

WPP

Trading Statement for the Third Quarter 2007

October 2007

Third Quarter 2007

Summary – Q3

- Like-for-like growth was 4.8%, with acquisitions adding 3.3% to give constant currency growth of 8.1%.
- Currency movements reduced revenue growth by 3.2%, resulting in reported revenues of 4.9%.
- Geographically, all regions showed growth of 5% or higher, with the UK and Asia Pacific, Latin America, Africa and the Middle East accelerating.
- Strong growth in branding and identity, healthcare and specialist communications, driven by strong growth in direct, internet and interactive, partly as a result of the acquisition of 24/7 Real Media Inc.

Third Quarter 2007

Summary – Year to Date

- Like-for-like growth was 5.1%, with acquisitions adding 2.7% to give constant currency growth of 7.8%, slightly above the first half.
- Currency movements reduced revenue growth by 4.8%, resulting in reported revenues of 3.0%.
- The Group's Gross Margin "GM" (being revenues less direct costs ie pass through costs) showed stronger like-for-like growth of 5.4%, principally as a result of more of our Information, Insight & Consultancy business being conducted on the internet resulting in lower direct costs.

Third Quarter 2007

Summary – Year to Date

- Geographically, all regions, with the exception of the UK showed strong growth, with Asia Pacific, Latin America, Africa and the Middle East continuing to be the fastest growing region with revenues up well over 12%.
- Media investment management continues to show the strongest growth, as it did in the first half, with public relations and public affairs up over 13%.

Third Quarter 2007

Summary – Revenue Growth

%	Third Quarter	YTD
Like-for-like	4.8	5.1
Acquisitions	3.3	2.7
Constant currency	8.1	7.8
Foreign exchange	-3.2 ¹	-4.8
Reported	4.9	3.0

¹ Average US \$/£ exchange rates for Q3 2007 \$2.021, compared to \$1.874 for Q3 2006

Third Quarter 2007

Revenue by Discipline: Third Quarter

	2007 £m	2006 £m	% Change		
			Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	663.2	656.1	1.1	3.7	3.1
Information, Insight & Consultancy	218.5	213.8	2.2	4.8 ¹	2.2 ²
Public Relations & Public Affairs	157.3	147.8	6.5	10.8	9.0
Branding & Identity, Healthcare and Specialist Communications	441.1	392.9	12.3	16.1	7.2
Total	1,480.1	1,410.6	4.9	8.1	4.8

¹ Constant currency gross margin for Information, Insight & Consultancy up 5.1%

² Like-for-like gross margin for Information, Insight & Consultancy up 3.0 %

Third Quarter 2007

Revenue by Discipline: Year to Date

	2007 £m	2006 £m	% Change		
			Reported	Constant Currency	Like-for- like
Advertising, Media Investment Management	2,023.6	2,010.5	0.7	5.2	4.4
Information, Insight & Consultancy	650.3	652.7	-0.4	3.8 ¹	1.6 ²
Public Relations & Public Affairs	470.3	438.1	7.3	13.4	8.1
Branding & Identity, Healthcare and Specialist Communications	1,257.0	1,173.7	7.1	12.5	7.0
Total	4,401.2	4,275.0	3.0	7.8	5.1³

¹ Constant currency gross margin for Information, Insight & Consultancy up 5.7%

² Like-for-like gross margin for Information, Insight & Consultancy up 3.8%

³ Like-for-like gross margin for the Group up 5.4 %

Third Quarter 2007

Advertising, Media Investment Management

- Constant currency revenue growth almost 4%. 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, Latin America, Asia Pacific, Africa & Middle East showed above average growth.
- Acquisitions in Hungary and Australia, and increased equity stake in STW in Australia completed during the quarter.

Third Quarter 2007

Information, Insight and Consultancy

- Constant currency revenue growth up 4.8% (gross margin up 5.1%), with like-for-like growth up 2.2% (gross margin up 3.0%).
- Strong organic growth from IMRB, Lightspeed and Ziment.
- Above average growth in Latin America, Asia Pacific, Africa & Middle East.
- Acquisition in the USA completed during the quarter.

Third Quarter 2007

Public Relations & Public Affairs

- Constant currency revenue growth almost 11%. Like-for-like growth 9.0%.
- Strong performances at Hill & Knowlton, OPR, GCi, Quinn Gillespie, Finsbury, Public Strategies and Clarion.
- Geographically, North America, Asia Pacific and the Middle East strongest regions.
- Acquisition in Russia/ USA completed in the quarter.

Third Quarter 2007

Branding & Identity, Healthcare and Specialist Communications

- Constant currency revenue growth up over 16%. Like-for-like growth up over 7%.
- Strong organic growth in direct, internet and interactive at Wunderman, OgilvyOne, VML and Bridge; in branding and identity at Landor, Lambie Nairn and Addison; in healthcare at Ogilvy Healthworld; and in specialist communications at Geppetto, Metro, Spafax, The Farm and Headcount.
- Geographically, strong organic growth in Latin America and Asia Pacific.
- Acquisition of 24/7 Real Media, and other acquisitions in the USA, the Middle East, Brazil and Singapore completed during the quarter.

Third Quarter 2007

Revenue by Region: Third Quarter

	2007 £m	2006 £m	% Change		
			Reported	Constant Currency	Like-for- like
North America	557.1	557.0	0.0	8.0	3.7
UK	217.6	207.2	5.0	5.0	2.2
Continental Europe	366.2	346.1	5.8	5.2	2.5
Asia Pacific, Latin America, Africa & Middle East	339.2	300.3	13.0	13.8	11.1
Total	1,480.1	1,410.6	4.9	8.1	4.8

Third Quarter 2007

Revenue by Region: Year to Date

	2007 £m	2006 £m	% Change		
			Reported	Constant Currency	Like-for- like
North America	1,668.9	1,692.4	-1.4	8.2	4.7
UK	648.0	622.3	4.1	4.1 ¹	2.3 ²
Continental Europe	1,137.7	1,087.5	4.6	5.7	2.9
Asia Pacific, Latin America, Africa & Middle East	946.6	872.8	8.4	12.6	10.9
Total	4,401.2	4,275.0	3.0	7.8	5.1³

¹ Constant currency gross margin for the UK up 4.9%

² Like-for-like gross margin for the UK up 3.7%

³ Like-for-like gross margin for the Group up 5.4%

Third Quarter 2007

Growth by Region

- Good growth in all regions.
- North America continues to grow with like-for-like revenues up almost 4%.
- The Middle East continues to be the fastest growing area, with like-for-like revenues up almost 19%.
- Latin America continues the strong growth of 2006, with over 14% like-for-like growth.
- Asia Pacific remains strong at over 9%. Like-for-like growth in Greater China and India up over 24% and over 23% respectively.
- The UK and Western Continental Europe still relatively more difficult, but some improvement, particularly in Belgium, Italy, the Netherlands, Scandinavia and Switzerland.

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Revenue Growth by Country – Year to Date

Revenue Growth ¹	Countries
20%+	Greater China, India
15-20%	Brazil
10-15%	Canada, Poland, Singapore, Spain
5-10%	Belgium, Italy, Mexico, Sweden, Thailand, USA
<5%	Australia, Denmark, France, Germany, Japan, Netherlands, UK

¹Constant currency

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Revenue Growth by Category – Year to Date

Revenue Growth ¹	Categories
20%+	Drinks, Entertainment, Financial Services, Retail
15-20%	Food
10-15%	Automotive, Telecommunications
5-10%	Personal Care & Drugs
<5%	Computer, Oil

Third Quarter 2007

Effects of Strength of Sterling

- Currency movements accounted for a 3.2% reduction in revenue, principally reflecting the strength of the £ sterling against the US dollar.
- The average US dollar exchange rate for the third quarter of 2007 was \$2.021/£1 compared to \$1.874/£1 for the same period last year, a decline of over 7%. The average euro exchange rate for the third quarter was €1.470/£1 compared to €1.471/£1 for the same period last year.

Third Quarter 2007

Uses of Cashflow

- Average net debt in the first nine months up £208 million to £1,369 million, compared to £1,161 million in 2006, at 2007 exchange rates.
- Net debt at 30 September 2007 up £584 million to £1,845 million, compared to £1,261 million last year, at constant exchange rates.
- Operating cash flow in the last 12 months was £854 million. In the same period, cash outflow on capital expenditure, acquisitions and earnout payments (including 24/7 Real Media), share buy-backs and dividends was £1,294 million.

Third Quarter 2007

Uses of Cashflow

- 43.95m shares, or 3.5% of the share capital, have been purchased in the first nine months, at an average price of £7.32 per share and a total cost of £322m. All of these shares were cancelled.
- As mentioned in the 2006 Preliminary Announcement, the Company decided to increase the target for share buy-backs to 4%-5% (£400-500 million) in each of 2007 and 2008, when market conditions are appropriate. We are currently running at an annual rate of over 4%.

Third Quarter 2007

Basic Share count

	Dec '06	June '07	Sep '07	Dec '07 (estimate)
1 st January	1,253	1,241	1,241	1,241
Share buyback	(33)	(28)	(44)	(50)
Options exercise	21	5	6	7
	<hr/>	<hr/>	<hr/>	<hr/>
	1,241	1,218	1,203	1,198
Weighted average	<hr/>	<hr/>	<hr/>	<hr/>
	1,248	1,231	1,219	1,218
ESOP	(47)	(42)	(42)	(42)
Average Basic	1,201	1,189	1,177	1,176

Third Quarter 2007

Fully Diluted Share Count

	Dec '06	June '07	Sep '07	Dec '07 (estimate)
Average Basic	1,201	1,189	1,177	1,176
Dilution from options (“variable”)	15	21	22	22
LEAP ¹ (“variable”)	3	8	7	10
Restricted stock (“fixed”)	14	16	16	23
	<hr/> 1,233	<hr/> 1,234	<hr/> 1,222	<hr/> 1,231
Grey Convert	9	9	9	9
Fully Diluted	<hr/> 1,242	<hr/> 1,243	<hr/> 1,231	<hr/> 1,240

¹ LEAP awards 2004-7, 2005-9, 2006-10, 2007-11

Third Quarter 2007

Trade Estimates of Major New Business Wins – Year to Date

Agency	Account	Office	Billings (\$m)
<u>mec</u>	<u>CitiGroup</u>	<u>USA</u>	<u>500</u>
mec	Paramount	Worldwide	250
mec	Macy's	USA	200
<u>mec</u>	<u>Monster.com</u>	<u>USA</u>	<u>155</u>
<u>JWT</u>	<u>Nokia</u>	<u>Worldwide</u>	<u>150</u>
mec	Energizer	USA	130
United	IOC	USA & Europe	120
<u>MediaCom</u>	<u>GSK</u>	<u>Europe</u>	<u>100</u>
<u>MediaCom</u>	<u>Michelin</u>	<u>USA</u>	<u>100</u>
<u>mec</u>	<u>BT</u>	<u>UK</u>	<u>100</u>
<u>mec</u>	<u>SABMiller</u>	<u>Worldwide</u>	<u>100</u>

Underlined figures are Q3 wins

Third Quarter 2007

Trade Estimates of Major New Business Wins – Year to Date

Agency	Account	Office	Billings (\$m)
<u>MediaCom</u>	<u>Boots</u>	<u>UK</u>	<u>90</u>
<u>JWT</u>	<u>Johnson & Johnson</u>	<u>N America</u>	<u>83</u>
Berlin Cameron	Heineken	USA	80
<u>MindShare</u>	<u>Summit Entertainment</u>	<u>USA</u>	<u>75</u>
<u>Ogilvy</u>	<u>Kraft – Oscar Mayer¹</u>	<u>USA</u>	<u>60</u>
<u>MediaCom</u>	<u>ICI</u>	<u>Europe</u>	<u>60</u>
Grey	Toshiba	EMEA	50
MediaCom	Staples	Canada/ UK	37
HTW Wunderman	Orange	UK	36
OgilvyOne	British Gas	UK	35
Ogilvy	Unilever (Vaseline)	Global	30
<u>MindShare</u>	<u>Admiral</u>	<u>UK</u>	<u>30</u>
MediaCom	Burger King	Europe	25

Underlined figures are Q3 wins

¹ Kraft (Oscar Mayer) transferred from JWT to Ogilvy

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Trade Estimates of Major New Business Losses – Year to Date

Agency	Account	Office	Billings (\$m)
MindShare	Sears	USA	740 ¹
MindShare	Twentieth Century Fox	USA	500 ¹
<u>Grey</u>	<u>Wrigley</u>	<u>Asia</u>	<u>100</u>
mec	United Airlines	USA	100
Y&R	Toys R Us	USA	90
Ogilvy	Quiznos	USA	80
<u>Ogilvy</u>	<u>American Express</u>	<u>USA</u>	<u>75</u>
MediaCom	DWP	UK	75
Y&R	Weight Watchers	USA	70

Underlined figures are Q3 losses

¹ Internal MindShare estimates of billings lost is \$676m in total compared with Trade Press Estimates of \$1,240m. Actual annualised 2006 revenues lost for these two accounts is \$18m.

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Trade Estimates of Major New Business Losses – Year to Date

Agency	Account	Office	Billings (\$m)
JWT	Kraft – Ritz/ Chips	USA	70
Batey	Singapore Airlines	Asia	60
<u>JWT</u>	<u>Kraft – Oscar Mayer¹</u>	<u>USA</u>	<u>60</u>
Brouillard	Ruby Tuesday	USA	50
Grey	PagesJaunes	Europe	50
<u>JWT</u>	<u>Kraft - Singles</u>	<u>USA</u>	<u>40</u>
JWT	Kraft - Lunchables	USA	40
MindShare	BirdsEye	UK	30
Grey	Nokia	UK	30

Underlined figures are Q3 losses

¹ Kraft (Oscar Mayer) transferred from JWT to Ogilvy

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Internal Estimates of Net New Business Wins – Year to Date

Billings (\$m)	Creative	Media	Total
Advertising	949	2,633	3,582
Other Businesses	840	-	840
Total 2007	1,789	2,633	4,422

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Trade Estimates of Major New Business Wins & Losses Since 1 October

	<u>Agency</u>	<u>Account</u>	<u>Office</u>	<u>Billings (\$m)</u>
WINS	Ogilvy	Motorola	Worldwide	400
	MindShare	Motorola	US	400
LOSSES	MindShare	Mattel	Worldwide	500

Third Quarter 2007

Acquisitions¹ and Investments

Faster Growing Markets

etcO (Brazil)
Interflow (Pakistan)
DBA Live (Colombia)
MindShare Russia
PHARMAX (KOREA)
PLANO TRIO (BRAZIL)
GSCS (DUBAI)
PBN (RUSSIA/ USA)
Dawson (China)

Aqua Online (S. Africa)
Lee & Jang (S. Korea)
Interactive TV (India)
Star Echo (China)
Blue Interactive (Singapore)

Quantitative and Digital

24/7 REAL MEDIA (USA)
All Global (UK)
DataCore (USA)
Foresight (USA)
Global Strategies (USA)
iconmobile (Germany)
OOT (ITALY)
Quisma (Germany)
Reddion (Netherlands)
REFINERY (USA)
SCHEMATIC (USA)
These Days (Belgium)
TRA (USA)
Tru (USA)
JumpTap (USA) ²
Media Rights Capital Corp (USA) ²
Video Egg (USA) ²

¹ Excludes equity step ups

² Investments

CAPITALS ARE Q3 ACQUISITIONS

Underlined are acquisitions since 1 October 2007

Third Quarter 2007

Acquisitions¹ and Investments

Advertising and Media Investment Management

Badjar (Australia)

Clemmow Hornby Inge (UK)

JWT HUNGARY

Laundry (Finland)

MediaX (Austria)

PPR WA (AUSTRALIA)

Tapsa (Spain)

Healthcare

WestawayGillis (UK)

¹ Excludes equity step ups

CAPITALS ARE Q3 ACQUISITIONS

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October 2007