

WPP

Trading Statement for the Third Quarter 2006

October 2006

Third Quarter 2006 Summary – Year to Date

- Like-for-like growth was 4.7%, with acquisitions adding 6.3% to give constant currency growth of 11.0%.
- Currency movements accounted for a further 1.0%, resulting in reported revenues of 12.0%.
- The Group's Gross Margin "GM" (being revenues less direct costs ie pass through costs) showed stronger like-for-like growth of 4.9%, principally as a result of more of our Information, Insight & Consultancy business being conducted on the internet resulting in lower direct costs.
- Geographically, all regions except the UK showed strong growth.
- Double digit growth, in constant currency, across all sectors other than Advertising & Media Investment Management, which grew at 8.5%.

Third Quarter 2006

Summary – Third Quarter

- Like-for-like growth was 4.1%, with acquisitions adding 3.7% to give constant currency growth of 7.8%.
- Currency movements, largely due to the weakness of the US dollar against sterling, reduced revenues by 3.2%.
- The Group's GM showed stronger like-for-like growth of 4.6%.
- Geographically, North America and Asia Pacific, Latin America, Africa & Middle East performed well.
- Constant currency growth strong across all sectors except Advertising & Media Investment Management which grew at 4.3%.

Third Quarter 2006

Summary – Revenue Growth

%	Third Quarter	YTD
Like-for-like	4.1	4.7
Acquisitions	3.7	6.3
Constant currency	<u>7.8</u>	<u>11.0</u>
Foreign exchange	(3.2) ¹	1.0
Reported	<u>4.6</u>	<u>12.0</u>

¹ Average US \$/£ exchange rates for Q3 2006 \$1.874, compared to \$1.784 for Q3 2005

Third Quarter 2006

Revenue by Discipline: Third Quarter

	Revenue		% Change		
	2006 £m	2005 £m	Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	656.1	648.3	1.2	4.3	3.6
Information, Insight & Consultancy	213.8	203.5	5.1	8.2	1.9 ¹
Public Relations & Public Affairs	147.8	134.1	10.2	13.7	5.7
Branding & Identity, Healthcare and Specialist Communications	392.9	362.5	8.4	11.9	5.5
Total	1,410.6	1,348.4	4.6	7.8	4.1²

¹ Gross Margin growth of 5.3%

² Gross Margin growth of 4.6%

Third Quarter 2006

Revenue by Discipline: Year to Date

	Revenue		% Change		
	2006 £m	2005 £m	Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	2,010.5	1,833.0	9.7	8.5	3.5
Information, Insight & Consultancy	652.7	591.0	10.4	10.0	3.3 ¹
Public Relations & Public Affairs	438.1	385.9	13.5	12.3	5.5
Branding & Identity, Healthcare and Specialist Communications	1,173.7	1,006.0	16.7	15.9	7.1
Total	4,275.0	3,815.9	12.0	11.0	4.7²

¹ Gross Margin growth of 6.0%

² Gross Margin growth of 4.9%

Third Quarter 2006

Advertising, Media Investment Management

- Constant currency revenue growth over 4%. Like-for-like growth almost 4%.
- This sector performed well with strong organic growth in Media Investment Management.
- On a like-for-like basis Asia Pacific, Africa & Middle East showed above average growth.
- Acquisitions in China were completed during the quarter.

Third Quarter 2006

Information, Insight and Consultancy

- Constant currency revenue growth up over 8%, with like-for-like growth up almost 2% and GM up over 5%.
- Strong organic growth from Millward Brown, IMRB, Lightspeed, Added Value, Cannondale and Mattson Jack.
- Above average growth in North America, Latin America, Asia Pacific, Africa & Middle East.

Third Quarter 2006

Public Relations & Public Affairs

- Constant currency revenue growth almost 14%. Like-for-like growth almost 6%.
- Strong performances at Hill & Knowlton, Burson-Marsteller, Finsbury and Buchanan.

Third Quarter 2006

Branding & Identity, Healthcare and Specialist Communications

- Constant currency revenue growth up almost 12%. Like-for-like growth up almost 6%.
- Strong organic growth in direct, internet and interactive at Wunderman, G2 and 141 Worldwide; in healthcare at Grey Healthcare and in branding and identity at Ogilvy and The Partners.
- Geographically, strong organic growth in North America and Latin America.
- Acquisitions in the USA and Spain were completed during the quarter

Third Quarter 2006

Revenue by Region: Third Quarter

	Revenue		% Change		
	2006 £m	2005 £m	Reported	Constant Currency	Like-for- like
North America	557.0	539.3	3.3	8.3	4.7
UK	207.2	204.5	1.3	1.3	(1.7) ¹
Continental Europe	346.1	333.4	3.8	4.6	3.1
Asia Pacific, Latin America, Africa & Middle East	300.3	271.2	10.7	15.8	8.2
Total	1,410.6	1,348.4	4.6	7.8	4.1²

¹ Gross Margin growth of 1.9%

² Gross Margin growth of 4.6%

Third Quarter 2006

Revenue by Region: Year to Date

	Revenue		% Change		
	2006 £m	2005 £m	Reported	Constant Currency	Like-for- like
North America	1,692.4	1,512.7	11.9	10.3	4.6
UK	622.3	593.4	4.9	4.9	0.2 ¹
Continental Europe	1,087.5	995.8	9.2	9.2	4.1
Asia Pacific, Latin America, Africa & Middle East	872.8	714.0	22.2	20.2	9.0
Total	4,275.0	3,815.9	12.0	11.0	4.7²

¹ Gross Margin growth of 2.9%

² Gross Margin growth of 4.9%

Third Quarter 2006

Growth by region

- Good growth in all regions other than Continental Europe and the UK.
- In the UK, growth in Advertising & Media Investment Management and Public Relations & Public Affairs was in line with the Group. Information, Insight & Consultancy revenues (but not GM) were affected by the transition of face-to-face research to the internet.
- Above average organic growth in Asia Pacific, Latin America, Africa & Middle East.

Third Quarter 2006

Constant Currency Revenue Growth by Country

Revenue Growth	Countries
20%+	Australia, Greater China, India, Poland, Sweden
15-20%	Germany
10-15%	Canada, Denmark, Mexico, Norway, Singapore, USA
5-10%	Brazil, Spain
<5%	Belgium, France, Italy, Japan, Netherlands, UK

Third Quarter 2006

Constant Currency Revenue Growth by Category

Revenue Growth	Categories
20%+	Entertainment
10-15%	Personal Care & Drugs
5-10%	Financial Services, Food, Oil, Telecommunications
<5%	Automotive, Computer, Drinks, Retail

Third Quarter 2006

Impact of Currency

- Currency movements accounted for a 3% difference in revenue.
- The average US dollar exchange rate for the Third Quarter of 2006 was \$1.874 /£1 compared to \$1.784 for the same period last year. The average euro exchange rate for the Third Quarter was €1.471/£1 compared to €1.463 for the Third Quarter of 2005.

Third Quarter 2006

Uses of Cashflow

- Average net debt in the first nine months up £134 million to £1,222 million, compared to £1,088 million in 2005, at 2006 exchange rates, reflecting the acquisition of Grey Global Group.
- Net debt at 30 September 2006 was £1,332 million, an increase of £49 million at constant exchange rates.
- Free cash flow in the last 12 months was £855 million. In the same period expenditure on capital, acquisitions, share repurchases and dividends was £840 million.

Third Quarter 2006

Uses of Cashflow

- In line with the Group's recently announced objective on share buy-backs, 33.6m shares, equivalent to 2.7% of the share capital, have been purchased in the first nine months, at an average price of £6.63 per share and a total cost of £222.5m. Of these shares 5.7m were acquired by the WPP ESOP in connection with restricted stock awards and 27.9m were cancelled.
- Also, in the first nine months 16.4m shares, equivalent to 1.3% of the share capital, have been issued as a result of option exercises by our people.

Third Quarter 2006

Major New Business Wins – Year to Date

Agency	Account	Office	Billings (\$m)
MindShare	Sprint Nextel	USA	750
mec	Dreamworks	USA	270
MindShare	Wrigley	USA	200
JWT	Kimberly-Clark ¹	Global	200
MindShare	Sears ²	USA	190
MediaCom	Nokia	Asia Pacific	150
<u>MediaCom</u>	<u>Procter & Gamble</u>	<u>Philippines</u>	<u>100</u>
mec	Campbell's Soup	Global	100
Ogilvy	Easyjet	Europe	93
Grey Worldwide	Morgan Stanley	UK	88
<u>MindShare</u>	<u>LVMH</u>	<u>Japan</u>	<u>88</u>
<u>mec</u>	<u>Ikea</u>	<u>USA</u>	<u>86</u>
mec	Monster.com	Europe	85
Ogilvy	Quiznos	USA	80
MindShare	Six Flags	USA	75
MindShare	Unilever	Indonesia	75
<u>Y&R</u>	<u>Miller</u>	<u>USA</u>	<u>70</u>
MediaCom	Rogers Communications	Canada	70

(All billings figures are based on trade press estimates, where available)

Underlined figures are Q3 wins

19

¹ Switch from Ogilvy

² Switch from MediaCom

WPP

Third Quarter 2006

Major New Business Wins - Year to Date

Agency	Account	Office	Billings (\$m)
Ogilvy	Chiquita	Europe	60
Y&R	Hitachi	Europe	60
Brouillard	Ruby Tuesday	USA	60
Grey Worldwide	Hasbro Games	USA	55
JWT	Cadbury Adams	USA	50
Y&R	Royal Canadian Mint	Canada	50
<u>MediaCom</u>	<u>RBS¹</u>	<u>UK</u>	<u>45</u>
mec	Henkel	Europe	43
Y&R	Goodyear	Latam	42
<u>MediaCom</u>	<u>Universal Pictures</u>	<u>UK</u>	<u>39</u>
<u>JWT</u>	<u>Diageo</u>	<u>Global</u>	<u>36</u>
<u>MindShare</u>	<u>Nike</u>	<u>Japan</u>	<u>35</u>
MediaCom	Digital UK	UK	35
Y&R	BT	UK	30
MindShare	Campari	Italy	30
G2	SanDisk	Global	30
141 Worldwide	AIG	Global	27
<u>mec</u>	<u>DOH Anti-Smoking</u>	<u>UK</u>	<u>23</u>

(All billings figures are based on trade press estimates, where available)

Underlined figures are Q3 wins

Third Quarter 2006

Major New Business Losses – Year to Date

Agency	Account	Office	Billings (\$m)
JWT	Reckitt Benckiser	Global	300
Ogilvy	Kimberly-Clark ¹	Global	200
MediaCom	Sears ²	USA	190
MindShare	Vodafone	Italy	126
Ogilvy	Miller Lite	USA	88
Grey Worldwide	Panasonic	USA	60
<u>mec</u>	<u>RBS³</u>	<u>UK</u>	<u>45</u>
<u>mec</u>	<u>ntl:telewest</u>	<u>UK</u>	<u>30</u>
MindShare	FritoLay	China	30
JWT	Thai Airways	Global	30
<u>Wunderman</u>	<u>Star Alliance</u>	<u>Europe</u>	<u>27</u>
<u>Ogilvy</u>	<u>Fonterra Brands</u>	<u>Australia</u>	<u>20</u>
<u>Grey Worldwide</u>	<u>Bridgestone</u>	<u>USA</u>	<u>20</u>

(All billings figures are based on trade press estimates, where available)

Underlined figures are Q3 losses

¹ Switch to JWT

² Switch to MindShare

³ switch to MediaCom

Third Quarter 2006

Net new business wins in the first nine months of 2006¹

US \$ millions	Creative	Media	Total
Advertising	1,027	3,699	4,726
Other Businesses	783	-	783
Total 2006	1,810	3,699	5,509

¹ Estimated billings

Third Quarter 2006

Major new business wins/(losses) since 1 October

	Agency	Account	Office	Billings (\$m)
WINS	mec	Danone	UK	75
	Ogilvy	Unilever	Europe	60
	Y&R	Palm	Global	25
	mec	Blockbuster	UK	18
LOSSES	mec	Danone	USA	75

(All billings figures are based on trade press estimates, where available)

Third Quarter 2006 Acquisitions²

Faster Growing Markets

Nikko Ads (Japan)
Enterprise Nexus (India)
Always (China)
China Broadband Partners
Beyond (Hong Kong)
Genesis (India)
Black Arc (China)
Ray & Keshavan (India)¹

Quantitative and Digital

ACSR (China)
HYLZ (China)
Century Harmony (China)¹
SRP (S Korea)¹
ComHaus (S Korea)¹

Bridge (USA)
Umagination Labs(USA)
The Leverage Group (USA)
Emerge (Denmark)
IEG (USA)
Leopard (USA)
M80 (USA)
Planetactive (Germany)
Catalyst (USA)
LiveWorld-WPP (USA, JV)
Visible Technologies (USA)
Wild Tangent (USA)
ZAAZ (USA)
Shaw Marketing (USA)
Spot Runner (USA)
Big Idea (USA)
Boole (Spain)
Forrester (USA)¹

¹ Acquired after September 2006

² Excludes equity step ups

Underlined are Q3 acquisitions

Third Quarter 2006 Acquisitions¹

Advertising and Media Investment Management

Antidote (UK)

Mediacom North (UK)

Public Relations

cp&z (Germany)

Dewey Square Group (USA)

Public Strategies Inc. (USA)

Result Inc. (Canada)

Other

DMX Inflight (USA)

¹ Excludes equity step ups

WPP

Trading Statement for the Third Quarter 2006

October 2006