Basic | 465.5 | | 465.5 |
| Add: Effect of Dilutive Securities | | | |
| Restricted Stock, Stock Options and Other Equity Awards | 9.1 | | 9.1 |
| 4.25% Notes | 33.0 | | 33.0 |
| 4.75% Notes | 16.5 | | 16.5 |
| Preferred Stock Outstanding | 16.5 | | 16.5 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 540.6 | | 540.6 |
| Earnings Per Share Available to IPG Common Stockholders - Basic | \$ 1.12 | | \$ 0.85 |
| Earnings Per Share Available to IPG Common Stockholders - Diluted | \$ 0.99 | | \$ 0.76 |

(1) In August 2011, we sold approximately half of our holdings in Facebook, Inc.

(Amounts in Millions, except per share amounts)

Acquisition Payment Obligations (1)



(1) Amounts include payments relating to transactions with consolidated subsidiaries where we increase our ownership interests, which are classified within the financing section of the Consolidated Statement of Cash Flow, rather than the investing section. Included in the amounts above, compensation expense was \$0.5 for the twelve months ended December 31, 2011 and is currently estimated to be negligible for the periods thereafter.

(2) For 2011, we made payments of \$71.5 relating to transactions with consolidated subsidiaries.

(\$ in Millions)



Interpublic Group

Metrics Update

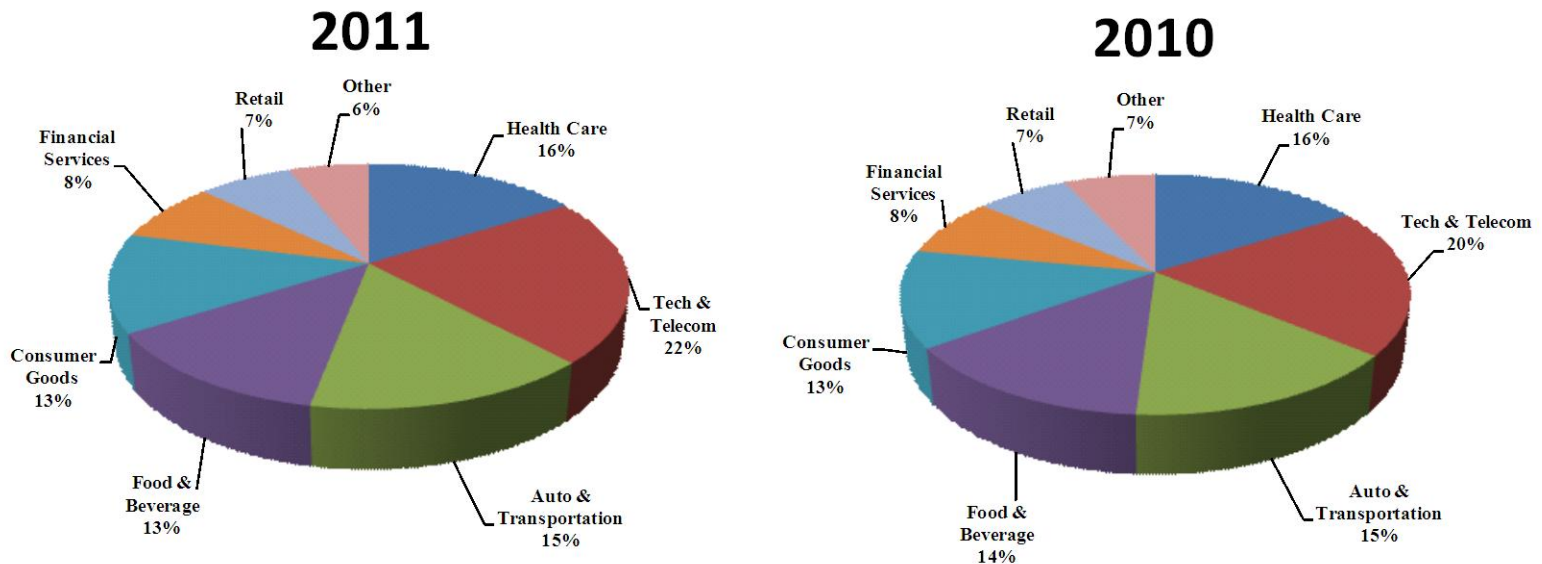
Metrics Update



| Category | Metric |
|--------------------------------------|---|
| REVENUE | by Client Sector |
| SALARIES & RELATED (% of revenue) | Twelve Months Ended Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help |
| OFFICE & GENERAL (% of revenue) | Twelve Months Ended Professional Fees Occupancy Expense (ex-D&A) T&E, Office Supplies & Telecom All Other O&G |
| ORGANIZATIONAL SIMPLIFICATION | Legal Entity Count |
| REAL ESTATE | Total Square Feet |
| CAPITAL EXPENDITURES | by Category |
| FINANCIAL | Available Liquidity \$1 Billion 5-Year Credit Facility Covenants |

Revenue by Client Sector

Top 100 Clients for the years ended December 31



Approximately 55% of consolidated revenue

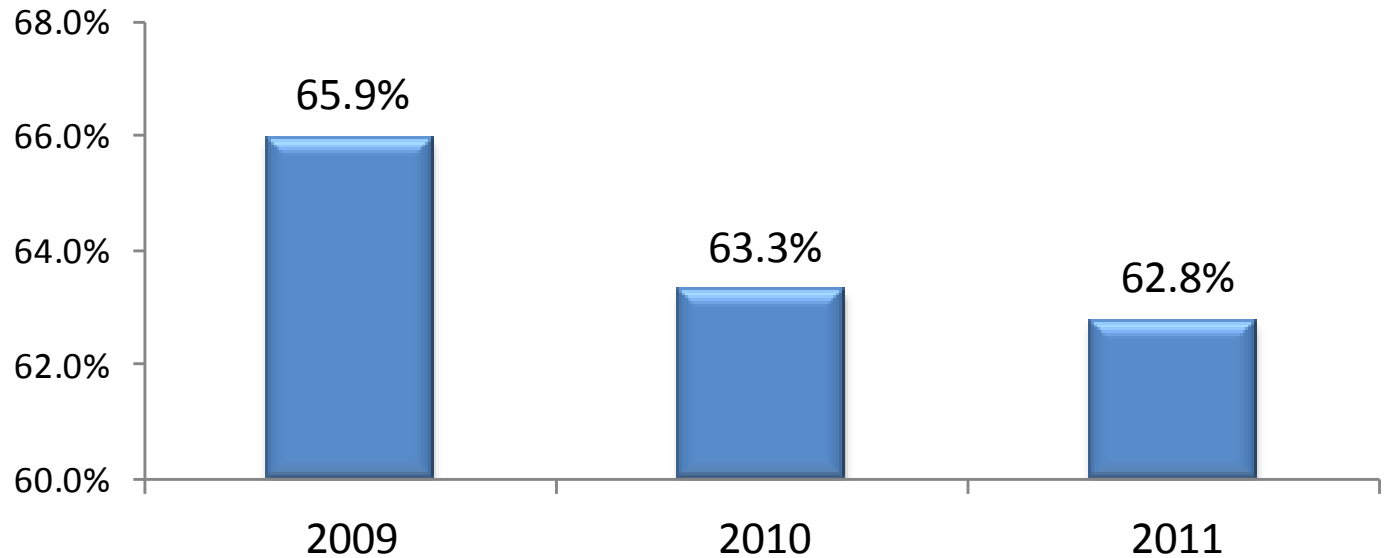
During 2011, we modified our business sectors. For 2010, while the list of Top 100 clients did not change, these clients were reclassified in accordance with the adjusted business sectors.

Unaudited data

Salaries & Related Expenses

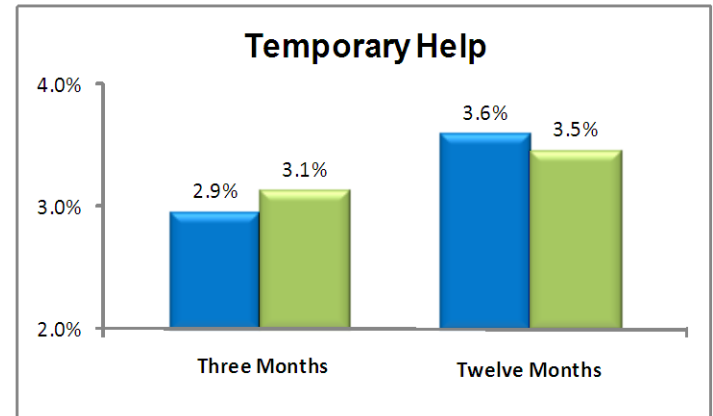
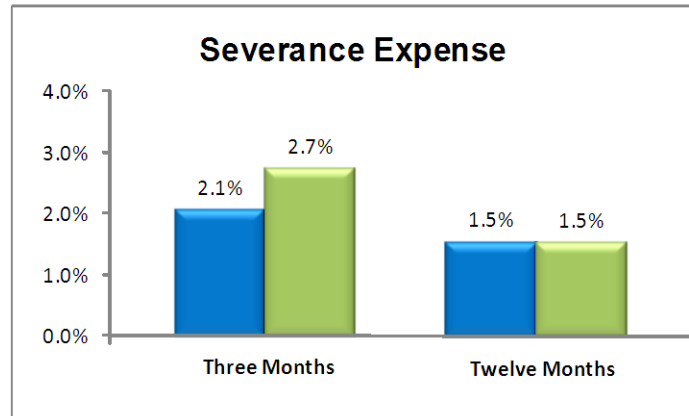
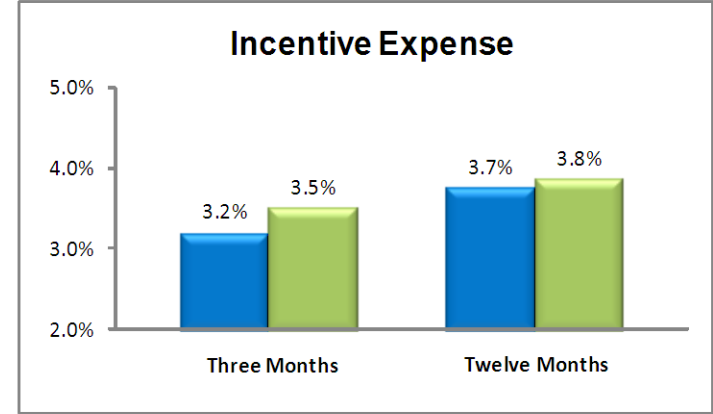
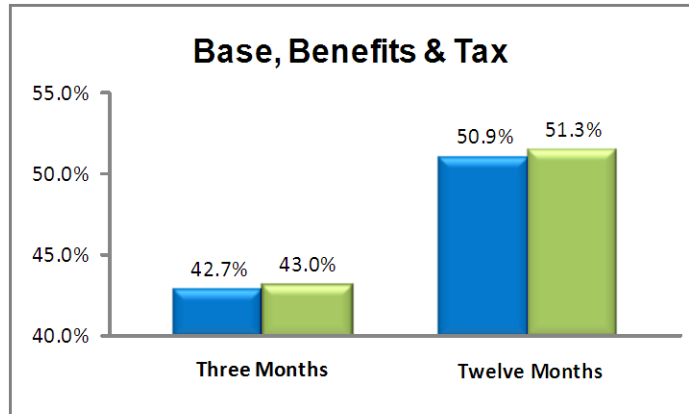
Twelve Months Ended December 31

% of Revenue



Salaries & Related Expenses (% of Revenue)

Three and Twelve Months Ended December 31

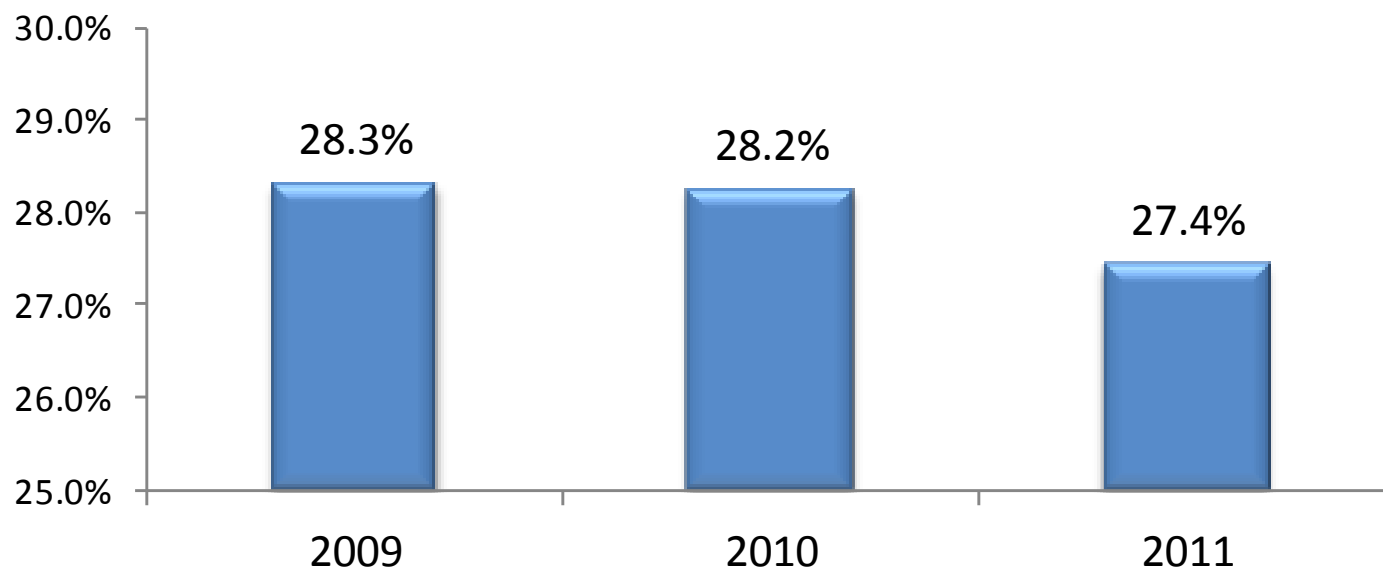


“All Other Salaries & Related,” not shown, was 4.0% and 4.5% for the three months ended December 31, 2011 and 2010, respectively, and 3.1% and 3.2% for the twelve months ended December 31, 2011 and 2010, respectively.

Office & General Expenses

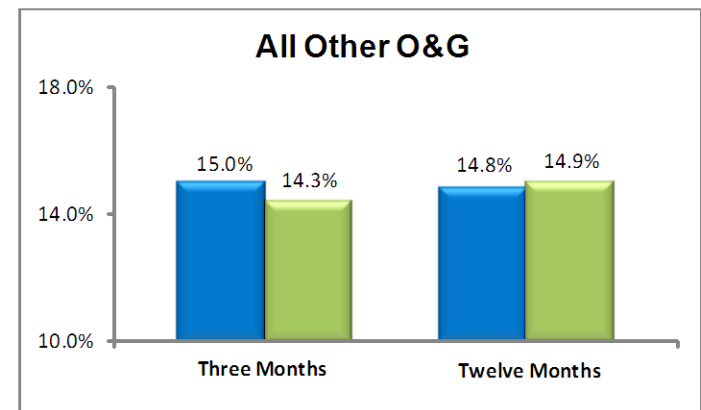
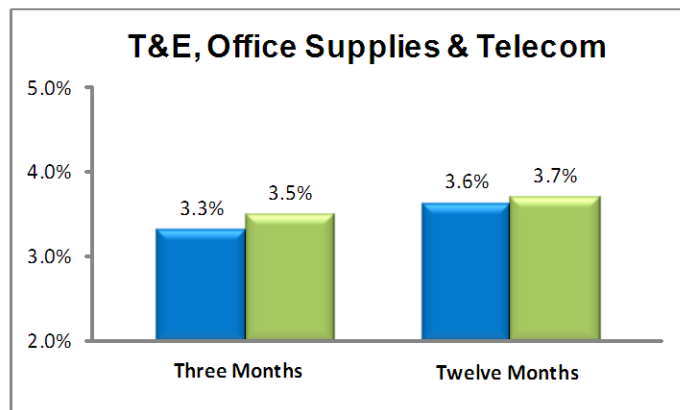
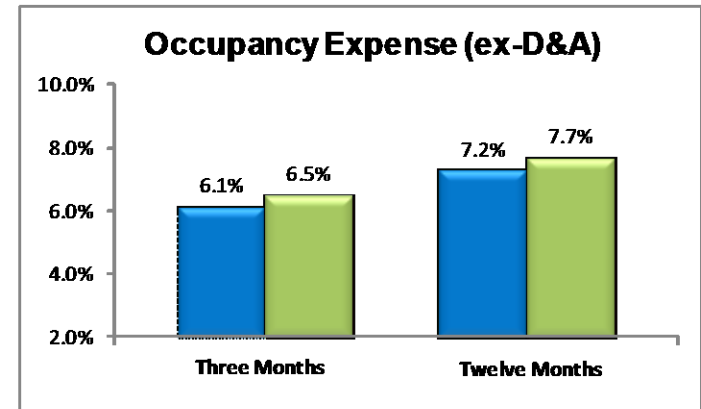
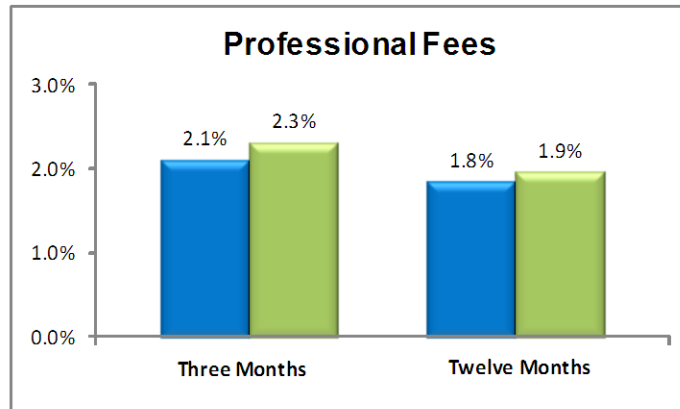
Twelve Months Ended December 31

% of Revenue



Office & General Expenses (% of Revenue)

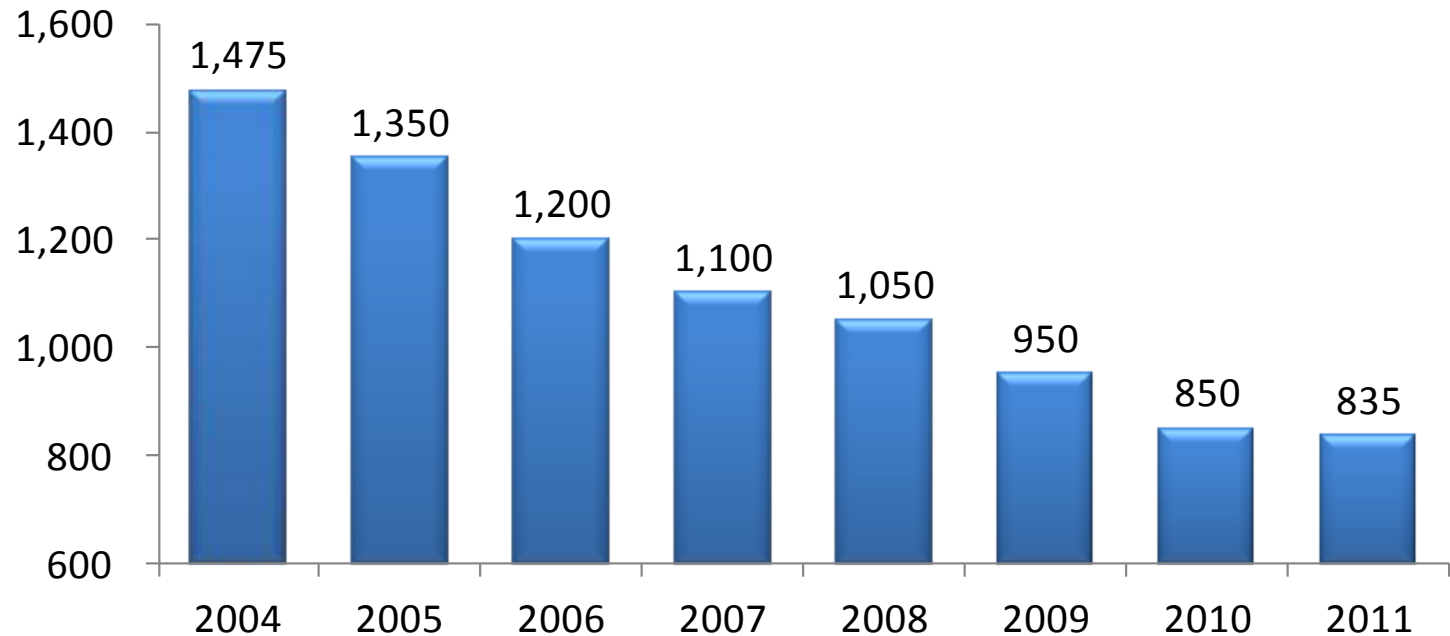
Three and Twelve Months Ended December 31



"All Other O&G" includes production expenses, depreciation and amortization, bad debt expense, foreign currency gains (losses) and other expenses.

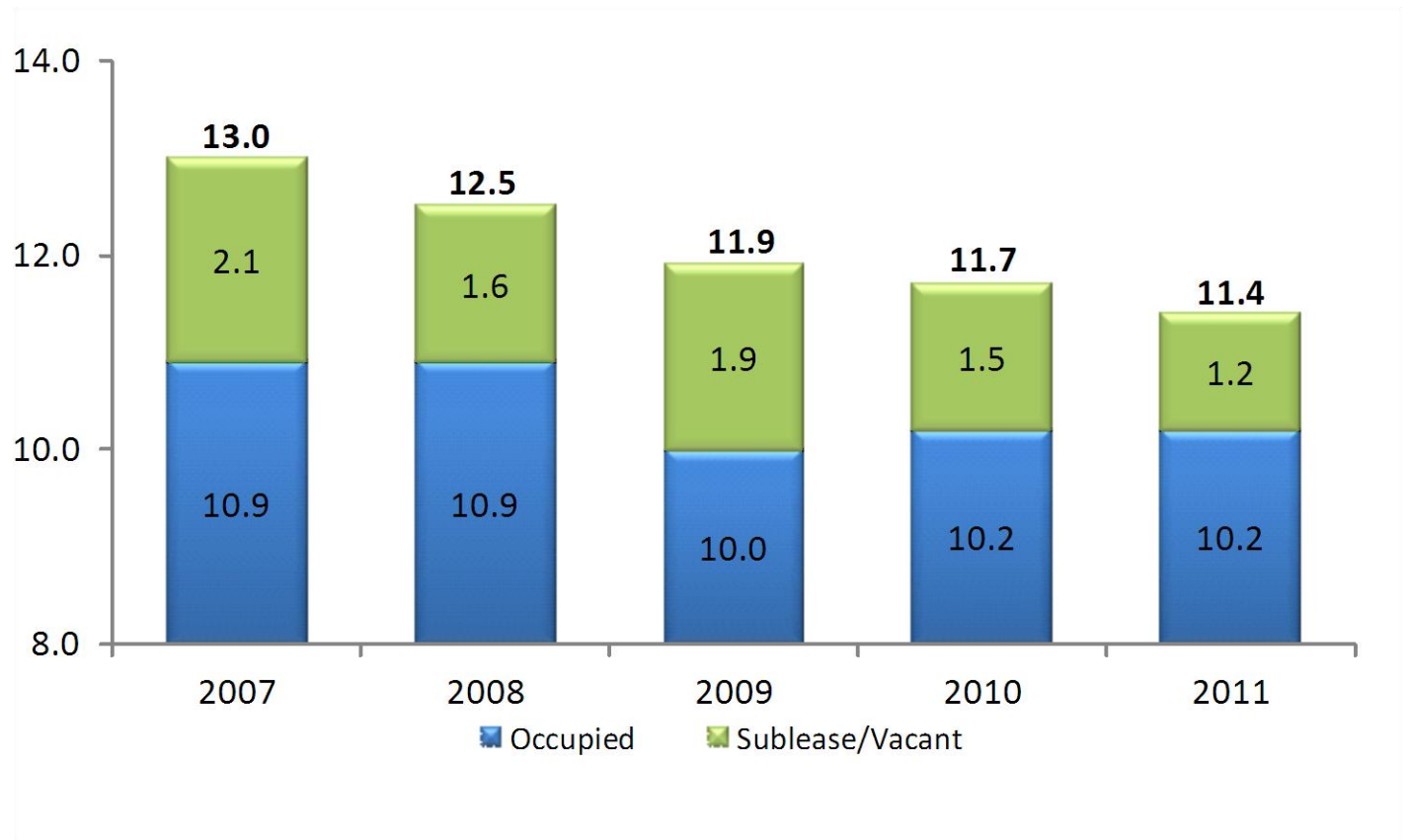
Organizational Simplification

Legal Entity Count Year-End



Real Estate

Total Square Feet Year-End

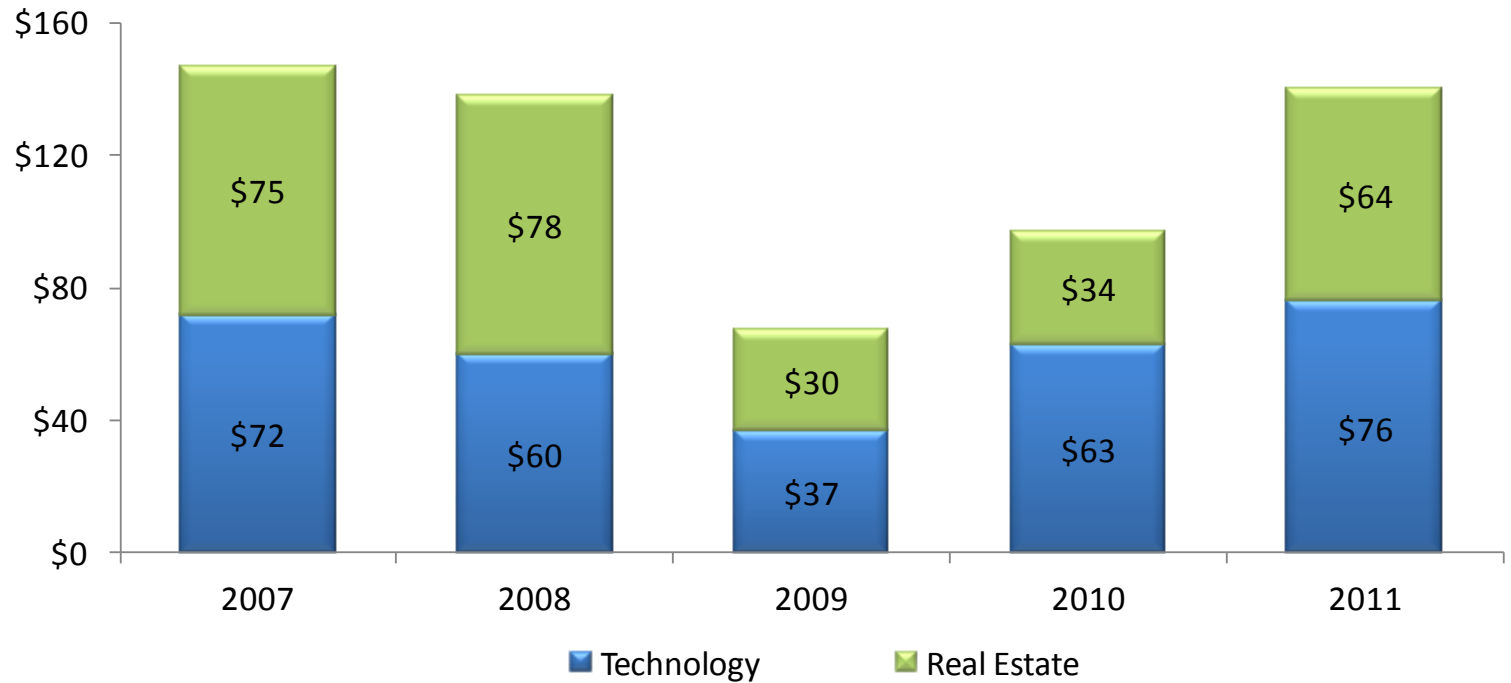


(Amounts in Millions)



Capital Expenditures

Capital expenditures by category: technology and real estate

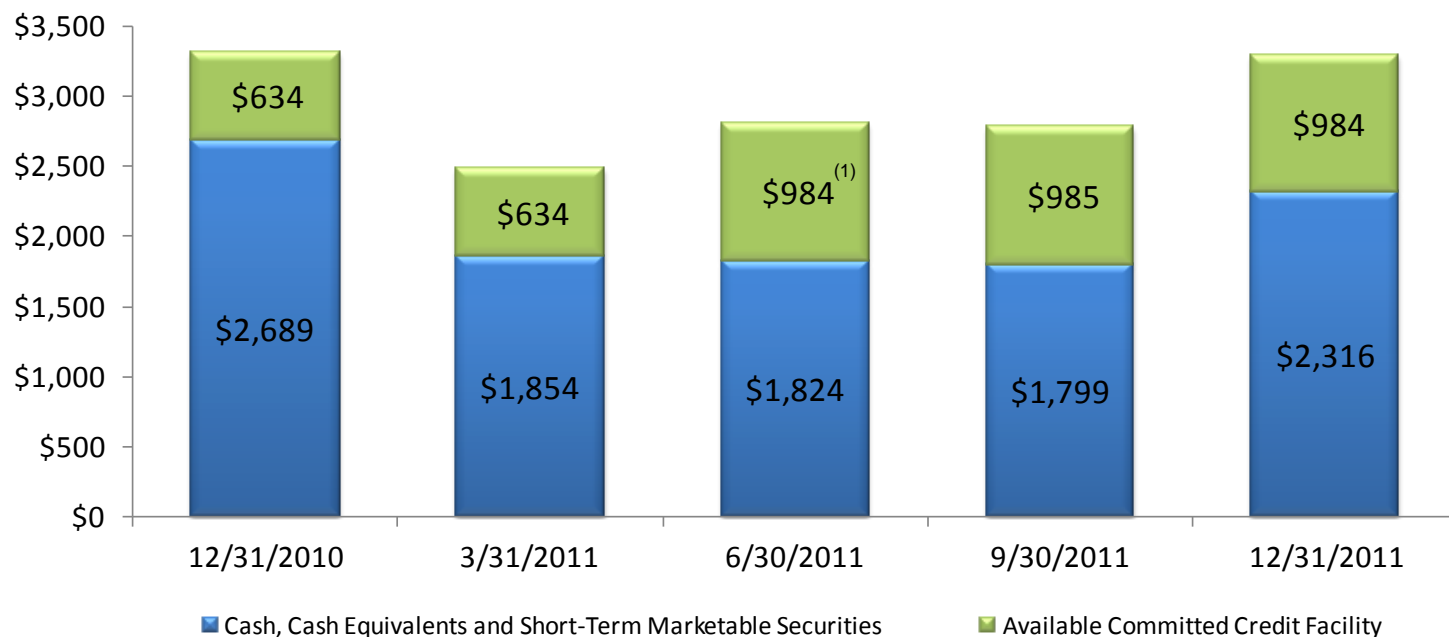


(\$ in Millions)



Available Liquidity

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



(1) In May 2011, we increased our credit facility to \$1,000 from \$650, which is reflected above net of outstanding letters of credit.

(\$ in Millions)

\$1.0 Billion 5-Year Credit Facility Covenants ⁽¹⁾

| <u>Covenants ⁽²⁾</u> | <u>Twelve Months Ending December 31, 2011</u> |
|---|---|
| I. Interest Coverage Ratio (not less than): | 5.00x |
| Actual Interest Coverage Ratio: | 8.57x |
| II. Leverage Ratio (not greater than): | 2.75x |
| Actual Leverage Ratio: | 1.99x |

| <u>Interest Coverage Ratio - Interest Expense Reconciliation</u> | <u>Twelve Months Ending December 31, 2011</u> |
|--|---|
| Interest Expense: | \$136.8 |
| - Interest income | 37.8 |
| - Other | 6.6 |
| + Preferred stock dividends | 11.6 |
| Net interest expense as defined: | <u>\$104.0</u> |

| <u>EBITDA Reconciliation</u> | <u>Twelve Months Ending December 31, 2011</u> |
|---------------------------------|---|
| Operating Income: | \$687.2 |
| + Depreciation and amortization | 202.6 |
| + Other non-cash charges | 1.0 |
| EBITDA as defined: | <u>\$890.8</u> |

(1) Facility is not drawn on as of December 31, 2011.

(2) Based on the terms of the Credit Facility and on our debt ratings from the rating agencies, the EBITDA covenant is not applicable.

(\$ in Millions)



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.

