

WPP

Trading Statement for the First
Quarter 2006

April 2006

First Quarter 2006 Summary

- Reported revenue growth up over 23%. On a constant currency basis, revenues up 18%. Currency movements accounted for just over 5% of the Group's revenue growth.
- Like-for-like growth up almost 5%.
- Geographical pattern of revenue growth varied, with growth in all regions reflecting the impact of Grey.
- Double digit growth, in constant currency, across all sectors other than information, insight and consultancy reflecting, in part, the de-consolidation of AGB in March 2005.

First Quarter 2006 Revenue by Discipline

	Revenue		% Change		
	2006 £m	2005 £m	Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	644.5	515.9	24.9	19.1	3.2
Information, Insight & Consultancy	214.0	188.7	13.4	9.7	5.4
Public Relations & Public Affairs	140.6	117.1	20.1	14.1	4.1
Branding & Identity, Healthcare and Specialist Communications	376.7	292.8	28.7	22.9	7.6
Total	1,375.8	1,114.5	23.4	18.0	4.8

First Quarter 2006

Advertising, Media Investment Management

- Constant currency revenue growth over 19%, with Grey included for three months in 2006 compared with one month in 2005. Like-for-like growth over 3%.
- This sector performed well with strong organic growth in Media Investment Management.
- On a like-for-like basis the UK, Continental Europe, Asia Pacific and Middle East and Africa showed above average growth.
- Acquisitions in the US, the UK, Germany, South Africa, Israel, China, Singapore and Brazil completed during the quarter.

First Quarter 2006

Information, Insight and Consultancy

- Constant currency revenue growth up 9.7%, with like-for-like growth up over 5%.
- Strong organic growth from Millward Brown, Kantar Media Research, IMRB, Lightspeed, Ziment, BPRI, Henley Centre HeadlightVision, Added Value and Management Ventures.
- Above average growth in North America, Latin America, Asia Pacific and Africa.

First Quarter 2006

Public Relations & Public Affairs

- Constant currency revenue growth over 14%, partly as a result of the acquisition of Grey. Like-for-like growth over 4%.
- Strong performances at Cohn & Wolfe, Ogilvy PR, Finsbury and Buchanan in the UK.
- Acquisitions in India completed during the quarter.

First Quarter 2006

Branding & Identity, Healthcare and Specialist Communications

- Constant currency revenue growth up almost 23%, largely driven by the acquisition of Grey. Like-for-like growth up over 7%.
- Strong organic growth in direct, internet and interactive at Wunderman, G2 (formerly Grey Synchronised Partners) and 141 Worldwide; in healthcare at Grey Healthcare and in branding and identity at Landor, Enterprise IG, VBAT and Addison.
- Geographically, strong organic growth North America and Latin America.
- Acquisitions in the USA completed during the quarter

First Quarter 2006 Revenue by Region

	Revenue		% Change		
	2006 £m	2005 £m	Reported	Constant Currency	Like-for- like
North America	560.1	443.9	26.2	16.7	3.7
UK	202.1	184.4	9.6	9.6	1.3
Continental Europe	346.3	291.5	18.8	19.6	4.9
Asia Pacific, Latin America, Africa & Middle East	267.3	194.7	37.3	26.3	9.9
Total	1,375.8	1,114.5	23.4	18.0	4.8

First Quarter 2006

Growth by region

- Double digit growth, in constant currency, across all geographies other than the UK.
- Above average organic growth in the Middle East and Africa, Latin America, Asia Pacific and Continental Europe.

First Quarter 2006

Revenue Growth* by Country

Revenue Growth

Countries

15%+

Australia, Brazil, Canada, China, Denmark, Germany, Hong Kong, India, Mexico, Spain, Sweden, USA

10-15%

Japan

5-10%

France, Netherlands, Singapore, UK

0-5%

Belgium, Italy, Taiwan

*Constant currency basis

First Quarter 2006

Revenue Growth* by Category

Revenue Growth	Categories
15%+	Entertainment, Financial Services, Personal care & drugs, Telecommunications,
10-15%	Oil
5-10%	Drinks, Food
<5%	Automotive, Computer

*Constant currency basis

First Quarter 2006

Impact of currency

- The impact of currency in the quarter accounted for just over 5%.
- The average US dollar exchange rate for the first quarter of 2006 was \$1.753 /£1 compared to \$1.891 for the same period last year – a fall of 7.3%. The average euro exchange rate for the first quarter was €1.457/£1 compared to €1.442 for the first quarter of 2005 – a 1.0% rise.

First Quarter 2006

Uses of Cashflow

- Average net debt in the first quarter up £215 million to £1,043 million, compared to £828 million in 2005, at 2006 exchange rates.
- Net debt at 31 March 2006 was £1,216 million, a decrease of £45 million at constant exchange rates.
- Free cash flow in the last 12 months was £745 million. In the same period expenditure on capital, acquisitions, share repurchases and dividends was £783 million.
- 13.2m shares purchased in the first quarter, at an average price of £6.81 per share and a total cost of £89.7m. Of these 5.5m shares were acquired by the WPP ESOP in connection with restricted stock awards and 7.7m shares were purchased in the market and subsequently cancelled.

First Quarter 2006

Major New Business Wins/Losses

Agency	Account	Office	Billings (\$m)
MindShare	Sprint Nextel	USA	750
MindShare	Wrigley	USA	200
MediaCom	Nokia	Asia Pacific	150
Grey Worldwide	Morgan Stanley	UK	88
Ogilvy	Quiznos	USA	80
MindShare	Six Flags	USA	75
MindShare	Unilever	Indonesia	75
MediaCom	Rogers Communications	Canada	70
Y&R	Hitachi	Europe	60
Brouillard	Ruby Tuesday	USA	60
Grey Worldwide	Hasbro Games	USA	55
JWT	Cadbury Adams	USA	50
mec	Henkel	Europe	43
Y&R	Goodyear	Latam	42
MediaCom	Digital UK	UK	35
Y&R	BT	UK	30
MindShare	Campari	Italy	30
G2	Sandisk	Worldwide	30

WINS

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

First Quarter 2006

Major New Business Wins/Losses

	<u>Agency</u>	<u>Account</u>	<u>Office</u>	<u>Billings (\$m)</u>
LOSSES	Ogilvy	Miller Lite	USA	88
	Grey Worldwide	Panasonic	USA	60
	MindShare	FritoLay	China	30
	JWT	Thai Airways	Worldwide	30

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

First Quarter 2006

Acquisitions

Advertising and Media Investment Management

HHCL (United)¹

Shalmor Avnon (Israel) ¹

JWT Brazil¹

O&M South Africa¹

MediaCom North (UK)¹

Always (China)

Leverage Group (USA)¹

Batey (Singapore)¹

Grey (Germany)¹

¹ Increased stake

Public Relations & Public Affairs

Enterprise Nexus (India)

Genesis (India)

Direct, Internet & Interactive

Bridge (USA)

DMX (USA)

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