FOR IMMEDIATE RELEASE 21 FEBRUARY 2001

WPP GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2000

Revenues up over 37% to £3.0 billion
Profit before tax up over 43% to £365.7 million
Fully diluted earnings per share up over 26% to 28.4p
Final dividend up over 21% to 2.55p

- Revenues up over 37% to £2.981 billion
- Profit before interest and tax up 43% to £416.0 million
- Operating margins up to 14.0% from 13.4% in line with objectives
- Profit before tax up over 43% to £365.7 million
- Fully diluted earnings per share up over 26% to 28.4p from 22.5p
- Final dividend up over 21% to 2.55p per share making total for the year of 3.75p up 21% over 1999
- Net new billings of over $4.5 billion up 15% on last year (1999 $3.9 billion)
- On target to achieve fifth margin plan objectives of 15% operating margin by 2001 and 15.5% by 2002

Summary of 2000 results

The Board of WPP Group plc ("WPP") announces the unaudited preliminary results for the year ended 31 December 2000 including Young & Rubicam Inc. for the fourth quarter. These results represent record profits in the Company's fifteenth year.

Turnover was up 49% to £13.9 billion (reflecting in part the growth of media investment management), revenues up over 37% to £2.981 billion and gross profit up over 47% to £2.736 billion. On a constant currency basis, revenues were up almost 33% and gross profit up almost 43%.

Operating profit (excluding income from associates) rose by over 43% to £378.0 million from £263.5 million and by over 40% in constant currencies. Reported operating margins (including income from associates) rose by 0.6 margin points to 14.0% in line with objectives and by 0.7 margin points on a constant currency basis. The margin gap between the very best performing competition and ourselves continues to narrow. Profit before interest and tax was up 43% to £416.0 million from £290.8 million and up almost 40% in constant currencies.

Operating margins before short and long-term incentive payments (totalling £118 million or over 22% of operating profit before bonus and taxes) rose to 17.9% from 16.7%. Reported operating costs including direct costs rose by over 36% and by 32% in constant currency.

Variable staff costs as a proportion of total staff costs have increased over recent years to 12.1% and as a proportion of revenues to 6.6%. This has resulted in increased flexibility in the cost structure.

Net interest payable and similar charges increased to £50.3 million from £35.4 million, reflecting increased profitability more than offset by rising US dollar interest rates, debt acquired, the increased level of acquisition activity and share repurchases. Interest cover, however, has improved to 8.3X in comparison to 8.2X in the previous year.

Profit before tax rose by over 43% to £365.7 million from £255.4 million. Pre-tax margins rose to 12.3% from 11.8%. On a constant currency basis, pre-tax profits were up over 40% reflecting the weakening of sterling against the dollar, counterbalanced to some extent by strength against the euro. If sterling had stayed at the same average levels as 1999, pre-tax profits would have been £360.0 million.

The Group's tax rate on profits was 30.0%, the same as in the previous year.

Fully diluted earnings per share rose over 26% to 28.4p from 22.5p. In constant currency earnings per share rose by 23%.

The Board recommends an increase of 21.4% in the final dividend to 2.55p per share, which will be paid in the form of an ordinary dividend, making a total of 3.75p per share for 2000, a 21% increase over 1999. The dividend for 2000 is over seven times covered by earnings.

On a like-for-like basis (including Young & Rubicam Inc. for the final quarter of 2000), revenues rose by almost 15% and gross profit was up almost 16% on 1999. Total operating and direct costs were up over 14% on the previous year. Staff costs excluding incentives rose by over 15% and salaries by over 14%. On a reported basis the Group's staff cost to gross margin ratio excluding incentives fell to 54.8% from 55.0%.

Our staff numbers averaged 36,157 against 27,711 in 1999, up 31%. On a like-for-like basis, average headcount was up 2,767 to 36,157 from 33,390, an increase of 8%. At the end of 2000 staff numbers were 51,195 compared with 29,168 in 1999.

Review of operations

In 2000 the worldwide advertising industry grew approximately 6-7% with marketing services growing at 7-9%. Our Company continued to strengthen particularly in the United States, the United Kingdom and Continental Europe. Asia Pacific bounced back fully from the recession in 1997. Latin America also rebounded significantly but growth was primarily driven by Brazil and Mexico. In 2000, the Group believes it increased its worldwide market share very significantly.

Network television price inflation and declining audiences, fragmentation of traditional media and the rapid development of new technologies continued to drive experimentation by our clients in new media and non-traditional alternatives. 1998 was really the first year when WPP's marketing services activities represented over 50% of Group revenues. In 2000 these activities represented 53% of Group revenues. On a pro-forma basis, including Young & Rubicam Inc. for a full year, this proportion would be 54%. In addition, in 2000, our narrowly-defined internet-related revenues were $293 million or almost 7% of our worldwide reported revenues. This compares with approximately 3-4% for on-line media's share of total advertising spend in the United States and a 2-3% share worldwide.

Revenue and operating profit by region

The pattern of revenue growth differed regionally. The table below gives details of revenues and revenue growth (on a constant currency basis) by region for 2000 as well as proportions of operating profits.

Region	Revenue as a % of Total Group	Revenue growth % +/(-) 00/99	Operating profit as a % of Total Group
North America	44.7	29.8	47.6
United Kingdom	17.9	22.5	15.2
Continental Europe	19.7	47.2	19.7
Asia Pacific, Latin America, Africa & the Middle East	17.7	38.2	17.5
Total Group	100	32.9	100

Net new billings of £2.7 billion ($4.5 billion) were won last year, up 15% on 1999. Young & Rubicam Inc. won net new billings of £540 million ($890 million) during 2000.

Revenue and operating profit by communications services sector and brand

The pattern of revenue growth also varied by communications services sector and brand. The table below gives details of revenues and revenue growth by communications services sector for 1999 (on a constant currency basis) as well as proportions of operating profits.

Communications services sector	Revenue as a % of Total Group	Revenue growth % +/(-) 00/99	Operating profit as a % of Total Group
Advertising, Media Investment Management	46.9	33.8	55.6
Information and Consultancy	17.2	19.8	12.4
Public Relations and Public Affairs	11.1	75.6	10.4
Identity and Branding, Healthcare & Specialist Communications	24.8	27.6	21.6
Total Group*	100	32.9	100

* Includes narrowly-defined internet and internet-related revenue totalling $323 million and broadly-defined revenues of $1.1 billion.

One of the Group's most important objectives is to increase its rate of organic revenue growth which is a key measure of the success of its value-added strategy. Excluding acquisitions, this was approximately 15% in 2000, a rate of growth that, although delightful, is clearly unsustainable in the long term. Comparison with our competitors is difficult given that, to the best of our knowledge, they define organic growth rates differently absorbing acquisition revenues into organic growth rates more quickly. If we were to use their method of calculation, our organic growth rate would have been closer to 19%. Clients in the high revenue growth areas of information and technology, telecommunications, healthcare, financial services and entertainment and media now account for almost 28% of Group revenues. As a benchmark at the end of 2000 these sectors (excluding healthcare) accounted for approximately the same percentage of the FTSE 100 by market capitalisation.

Advertising and Media Investment Management

On a reported basis, combined advertising and media investment management revenues at Ogilvy & Mather Worldwide (which was named the United States agency of the year by Adweek), J. Walter Thompson Company, Y&R Advertising, Conquest (now Red Cell), MindShare and The Media Edge rose by almost 34%. The combined operating margin of this group of companies was 16.5%. Combined operating costs rose by 32% and the combined staff costs to revenue ratio excluding incentive payments fell to 52.6% from 53.7%.

In 2000, Ogilvy & Mather Worldwide generated net new billings of £515 million ($850 million), J. Walter Thompson Company £373 million ($615 million) and Y&R Advertising £28 million ($46 million).

Also in 2000, MindShare generated net new billings of £1.5 billion ($2.5 billion). Plans are being developed to create a "WPP media" parent company which, like Kantar in information and consultancy, will seek to add value to our clients and our people through "tribal" co-operation.

Conquest's (now Red Cell) revenues rose almost 11% and operating profits and margins were up significantly. Net new billings were £13 million ($21 million).

Information and Consultancy

The Group's information and consultancy businesses continued their strong revenue growth with gross profit rising by almost 20% and operating margins up slightly over the previous year. Particularly strong performances were recorded by Millward Brown in the United States, United Kingdom, Germany, Hungary, the Czech Republic, Singapore, Japan and Australia; by Research International in the United States, Germany, Greece, Japan, South Africa and Brazil; by Kantar Media Research at BMRB in the United Kingdom; by IMRB in India; and by Goldfarb Consultants in Canada, Italy and the United Kingdom.

Public Relations and Public Affairs

The Group's public relations and public affairs activities continued to advance strongly.

Hill and Knowlton's revenues rose by over 31% and operating costs by over 29%. As a result, margins increased to almost 13%, ahead of previously established targets.

Revenues at Ogilvy Public Relations Worldwide (which was named PRWeek's United States public relations agency of the year) rose by almost 61% and operating costs by approximately 59%. For the fourth year in a row following the change in leadership, profitability improved significantly over the previous year.

In the final quarter of 2000, Burson-Marsteller's revenues rose by over 8% and Cohn & Wolfe's by over 31%. Robinson Lerer & Montgomery, which was acquired by Young & Rubicam Inc. in the first quarter of 2000, made a strong first time contribution to the Group.

Our public relations and public affairs businesses as a whole showed operating margins of over 13%, in excess of the Group's objective for 2000 and in line with the best performing publicly listed comparables. Operating management has developed new three year plans that indicate further significant improvement in operating margins.

Identity and Branding, Healthcare and Specialist Communications

Identity and branding, healthcare and specialist communications revenues rose by over 27%. Although gross profit rose even more strongly, operating costs rose faster, resulting in overall operating margins declining by 0.2 margin points, chiefly due to margin erosion at our healthcare operations. Several of our companies in this sector performed particularly well including in promotion and direct marketing – Einson Freeman, OgilvyOne, A Eicoff & Company; in identity and branding – Addison Design Company, Brouillard, Banner McBride, BPRI, Coley Porter Bell, Lambie-Nairn, Scott Stern and Enterprise IG Group; in healthcare – The Shire Hall Group; and in other specialist marketing resources – The Henley Centre, P·Four Consultancy, Management Ventures, Metro Broadcast, The Farm, The Geppetto Group, JWT Specialized Communications and Perspectives.

In 2001 this communications services sector will be split into three parts for strategic (but not reporting) purposes – first, identity and branding, secondly, healthcare and finally specialist communications.

wpp.com

To date wpp.com has concentrated on strengthening its existing operations, acquiring new activities in areas which we think are critically important, investing in start-up companies with whom we wish to partner and spreading knowledge of these developments throughout the Group. We have continued to use wpp.com as a way of strengthening the digital capabilities of our operating companies.

Overall the effectiveness of this strategy has strengthened for three reasons. First, staff turnover rates within our interactive business fell significantly during the second half of the year with people who we had previously lost returning to the Group. Secondly, valuations have fallen, making smaller interactive acquisitions more attractive. Finally, our reliance on traditional companies as our main source of internet and new media revenues has enabled us to continue growing revenues and profits beyond expectations.

The merger with Young & Rubicam Inc. has brought with it strong interactive capabilities, notably at The Digital Edge, Burson-Marsteller, Landor and Impiric. Notable features during 2000 included the growth of Ogilvy Interactive, organically and by acquisition, into the leading global web development agency and its recognition by Advertising Age International as interactive agency of the year; the integration of IntelliQuest and MBInteractive; the establishment of Lightspeed as Kantar's internet panel with over 500,000 panelists by year end; the acquisition of a minority stake in Medical Broadcasting Company (the leader in web development strategy and implementation for pharmaceutical companies); the acquisition of a number of technology firms (including advertising and public relations specialist Imagio and e-commerce firm Imaginet) to strengthen J. Walter Thompson Company; the establishment of Y&R 2.1 and the flotations of Concept! and Syzygy on the NeuerMarkt in Germany.

Our pure internet revenues (web-based work) for 2000 were ahead of budget, over 100% up on 1999 and reached $293 million. These figures exclude our share of revenues generated by minority and associate companies such as Syzygy, Concept! and Inferentia. Our budgets for 2001, using the same narrowly based definition of interactive work, show growth rates in excess of 25%, fuelled by the continuing growth in the importance which traditional clients attach to developing new channels and their desire to integrate those channels. MindShare Digital, digital@JWT, Kantar, Blanc & Otus, Ogilvy Interactive, The Digital Edge and Impiric continue to budget strong increases in revenues for 2001 - despite a softening in market conditions and longer sales cycles. One or two of our companies in public relations and public affairs which have benefited significantly on start-up dotcoms expenditure are budgeting more moderate increases in revenues. Our interactive operations, whose margins are similar or ahead of those of the Group as a whole, are likely to be strengthened further as a result of not having to deal with high turnover rates and the associated direct and indirect costs.

Major clients of wpp.com include Accenture, American Express, Ameritrade, Ariba, AT&T, Boots, Citibank, Covisint, the Diamond Trading Company, DoubleClick, E*Trade, easyEverything, El Sitio!, Ericsson, FedEx, Ford Motor Company, IBM, Instinet, iPlanet, Kimberly-Clark, Merrill Lynch, MindSpring, Motorola, Nestlé, NextCard, Nike, ntl, Qwest, SAP, Sears, Siemens, Sony, Sun Microsystems, TiVo, Unilever and Ziff Davis.

Despite the turmoil in the markets, technology is playing a growing role in the way we develop our business. For example, research can be implemented more cost effectively and offer clients valuable results more quickly. In addition, it can streamline work processes in our advertising and media investment management businesses and help us tap into global capabilities in a more structured way. Finally it extends the effectiveness of our relationship marketing capabilities. We continue to pursue aggressively ways of incorporating technology into the operating processes of all of our businesses.

Our interactive equity investments have been made directly and indirectly through venture funds. The aim of these indirect investments has been to keep abreast of developments on the West Coast of the United States and identify potential client relationships, thus enhancing our core capabilities. Historically the prime venture funds through which we have made indirect investments have been Allegis Capital LLC (www.allegiscapital.com) previously known as Media Technology Ventures and Wit Capital's Dawntrader II fund. The value of our investments in these funds has obviously declined over the past few months but is still well ahead of its original cost.

We made only one direct investment in the second half of the year as we concentrated on consolidating the investments which Young & Rubicam Inc. had made and concentrating on building closer relationships between our operating companies and our existing minority investments. We continue to see interesting opportunities for investments and outright acquisitions, made easier by the fall in valuations and the desire for start ups to partner with traditional companies such as ourselves.

Manufacturing

Revenues and operating profit were up slightly at the Group’s manufacturing division.

Balance sheet

An unaudited summary of the Group’s consolidated balance sheet as at 31 December 2000 is attached in Appendix I. Appendix II presents, for illustrative purposes only, the preliminary consolidated profit and loss account and the preliminary consolidated balance sheet in euros. As at 31 December 2000, the Group had net debt of £25 million compared with net cash of £92 million at 31 December 1999 (1999 - £90 million on the basis of 2000 year end exchange rates), following cash expenditure of £247 million on acquisitions, £94 million on share repurchases and long-term debt of £195 million from Young & Rubicam Inc.

Net debt averaged £423 million in 2000, up £217 million against £206 million in 1999 (up £198 million against £225 million in 1999 at 2000 exchange rates). The average debt figures for 2000 include the impact of the Young & Rubicam Inc. long-term convertible bond of £195 million for the final quarter. These net debt figures compare with a current equity market capitalisation of approximately £9.0 billion giving a total enterprise value of approximately £9.4 billion.

Cash flow continued to improve as a result of improved profitability and management of working capital. In 2000, operating profit was £378 million, capital expenditure £112 million, depreciation and amortisation of £79 million, tax paid £81 million, interest and similar charges paid £57 million and other net cash inflows of £84 million. Free cash flow available for debt repayment, acquisitions, share buybacks and dividends was therefore £291 million. A summarised unaudited consolidated cash flow statement is included in Appendix I. This free cash flow was more than absorbed by acquisition payments and investments of £247 million, share repurchases and cancellations of £94 million and dividends of £26 million.

In the first five weeks of 2001 up until 6 February, the last date for which information is available prior to this announcement, net debt averaged £251 million versus net debt of £119 million for the same period last year at 2001 exchange rates.

Your Board continues to examine ways of deploying its substantial cash flow of over £500 million per annum to enhance share owner value. As necessary capital expenditure normally approximates to 1-1.5 times the depreciation charge, the Company has concentrated on examining possible acquisitions or returning excess capital to share owners in the form of dividends or share buy-backs. In 2000 the Group increased its equity interests, at a combined initial cost of £247 million in cash, in advertising and media investment management agencies in; Belgium, China, France, Israel, Italy, The Middle East, The Netherlands, Pakistan, Portugal, Puerto Rico, Spain and Taiwan; in information and consultancy in Australia, Denmark, Singapore, Spain and Sweden; in public relations and public affairs in Italy, Poland, Turkey and The United States; and in branding and identity, healthcare and specialist communications in Australia, Canada, Denmark, Ireland, Mexico, The Netherlands, Portugal, Spain, Singapore, Switzerland and The United States. Particularly interesting functional acquisitions and investments have been made in augmenting the Group's loyalty marketing capabilities (The Lacek Group), strengthening our creative capabilities (SCPF), in technology (Socket Public Relations, Imagio and Imaginet), in interactive (Interfaz401 and Absolut) and in new areas, for example, Inflight Media (Spafax).

As noted above, your Board has decided to increase the final dividend by 21% to 2.55p per share, taking the full year dividend to 3.75p per share which is over seven times covered. In addition, as current opportunities for cash acquisitions at sensible prices are limited particularly in the United States, the Company will continue to commit £150-200 million for share buy-backs in the open market, when market conditions are appropriate. Such annual rolling share repurchases would represent approximately 1-2% of the Company's share capital which seems to have a more significant impact in improving share owner value. If sufficient small to medium sized cash acquisition opportunities are available and there are attractive opportunities for share repurchases, your Board is prepared to increase net debt further to the range of £400-450 million in comparison with the historical target range of £200-250 million. This level of debt would still represent only 4-5% of the Company's market value.

<u>Developments in 2000</u>

Including associates, the Group had almost 65,000 full-time people in over 1,300 offices in 102 countries at the year end. It services over 300 of the Fortune Global 500 companies, over one-half of the Nasdaq 100, over 30 of the Fortune e-50, and approximately 330 national or multi-national clients in three or more disciplines. More than 60 clients are served in four disciplines. The Group also works with over 100 clients in six or more countries.

These statistics reflect the increasing opportunities for developing client relationships between activities nationally, internationally and by function. The Group estimates that 25% of new assignments in the year were generated through the joint development of opportunities by two or more Group companies.

Management Stock Ownership

As part of the Group's 100, 300 and High Potential club programs, stock options have been granted each year since 1995 to those people with the most significant responsibility for the success of our businesses. Beginning in 2001, these programs will be known as WPP Leaders, WPP Partners and WPP High Potentials and will be expanded in response to the significant growth of the Group. In addition, 50% of all awards to all participants in operating company long-term incentive plans will continue to be paid in WPP restricted stock.

In 1997, WPP launched the Worldwide Ownership Plan to give all our people an opportunity to share in its success through stock ownership. Options have been granted annually under this program to approximately 11,000 people worldwide, and in 2001 the program will be extended to all eligible Young & Rubicam Inc. people.

Including outstanding options, interests in WPP restricted stock, stock already owned and holdings of the Employee Stock Ownership Plan, people working in the Group currently own, or have interests in, in excess of 71 million ordinary WPP shares representing over 6% of the Company.

However, your Company is still at a significant competitive disadvantage relative to major competitors in the United States, in relation to the availability of stock to promote equity ownership. Omnicom Group Inc. ("Omnicom") and The Interpublic Group of Companies Inc. ("IPG"), for example, have historically issued 15-20% of their total share capital in the form of stock options or restricted stock. Beginning in 2001, your Company will be increasing the level of stock option grants to meet this competitive standard but will not exceed a total dilution level of 13% over any 10-year period through 2006, consistent with our commitment to UK institutional investors in June 1999.

The Leadership Equity Acquisition Plan (LEAP) was approved by share owners on September 2 1999. Twenty-two executives of the Group have been invited to participate in the plan. These participants will acquire or have acquired 3.5 million WPP ordinary shares and have made a commitment to retain them until September 2004. One-third of these share purchases has been or will be made in cash or earned bonuses, the other two-thirds being in committed shares. Under the terms of LEAP, the participants may earn matching shares over a five-year performance period, based on the Group's relative total share owner return as compared with 14 other major listed companies in our industry.

Future prospects

Considerable progress, particularly in the area of organic growth, was again made in 2000, helped by the quadrennial factors of the Olympic Games and United States Presidential Election, by the strong economic environment in Europe and by continued recovery in Asia Pacific and parts of Latin America.

Continued progress has been made over the last eight years during which pre-tax profits have increased almost seven times from £54 million in 1993 to £85 million in 1994, £114 million in 1995, £153 million in 1996, £177 million in 1997, £213 million in 1998, £255 million in 1999 and £366 million in 2000. Over the same period operating margins (including income from associates) have doubled from 7.0% to 14.0%, and interest cover has increased from 3.0X in 1993 to 8.3X in 2000 giving credit ratings of A- and Baa1.

However, there is still a significant profit opportunity in matching the operating margins of the best-performing competition. The best-performing competitive listed holding companies, IPG and Omnicom, achieve 15-16% operating margins, whilst their best-performing individual agencies such as McCann-Erickson Worldwide and BBDO Worldwide are estimated to achieve operating margins of as much as 20%. This compares to a WPP parent company margin of 14.0% and reported combined margins of the Ogilvy & Mather Worldwide, J. Walter Thompson Company and Y&R Advertising brands of 18%.

Historically, listed public relations companies showed operating margins of over 10% which have now been more than matched by our own operations. As mentioned before operating management has indicated that margin performance can be improved further.

The results of our research into comparative benchmarking data on our information and consultancy and identity and branding, healthcare and specialist communications operations confirm that our businesses in these areas are competitive, although there are still opportunities to improve performance to the level of the best-performing competitors.

The task of eliminating surplus property costs has been achieved over the last eight years. Over 650,000 sq ft with a cash cost of approximately £14 million ($22 million) per annum has been sublet or absorbed. Whilst WPP's rental costs to revenue ratio is competitive to its best performing competition your Board believes the Group is still capable of achieving a further 1 margin point improvement equivalent to approximately £40 million of operating profit, which would, of course, form part of any general operating profit improvement.

Achievement of "best practice" competitive operating margins and our targets in just our advertising and public relations and public affairs businesses at current pro-forma revenue levels, would generate approximately £30 million of annual operating profits.

As usual, our budgets for 2001 have been prepared on a conservative basis largely excluding new business particularly in advertising and media investment management. They predict like-for-like revenue increases of over 7% in comparison to 2000 pro-forma numbers, with advertising and media investment management revenue growth of 2-3% and marketing services growth of over 10%. This compares with budgeted growth of 6% in 1998 against an actual outcome of almost 8%, budgeted growth of over 4% and actual growth of almost 8% in 1999 and budgeted growth of 10% and actual growth of 15% in 2000. We only have data for one month so far in 2001, for January, and this shows a like-for-like increase well in excess of budget.

Economic conditions in North America are now, to say the least, more challenging. The United Kingdom and Continental Europe, however, particularly France, Germany, Italy and Spain are stronger, along with Asia Pacific and Latin America. Our fourth quarter performance in 2000 reflected this pattern with the United States and United Kingdom performing in line with expectations and Continental Europe, Asia Pacific and Latin America performing more strongly than forecast. Recent relaxation in monetary policy on both sides of the Atlantic will probably stimulate those economies in the second half of the year. However, it may well be that the real economic challenge may come not in 2001 but in 2002, if lower interest rates and United States tax cuts overheat the economy and general inflation and wages rise beyond the rates of 3-4% that we have become used to in the 1990s.

Given these economic uncertainties in the medium-term, therefore, like-for-like revenue gains are likely to be in the mid-single to high-single digit range and in these circumstances the Company will continue to concentrate on improving the balance of its resources and the flexibility of its costs particularly in staff and property areas. To achieve this, short-term and long-term incentive plan objectives have been based on improving absolute levels of profit, operating margins, staff cost to revenue ratios, incremental revenue conversion, revenue growth and Group co-operation. These incentive plans now include “side-car” cyber funds, minority interest IPO’s and equity for fee funds which offer attractive additional inducements to our key new media and technology people. The structure of the equity for fee funds is aimed to ensure cash fees for the Group, offer effective retention incentives to our people and minimise divisiveness between the “old” and “new” media parts of our business. As our margins improve and come even closer to matching the very best performing competition, increasing emphasis is being placed on revenue generation through the incentive objectives.

Consequently, the Group has increasingly focused on improving its competitive position in the faster growing segments of the communications services industry. Your Board continues to believe that Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe will offer superior opportunities for growth in the medium to long-term. These markets now account for over 18% of the Group’s revenue as opposed to 13% in 1992 and over 20% if our share of associates’ revenues are included. These markets are still forecast to continue to grow at significantly faster rates than those of North America and Western Europe in the long-term. WPP, according to the Advertising Age Agency Report, ranks in the top three in all of the ten fastest growing markets of the world.

In these circumstances there is no reason to believe that the Group cannot achieve the objective set in 2000 of further improving margins by another 1 margin point to 15.0% in 2001 or a further 0.5 of a margin point in 2002. Your Board does not believe that there is any functional, geographic, account concentration or structural reason that should prevent the Group achieving operating margins of 15.5% by 2002. After all the two best listed performers in the industry are at 15-16% and that is where we would want to be. Neither is there any reason why operating margins could not be improved beyond this level by continued focus on revenue growth and careful husbandry of costs. As a result of this confidence, your Board is setting a new operating margin plan, its sixth since 1991, to achieve further growth in operating margins beyond 2002. The objective will be to achieve 20% margins over a period of time.

Increasingly, WPP is concentrating on its mission of the “management of the imagination”, and ensuring it is a big company with the heart and mind of a small one. To aid the achievement of this objective and to develop the benefits of membership of the Group for both clients and our people, the parent company continues to develop its activities in the areas of human resources, property, procurement, information technology and practice development. Ten practice areas which span all our brands have been developed initially in media investment management, healthcare, privatisation, new technologies, new faster growing markets, internal communications, retailing, entertainment and media, financial services and hi-tech and telecommunications.

2001 has been ushered in with a multitude of gloomy prognostications. Some may prove to be justified. But early indications are that the worldwide growth of advertising expenditure will be around 5-6%, with marketing services growing at 6-8 % - neither significantly behind 2000.

As long as financial markets remain stable and governments do not stimulate inflation, the worldwide economic environment should be good for growth in the communications services sector as a whole. The global dominance of the American economy; over-capacity in production; the shortage of human capital; the growing impact of new technologies; and the critical importance of internal communications: these are all encouraging factors for our industry. Between them, they have already stimulated growth in the ratio of advertising and marketing services as a proportion of gross national product to new highs. As long, again, as inflationary pressures are not allowed to build, these trends should continue into 2002.

We believe that 2001, WPP's sixteenth year, should be another good one.

Further information:

Sir Martin Sorrell	)	
Paul Richardson	)	(44) 020 7408 2204
Feona McEwan	)	

Share owner web-site - www.wppinvestor.com