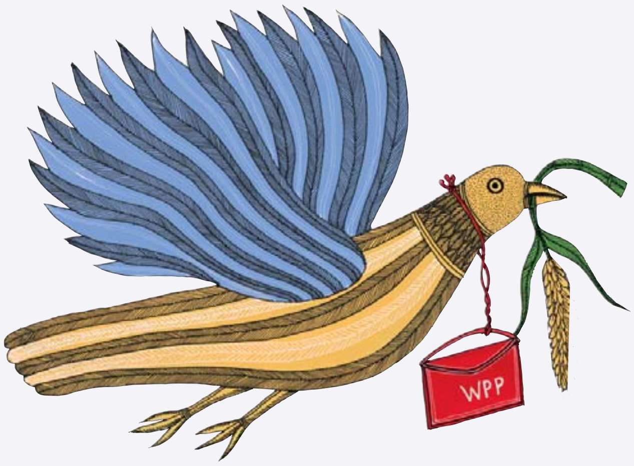
Letter to share owners



Dear share owner

WPP's twentieth year was our best ever with key measures exceeding the previous peak years of 2001 and 2004.

Most importantly, total share owner return improved, with your share price rising by almost 10% to 629p over the year and dividends rising 20% to 9.34p. Pleasingly, your share price has advanced a further 8% to 681.5p at the time of writing.

Revenues were up 25% to £5.4 billion. Operating margin was up one margin point to 14% (15% under 2004 UK GAAP). Headline PBIT – that is before goodwill impairment, amortisation of acquired intangibles, interest, tax and investment gains and write-downs (what a mouthful!) – was up almost 35% to £755 million. Headline profit before tax was up over 36% to £669 million.

Profit before tax was up over 36% to £592 million. Headline diluted earnings per share were up 29% to 36.0p and reported diluted earnings per share up almost 27% to 29.7p.

These results reflect faster growth in almost all regions – North America, Eastern Europe, Asia Pacific, Latin America, Africa and the Middle East – the slower growth area being Western Europe. Similarly, growth was encouraging across all communications services sectors – Advertising, Media investment management, Information, insight & consultancy, Public relations & public affairs, Branding & identity, Healthcare and Specialist communications. As in 2004, we were firing on all cylinders.

These results also reflected continued improvement in productivity, with like-for-like revenues up 5.5% and average headcount on the same basis up 5.2%. Liquidity improved with average net debt up only £132 million (at 2005 exchange rates) despite a net cash outflow of £195 million. Operating margins improved significantly, too – up one margin point after incentives and 0.9 margin points before incentives.

The rest of this letter to you is based on constant currency comparisons, which are more meaningful given currency movements. On a like-for-like basis revenues were up 5.5% for the year, up 6% in the first half and 5% in the second half. This appears to have been above the growth in the worldwide market, with the Group increasing market share.

Revenue growth was also consistently strong in successive quarters, on a like-for-like basis up 5.7%, 6.2%, 4.8% and 5.2%. The momentum was maintained in the first quarter of 2006, with like-for-like revenues up almost 5%. Our like-for-like revenue objective for 2006 remains over 4%, well in line with or above forecasts for the advertising and marketing services industry and worldwide GNP growth.

Media investment management continues to lead growth

By sector, Media investment management led the way, together with Healthcare and Specialist communications, the latter particularly in direct, interactive and internet. But Advertising, Information, insight & consultancy, and Branding & identity also registered good performances. Public relations & public affairs registered its strongest year since 2000. Marketing services fell to 52% of our revenues in 2005 from 54% in the previous year, due to strong growth in Media investment management and the acquisition of Grey Global Group ('Grey'), which was more concentrated in Advertising and Media investment management. We are still, however, more than just an advertising company.

By geography, Asia Pacific, Africa and the Middle East, Latin America and Central and Eastern Europe led the way. The only laggard was Western Europe, particularly France, Germany and the UK, although there was some improvement towards the end of the year and into 2006. As a result, and because of the acquisition of Grey, which was more concentrated in North America, markets outside North America remain at around 61% of our revenues, as compared to 58% in 2003 and 56% in