Second Quarter 2016 Results

July 14, 2016

OmnicomGroup | Investor Presentation



2016 vs. 2015 P&L Summary
Second Quarter

	Second Quarter	
	2016	2015
Revenue	$ 3,884.9	$ 3,805.3
Operating Expenses [(a)]	3,323.1	3,266.7
Operating Income	561.8	538.6
Margin %	*14.5%*	*14.2%*
Addback: Amortization of Intangibles	28.5	27.1
EBITA [(b)]	$ 590.3	$ 565.7
Margin %	*15.2%*	*14.9%*

(a) Additional information regarding our operating expenses can be found on page 24.

(b) EBITA is a non-GAAP financial measure. Please see page 28 for the definition of this measure and page 22 for the reconciliation of non-GAAP financial measures, which reconciles the EBITA figures presented above to net income for the periods presented above.

2016 vs. 2015 P&L Summary (continued)
Second Quarter

	Second Quarter	
	2016	2015
Operating Income	$ 561.8	$ 538.6
Net Interest Expense	44.8	34.6
Income Taxes	167.9	165.3
Tax Rate %	*32.5%*	*32.8%*
Income from Equity Method Investments	2.8	4.0
Noncontrolling Interests	25.8	28.8
Net Income - Omnicom Group	$ 326.1	$ 313.9

2016 vs. 2015 P&L Summary (continued)
Second Quarter

	Second Quarter	
	2016	2015
Net Income - Omnicom Group	$ 326.1	$ 313.9
Net Income allocated to Participating Securities	(2.0)	(3.9)
Net Income available for common shares	$ 324.1	$ 310.0
Diluted Shares (millions)	239.0	245.7
EPS - Diluted	**$ 1.36**	**$ 1.26**
Dividend Declared per Share	$ 0.55	$ 0.50

2016 vs. 2015 P&L Summary
Year to Date

	Year to Date	
	2016	2015
Revenue	$ 7,384.0	$ 7,274.5
Operating Expenses [(a)]	6,430.1	6,358.2
Operating Income	953.9	916.3
Margin %	*12.9%*	*12.6%*
Addback: Amortization of Intangibles	56.8	54.5
EBITA [(b)]	$ 1,010.7	$ 970.8
Margin %	*13.7%*	*13.3%*

(a) Additional information regarding our operating expenses can be found on page 24.

(b) EBITA is a non-GAAP financial measure. Please see page 28 for the definition of this measure and page 22 for the reconciliation of non-GAAP financial measures, which reconciles the EBITA figures presented above to net income for the periods presented above.

2016 vs. 2015 P&L Summary (continued)
Year to Date

	Year to Date	
	2016	2015
Operating Income	$ 953.9	$ 916.3
Net Interest Expense	84.9	68.8
Income Taxes	283.4	278.0
Tax Rate %	*32.6%*	*32.8%*
Income from Equity Method Investments	2.6	3.0
Noncontrolling Interests	43.7	49.5
Net Income - Omnicom Group	$ 544.5	$ 523.0

2016 vs. 2015 P&L Summary (continued)
Year to Date

	Year to Date	
	2016	2015
Net Income - Omnicom Group	$ 544.5	$ 523.0
Net Income allocated to Participating Securities	(3.6)	(6.7)
Net Income available for common shares	$ 540.9	$ 516.3
Diluted Shares (millions)	240.1	246.6
EPS - Diluted	**$ 2.25**	**$ 2.09**
Dividend Declared per Share	$ 1.05	$ 1.00

2016 Total Revenue Change

	Second Quarter		Year to Date	
	$	% Δ	$	% Δ
Prior Period Revenue	$ 3,805.3		$ 7,274.5	
Foreign Exchange (FX) Impact [(a)]	(62.6)	-1.6%	(159.2)	-2.2%
Acquisition/Disposition Revenue [(b)]	13.2	0.3%	9.0	0.1%
Organic Revenue [(c)]	129.0	3.4%	259.7	3.6%
Current Period Revenue	**$ 3,884.9**	**2.1%**	**$ 7,384.0**	**1.5%**

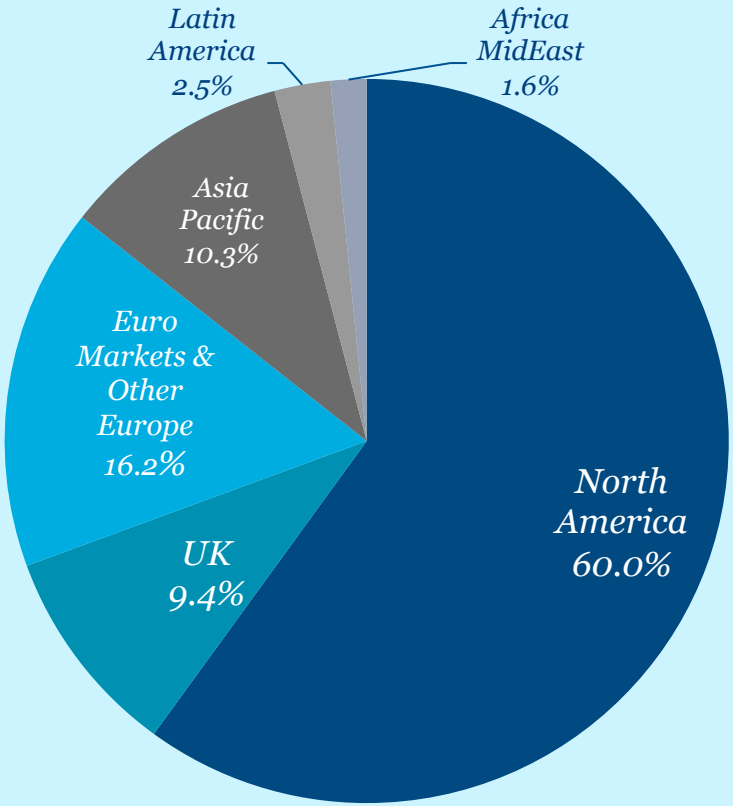
(a) The FX Impact is calculated by translating the current period's local currency revenue using the prior period average exchange rates to derive current period constant currency revenue. The FX impact is the difference between the current period revenue in U.S. Dollars and the current period constant currency revenue.

(b) Acquisition/Disposition revenue is calculated by aggregating the prior period revenue of the acquired businesses, less the prior period revenue of any business that was disposed of in the current period.

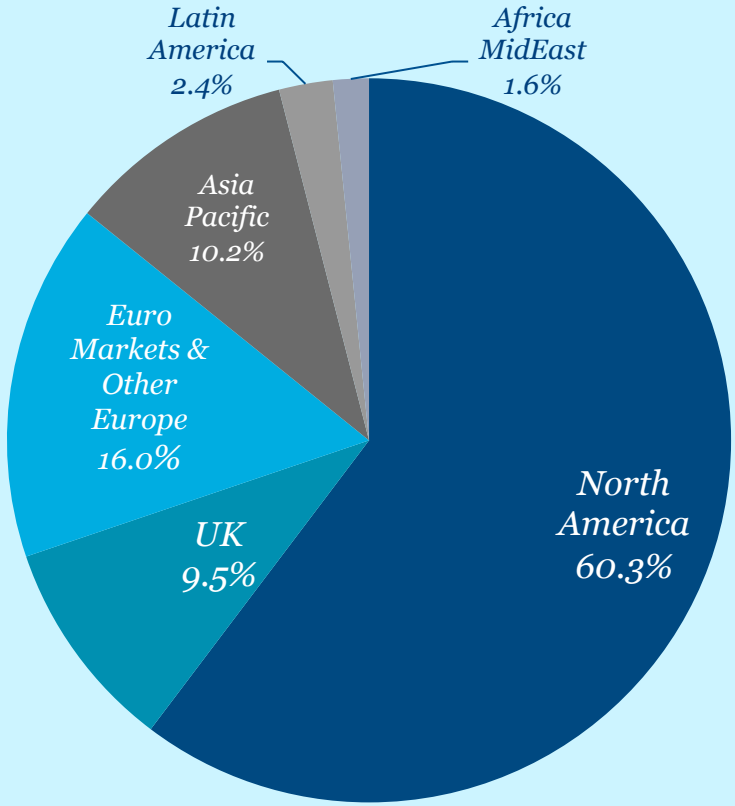
(c) Organic revenue is calculated by subtracting both the Acquisition/Disposition revenue and the FX impact from total revenue growth.

2016 Revenue by Region

Second Quarter



Year to Date



2016 Revenue by Region

Second Quarter

	$ Mix	% Growth	% Organic Growth [(a)]
North America	$ 2,329.7	2.1%	3.2%
UK	363.7	-2.2%	3.3%
Euro & Other Europe	630.1	3.8%	4.3%
Asia Pacific	400.2	1.4%	4.5%
Latin America	98.9	19.7%	1.7%
Africa Mid East	62.3	-8.3%	-1.2%

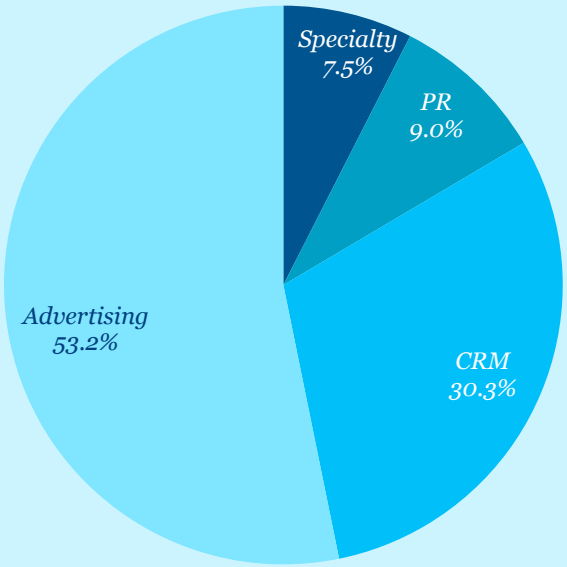
Year to Date

	$ Mix	% Growth	% Organic Growth[(a)]
North America	$ 4,453.0	2.4%	3.8%
UK	700.7	-2.5%	2.8%
Euro & Other Europe	1,182.8	1.8%	3.7%
Asia Pacific	754.5	0.4%	4.8%
Latin America	174.1	4.6%	-3.1%
Africa Mid East	118.9	-7.1%	0.2%

(a) "Organic Growth" reflects the year-over-year increase or decrease in revenue from the prior period, excluding the FX Impact and Acquisition/Disposition revenue, as defined on page 7.

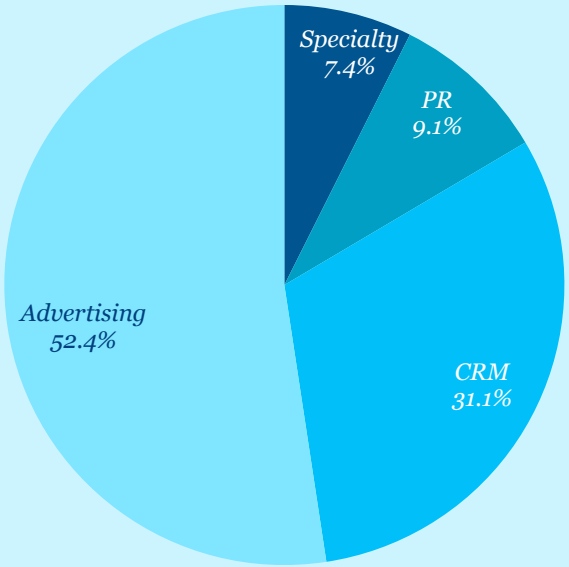
2016 Revenue by Discipline

Second Quarter



	$ Mix	% Growth	% Organic Growth [(a)]
Advertising	$ 2,066.0	6.1%	7.7%
CRM	1,178.7	-4.3%	-2.7%
PR	349.6	1.1%	0.1%
Specialty	290.6	3.1%	4.4%

Year to Date

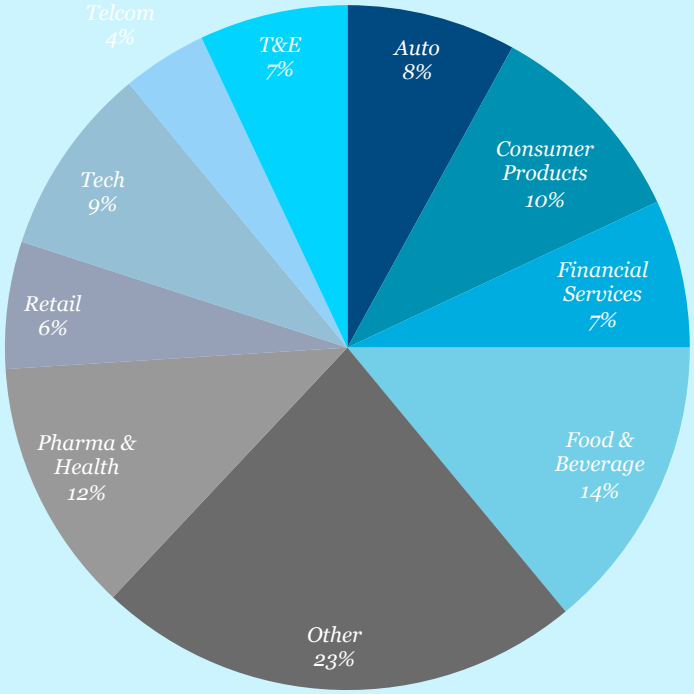


	$ Mix	% Growth	% Organic Growth [(a)]
Advertising	$ 3,869.1	5.1%	7.8%
CRM	2,299.1	-3.8%	-1.7%
PR	668.4	-0.1%	-0.4%
Specialty	547.4	2.1%	3.3%

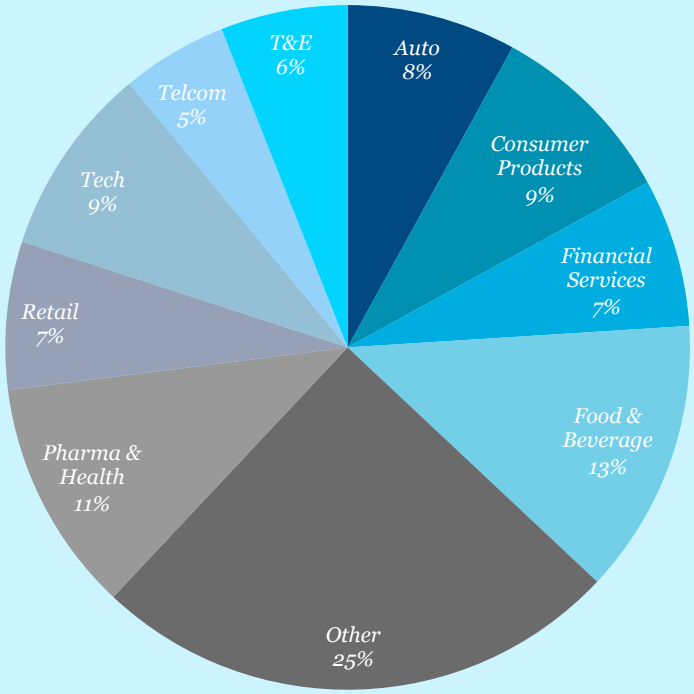
(a) "Organic Growth" reflects the year-over-year increase or decrease in revenue from the prior period, excluding the FX Impact and Acquisition/Disposition revenue, as defined on page 7.

Revenue by Industry

Year to Date – 2016



Year to Date – 2015



Cash Flow Performance

	Six Months Ended June 30	
	2016	2015
Net Income	**$ 588.2**	**$ 572.5**
Depreciation and Amortization Expense	147.2	147.0
Share-Based Compensation Expense	46.3	49.3
Other Non-Cash Items to Reconcile to Net Cash Used in Operating Activities, net	(59.7)	(12.0)
Free Cash Flow [(a)]	**$ 722.0**	**$ 756.8**

Additional information regarding our cash flows can be found in our condensed cash flow statement on page 21.

(a) The Free Cash Flow amounts presented above are non-GAAP financial measures. See page 28 for the definition of this measure and page 23 for the reconciliation of the non-GAAP financial measures, which reconciles Free Cash Flow to the Net Cash Used in Operating Activities for the periods presented above.

Cash Flow Performance

	Six Months Ended June 30	
	2016	2015
Free Cash Flow [(a)]	**$ 722.0**	**$ 756.8**
Primary Uses of Cash:		
Dividends	242.9	250.5
Dividends paid to Noncontrolling Interest Shareholders	52.0	61.1
Capital Expenditures	77.9	106.7
Acquisition of Businesses and Affiliates, Acquisition of Additional Noncontrolling Interests and Contingent Purchase Price Payments	359.7	64.9
Stock Repurchases, net of Proceeds from Stock Plans and Excess Tax Benefit from Stock Plans	351.7	386.3
Primary Uses of Cash [(a)]	**1,084.2**	**869.5**
Net Free Cash Flow [(a)]	**$ (362.2)**	**$ (112.7)**

Additional information regarding our cash flows can be found in our condensed cash flow statement on page 21.

(a) The Free Cash Flow, Primary Uses of Cash and Net Free Cash Flow amounts presented above are non-GAAP financial measures. See page 28 for the definition of these measures and page 23 for the reconciliation of non-GAAP financial measures, which reconciles Free Cash Flow to the Net Cash Used in Operating Activities and Net Free Cash Flow to the Net Decrease in Cash and Cash Equivalents for the periods presented above.

Current Credit Picture

	Twelve Months Ended June 30	
	2016	2015
EBITDA [(a)]	$ 2,249.1	$ 2,227.3
Gross Interest Expense	197.4	172.4
EBITDA / Gross Interest Expense	11.4 x	12.9 x
Total Debt / EBITDA	2.2 x	2.0 x
Net Debt [(b)] */ EBITDA*	1.6 x	1.4 x
Debt		
Bank Loans (Due Less Than 1 Year)	$ 12	$ 14
CP & Borrowings Issued Under Revolver	-	-
Convertible Notes	-	-
Senior Notes [(c)]	4,900	4,500
Other Debt	122	34
Total Debt	**$ 5,034**	**$ 4,548**
Cash and Short Term Investments	1,537	1,362
Net Debt [(b)]	**$ 3,497**	**$ 3,186**

(a) EBITDA is a non-GAAP financial measure. See page 28 for the definition of this measure and page 22 for the reconciliation of non-GAAP financial measures.
(b) Net Debt is a non-GAAP financial measure. See page 28 for the definition of this measure, which is reconciled in the table above.
(c) See pages 18 and 19 for additional information on our Senior Notes.

Historical Returns

Return on Invested Capital (ROIC) [(a)] :

Twelve Months Ended June 30, 2016	18.4%
Twelve Months Ended June 30, 2015	17.6%

Return on Equity [(b)]:

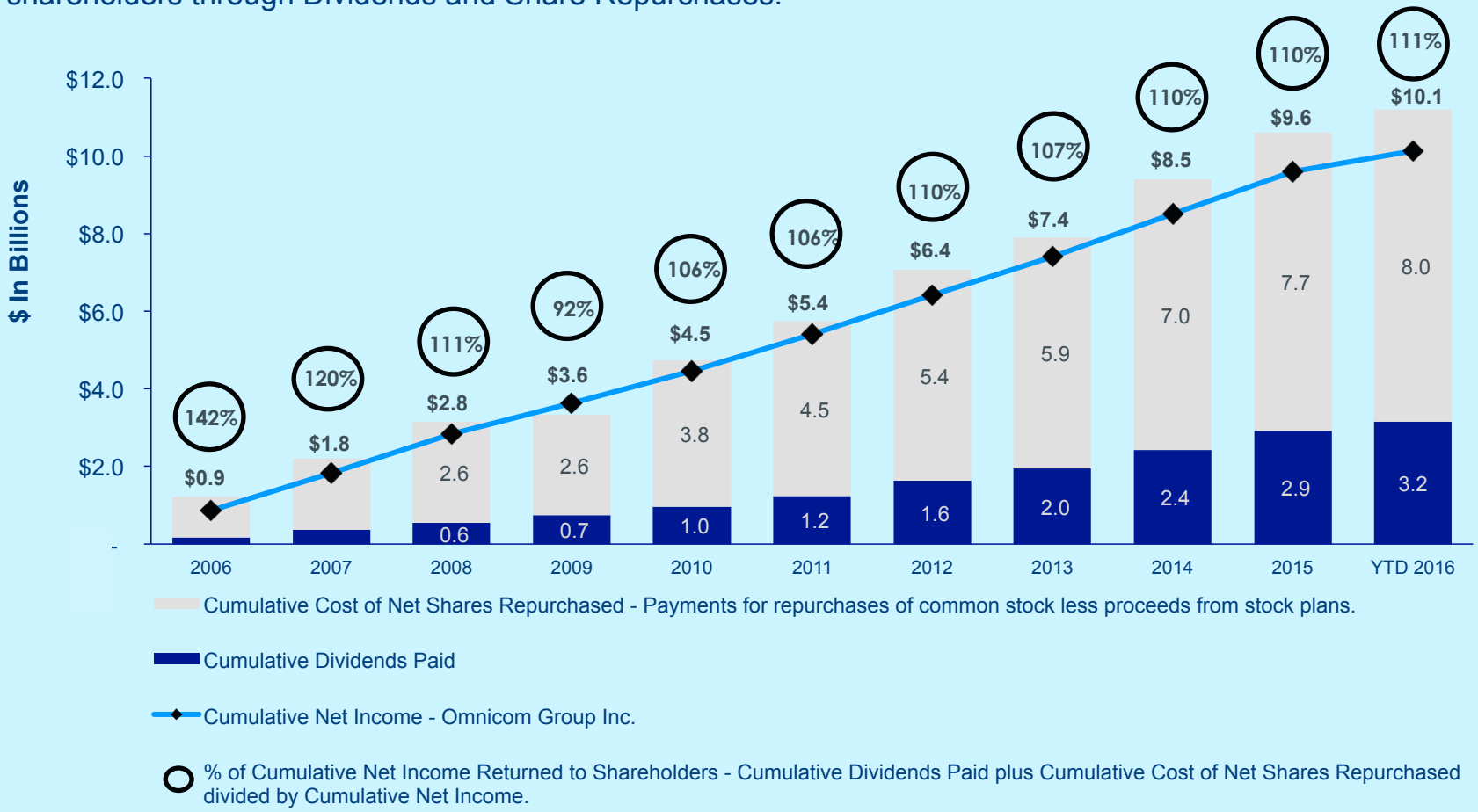
Twelve Months Ended June 30, 2016	45.3%
Twelve Months Ended June 30, 2015	35.9%

(a) Return on Invested Capital is After Tax Reported Operating Income (a non-GAAP financial measure – see page 28 for the definition of this measure and page 23 for the reconciliation of non-GAAP financial measures) divided by the average of Invested Capital at the beginning and the end of the period (book value of all long-term liabilities and short-term interest bearing debt plus shareholders' equity less cash, cash equivalents and short term investments).

(b) Return on Equity is Reported Net Income for the given period divided by the average of shareholders' equity at the beginning and end of the period.

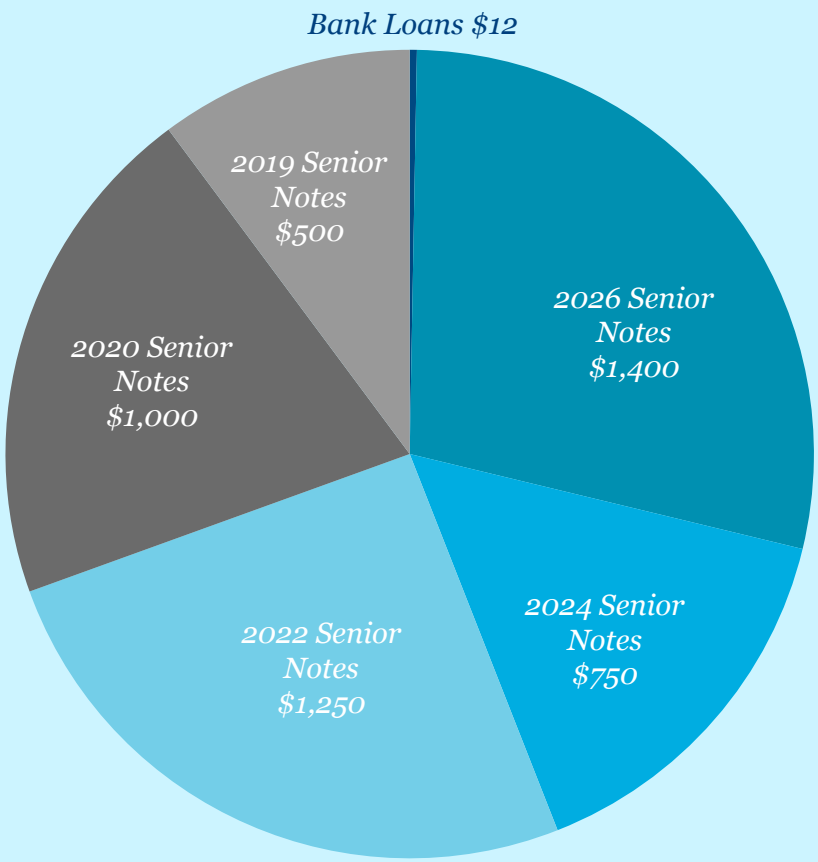
Net Cash Returned to Shareholders through Dividends and Share Repurchases

From 2006 through June 30, 2016, Omnicom distributed over 110% of Net Income to shareholders through Dividends and Share Repurchases.



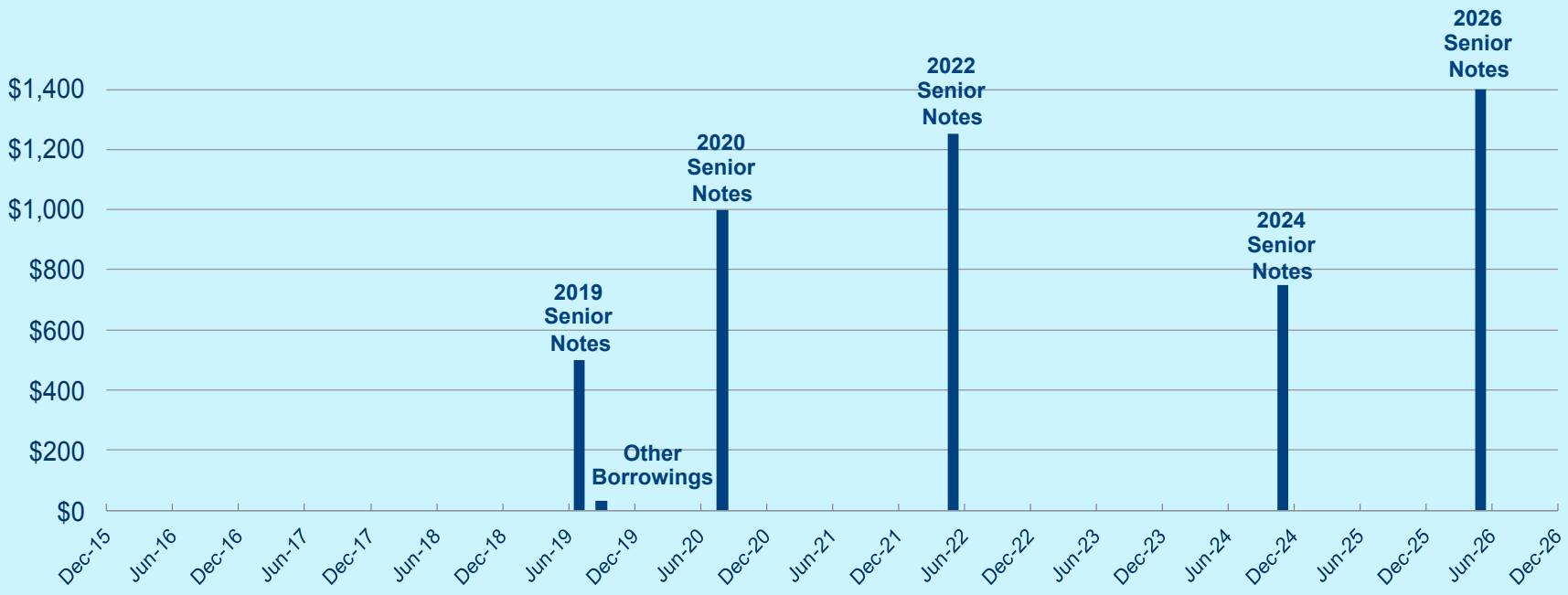
Supplemental Financial Information

Omnicom Debt Structure



The above chart sets forth Omnicom's debt outstanding at June 30, 2016. The amounts reflected above for the 2019, 2020, 2022, 2024 and 2026 Senior Notes represent the principal amount of these notes at maturity on July 15, 2019, August 15, 2020, May 1, 2022, November 1, 2024 and April 15, 2026, respectively.

Omnicom Debt Maturity Profile



Other borrowings at June 30, 2016 include short-term borrowings of $12 million which are due in less than one year. For purposes of this presentation we have included these borrowings as outstanding through July 31, 2019, the date of expiration of our five-year credit facility.

2016 Acquisition Related Expenditures

	Year to Date
Acquisition of Businesses and Affiliates (a)	$ 267.0
Acquisition of Additional Noncontrolling Interests (b)	44.6
Contingent Purchase Price Payments (c)	48.1
Total Acquisition Expenditures (d)	**$ 359.7**

(a) Includes acquisitions of a majority interest in agencies resulting in their consolidation, including additional interest in existing affiliate agencies resulting in majority ownership.
(b) Includes the acquisition of additional equity interests in already consolidated subsidiary agencies which are recorded to Equity – Noncontrolling Interest.
(c) Includes additional consideration paid for acquisitions completed in prior periods.
(d) Total Acquisition Expenditures figure is net of cash acquired.

Condensed Cash Flow

	Six Months Ended June 30	
	2016	2015
Net Income	**$ 588.2**	**$ 572.5**
Share-Based Compensation Expense	46.3	49.3
Depreciation and Amortization	147.2	147.0
Other Non-Cash Items to Reconcile to Net Cash Used in Operating Activities, net	(59.7)	(12.0)
Changes in Operating Capital	(1,113.1)	(808.8)
Net Cash Used in Operating Activities	(391.1)	(52.0)
Capital Expenditures	(77.9)	(106.7)
Payments for Short-term Investments	(215.3)	-
Acquisition of Businesses and Affiliates and Proceeds from Sales of Investments, net	(267.0)	(15.7)
Net Cash Used in Investing Activities	(560.2)	(122.4)
Dividends	(242.9)	(250.5)
Dividends paid to Noncontrolling Interest Shareholders	(52.0)	(61.1)
Proceeds from Short-term & Long-term Debt, net	376.3	1.1
Stock Repurchases, net of Proceeds from Stock Plans and Excess Tax Benefit from Stock Plans	(351.7)	(386.3)
Acquisition of Additional Noncontrolling Interests	(44.6)	(6.9)
Contingent Purchase Price Payments	(48.1)	(42.3)
Other Financing Activities, net	(34.3)	(19.9)
Net Cash Used in Financing Activities	(397.3)	(765.9)
Effect of exchange rate changes on cash and cash equivalents	49.1	(91.8)
Net Decrease in Cash and Cash Equivalents	**$ (1,299.5)**	**$ (1,032.1)**

Reconciliation of Non-GAAP Financial Measures

	3 Months Ended June 30		6 Months Ended June 30		12 Months Ended June 30	
	2016	2015	2016	2015	2016	2015
Revenue	$ 3,884.9	$ 3,805.3	$ 7,384.0	$ 7,274.5	$ 15,243.9	$ 15,219.3
Operating Expenses, excluding Depreciation and Amortization	3,250.1	3,194.0	6,282.9	6,211.2	12,994.8	12,992.0
EBITDA	634.8	611.3	1,101.1	1,063.3	2,249.1	2,227.3
Depreciation	44.5	45.6	90.4	92.5	179.9	186.6
EBITA	590.3	565.7	1,010.7	970.8	2,069.2	2,040.7
Amortization of Intangibles	28.5	27.1	56.8	54.5	111.5	111.4
Operating Income	561.8	538.6	953.9	916.3	1,957.7	1,929.3
Net Interest Expense	44.8	34.6	84.9	68.8	157.6	130.2
Income Before Tax	517.0	504.0	869.0	847.5	1,800.1	1,799.1
Taxes	167.9	165.3	283.4	278.0	589.0	594.6
Income from Equity Method Investments	2.8	4.0	2.6	3.0	8.0	14.5
Net Income	351.9	342.7	588.2	572.5	1,219.1	1,219.0
Less: Net Income Attributed to Noncontrolling Interests	25.8	28.8	43.7	49.5	103.7	122.7
Net Income - Omnicom Group	$ 326.1	$ 313.9	$ 544.5	$ 523.0	$ 1,115.4	$ 1,096.3

The above reconciles EBITDA and EBITA to the GAAP financial measures for the periods presented.

EBITDA and EBITA are non-GAAP financial measures within the meaning of applicable Securities and Exchange Commission ("SEC") rules and regulations. Our credit facility defines EBITDA as earnings before deducting interest expense, income taxes, depreciation and amortization. Our credit facility uses EBITDA to measure our compliance with covenants, such as interest coverage and leverage ratios, as presented on page 14 of this presentation.

Reconciliation of Non-GAAP Financial Measures

	Six Months Ended June 30	
	2016	2015
Free Cash Flow	**$ 722.0**	**$ 756.8**
Items excluded from Free Cash Flow:		
Changes in Operating Capital	(1,113.1)	(808.8)
Net Cash Used in Operating Actvities	**$ (391.1)**	**$ (52.0)**

	Six Months Ended June 30	
	2016	2015
Net Free Cash Flow	**$ (362.2)**	**$ (112.7)**
Cash Flow items excluded from Net Free Cash Flow:		
Changes in Operating Capital	(1,113.1)	(808.8)
Proceeds from Short-term & Long-term Debt, net	376.3	1.1
Payments for Short-term investments	(215.3)	-
Other Financing Activities, net	(34.3)	(19.9)
Effect of exchange rate changes on cash and cash equivalents	49.1	(91.8)
Net Decrease in Cash and Cash Equivalents	**$ (1,299.5)**	**$ (1,032.1)**

	Twelve Months Ended June 30	
	2016	2015
Reported Operating Income	**$ 1,957.7**	**$ 1,929.3**
Effective Tax Rate for the applicable period	32.7%	33.0%
Income Taxes on Reported Operating Income	640.2	636.7
After Tax Reported Operating Income	**$ 1,317.5**	**$ 1,292.6**

Supplemental Information

	Second Quarter				Year to Date			
	2016	% of Rev	2015	% of Rev	2016	% of Rev	2015	% of Rev
Revenue	$ 3,884.9		$ 3,805.3		$ 7,384.0		$ 7,274.5	
Operating expenses:								
Salary and service costs	2,824.6	*72.7%*	2,762.9	*72.6%*	5,449.2	*73.8%*	5,360.0	*73.7%*
Occupancy and other expenses	314.6	*8.1%*	321.0	*8.4%*	614.7	*8.3%*	639.0	*8.8%*
Cost of services	3,139.2	*80.8%*	3,083.9	*81.0%*	6,063.9	*82.1%*	5,999.0	*82.5%*
Selling, general and administrative expenses	110.9	*2.9%*	110.1	*2.9%*	219.0	*3.0%*	212.2	*2.9%*
Depreciation and amortization	73.0	*1.9%*	72.7	*1.9%*	147.2	*2.0%*	147.0	*2.0%*
Total operating expenses	3,323.1	*85.5%*	3,266.7	*85.8%*	6,430.1	*87.1%*	6,358.2	*87.4%*
Operating Income	$ 561.8		$ 538.6		$ 953.9		$ 916.3	
Net Interest expense:								
Interest expense	$ 54.3		$ 44.7		$ 104.6		$ 88.4	
Interest income	9.5		10.1		19.7		19.6	
Net Interest expense	$ 44.8		$ 34.6		$ 84.9		$ 68.8	

Second Quarter Acquisition

Founded in 2004, Rabin Martin is a strategy consulting firm that assists its clients, especially major healthcare corporations and international NGOs, to become recognized leaders in public health, both for the purpose of cultivating, strengthening and advancing reputation and, in the case of private sector concerns, enabling access to markets. Rabin Martin is known for its work in developing strategic partnerships and best practices in reputation efforts typically focusing on infectious disease, women's health, neglected diseases, chronic illness & the private sector's role in global public health.

Rabin Martin is headquartered in New York with associates located in Los Angeles, London and Geneva. Rabin Martin will operate as part of the Omnicom Public Relations Group within the DAS Group of Companies.

Second Quarter Acquisition



Established in 2005, BioPharm Communications is a leading communications agency that specializes in proprietary, multichannel marketing programs to physicians and healthcare practitioners for pharmaceutical and biotechnology clients.

With advanced analytic capabilities, BioPharm creates customized campaigns that enable healthcare clients to effectively target their desired audiences, and to engage them with impactful content and relevant clinical information.

BioPharm is located in New Hope, Pennsylvania and will operate as part of the Omnicom Health Group within the DAS Group of Companies.

Second Quarter Acquisition

OmnicomMediaGroup

Omnicom Media Group has acquired a controlling interest in its affiliate in Switzerland, Omnicom Media Group Schweiz AG.

OMG Switzerland is a market-leading full service media agency with approximately 110 employees. OMG Switzerland leverages the strength of the OMG network, offering local and multi-national clients media planning and buying services including data, analytics and marketing science capabilities.

OMG Switzerland is based in Zurich, Switzerland.

Disclosure

The preceding materials have been prepared for use in the July 14, 2016 conference call on Omnicom's results of operations for the period ended June 30, 2016. The call will be archived on the Internet at http://investor.omnicomgroup.com/investor-relations/news-events-and-filings/.

Forward-Looking Statements

Certain statements in this presentation constitute forward-looking statements, including statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, from time to time, the Company or its representatives have made, or may make, forward-looking statements, orally or in writing. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of the Company's management as well as assumptions made by, and information currently available to, the Company's management. Forward-looking statements may be accompanied by words such as "aim," "anticipate," "believe," "plan," "could," "should," "would," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "will," "possible," "potential," "predict," "project" or similar words, phrases or expressions. These forward-looking statements are subject to various risks and uncertainties, many of which are outside the Company's control. Therefore, you should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include: international, national or local economic conditions that could adversely affect the Company or its clients; losses on media purchases and production costs incurred on behalf of clients; reductions in client spending, a slowdown in client payments and a deterioration in the credit markets; ability to attract new clients and retain existing clients in the manner anticipated; changes in client advertising, marketing and corporate communications requirements; failure to manage potential conflicts of interest between or among clients; unanticipated changes relating to competitive factors in the advertising, marketing and corporate communications industries; ability to hire and retain key personnel; currency exchange rate fluctuations; reliance on information technology systems; changes in legislation or governmental regulations affecting the Company or its clients; risks associated with assumptions the Company makes in connection with its critical accounting estimates and legal proceedings; and the Company's international operations, which are subject to the risks of currency repatriation restrictions, social or political conditions and regulatory environment. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that may affect the Company's business, including those described in the "Risk Factors" in Omnicom's Annual Report on Form 10-K for the year ended December 31, 2015. Except as required under applicable law, the Company does not assume any obligation to update these forward-looking statements.

Non-GAAP Financial Measures

We present financial measures determined in accordance with generally accepted accounting principles in the United States ("GAAP") and adjustments to the GAAP presentation ("Non-GAAP"), which we believe are meaningful for understanding our performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Non-GAAP financial measures as reported by us may not be comparable to similarly titled amounts reported by other companies. We provide a reconciliation of non-GAAP measures to the comparable GAAP measures on pages 22 and 23.

The Non-GAAP measures used in this presentation include the following:

Free Cash Flow, defined as net income plus depreciation, amortization, share based compensation expense plus/(less) other non-cash items to reconcile to net cash provided by operating activities. We believe Free Cash Flow is a useful measure to evaluate our ability to generate excess cash from our operations.

Primary Uses of Cash, defined as dividends to common shareholders, dividends paid to non-controlling interest shareholders, capital expenditures, cash paid on acquisitions, payments for additional interest in controlled subsidiaries and stock repurchases, net of the proceeds and excess tax benefit from our stock plans, and excludes changes in operating capital and other investing and financing activities, including commercial paper issuances and redemptions used to fund working capital changes. We believe this measure is useful in identifying the significant uses of our cash.

Net Free Cash Flow, defined as Free Cash Flow less the Primary Uses of Cash. Net Free Cash Flow is one of the metrics used by us to assess our sources and uses of cash and was derived from our consolidated statements of cash flows. We believe that this presentation is meaningful for understanding our primary sources and primary uses of that cash flow.

EBITDA, defined as operating income before interest, taxes, depreciation and amortization. We believe EBITDA is meaningful because the financial covenants in our credit facilities are based on EBITDA.

EBITA, defined as operating income before interest, taxes and amortization. We use EBITA as an additional operating performance measure, which excludes the non-cash amortization expense of intangible assets (primarily consisting of amortization arising from acquisitions), because we believe it is a useful measure for investors to evaluate the performance of our businesses.

Net Debt, defined as total debt less cash, cash equivalents and short-term investments. We believe net debt, together with the comparable GAAP measures, reflects one of the metrics used by us to assess our cash management.

After Tax Reported Operating Income, defined as reported operating income less income taxes calculated using the effective tax rate for the applicable period. Management uses after tax operating income as a measure of after tax operating performance as it excludes the after tax effects of financing and investing activities on results of operations.

Other Information

All dollar amounts are in millions except for per share amounts and figures shown on pages 3 and 6 and the net cash returned to shareholders figures on page 16. The information contained in this document has not been audited, although some data has been derived from Omnicom's historical financial statements, including its audited financial statements. In addition, industry, operational and other non-financial data contained in this document have been derived from sources that we believe to be reliable, but we have not independently verified such information, and we do not, nor does any other person, assume responsibility for the accuracy or completeness of that information. Certain amounts in prior periods have been reclassified to conform to our current presentation.

The inclusion of information in this presentation does not mean that such information is material or that disclosure of such information is required.