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WPP

2008 INTERIM RESULTS

Billings up almost 12% at £16.9 billion

Revenue up over 14% to £3.339 billion

Like-for-like revenue up over 4%

Headline operating profit up over 18% to £453 million

Headline operating margin up 0.5 margin points to 13.6%

Headline profit before tax up over 15% to £389 million

Profit before tax up over 15% to £339 million

Diluted headline earnings per share up over 21% at 22.1p

Interim ordinary dividend up 20% to 5.19p per share

- Billings up 11.8% at £16.871 billion.
- Reported revenue up 14.3% to £3.339 billion and up 8.1% in constant currencies.
- Like-for-like revenue up 4.3%.
- Headline operating profit up 18.4% to £453.4 million from £383.1 million and up 9.2% in constant currencies.
- Headline operating margin up 0.5 margin points to 13.6%.
- Headline profit before tax up 15.1% to £389.1 million from £338.0 million and up 4.9% in constant currencies.
- Profit before tax up 15.1% to £338.5 million from £294.1 million and up 3.4% in constant currencies.
- Diluted headline earnings per share up 21.4% to 22.1p from 18.2p and up 9.3% in constant currencies.
- Diluted earnings per share up 21.1% to 17.8p and up 6.4% in constant currencies.
- Interim ordinary dividend up 20% to 5.19p per share.
- Estimated net new business billings of £1.292 billion ($2.519 billion).

In this press release not all the figures and ratios used are readily available from the unaudited interim results included in Appendix I. Where required, details of how these have been arrived at are shown in note 19 of Appendix I or explained in the glossary.

Summary of Results

The Board of WPP announces its unaudited interim results for the six months ended 30 June 2008. These represent record levels of performance throughout all regions and sectors of the business and reflect good revenue and operating profit growth, operating margin improvement in line with objectives, a number of smaller acquisitions, currency gains, share buy-backs and a reduced tax charge.

Billings were up 11.8% at £16.871 billion.

Reportable revenue was up 14.3% at £3.339 billion. Revenue on a constant currency basis, was up 8.1% compared with last year, chiefly reflecting the strength of the Euro against the £ sterling in the first six months. As a number of our competitors report in US dollars and inter-currency comparisons are difficult to make, Appendix 2 shows WPP's interim results in reportable US dollars. This shows that US dollar reportable revenues were up 14.4% to $6.595 billion, headline profits up 18.2% to $895.8 million and diluted headline earnings per share up 21.1% to 43.6¢. Further analysis is included in Appendix 2.

On a like-for-like basis, which excludes the impact of acquisitions and currency, revenues were up 4.3% in the first half.

Headline earnings before interest, depreciation and amortisation ("EBITDA") was up 17.5% to £531.9 million and up 9.1% in constant currencies. Headline operating profit was up 18.4% to £453.4 million from £383.1 million and up 9.2% in constant currencies.

Headline operating margins rose yet again, in line with objectives, by 0.5 margin points to 13.6% from 13.1%, also in line with the full year margin target of 15.5%. Before short-term and long-term incentives (including the cost of share-based compensation), operating margins were almost flat at 16.1%. Short and long-term incentives and the cost of share-based incentives amounted to £84.1 million or 16.3% of operating profits before bonus and taxes, compared to £92.2 million last year, partly as a result of currency movements, and partly the first half impact of additional investment in staff and space costs.

On a reported basis the Group's staff cost to revenue ratio, including incentives, remained at 59.9% in the first half of 2008, the same as achieved in the same period last year, even after a continued investment in people. On a like-for-like basis, the average number of people in the Group, excluding associates, was 93,233 in the first half of the year, compared to 89,027 in 2007, an increase of 4.7%. On the same basis, the total number of people in the Group, excluding associates, at 30 June 2008 was 95,093 compared to 90,881 in June 2007, an increase of 4,212 or 4.6%. Of the additional 4,212 people at the end of June this year, 3,633 or 86% were added in the faster growing markets of Asia Pacific, Latin America, Middle East and Africa and Central and Eastern Europe.

Net finance costs (excluding the revaluation of financial instruments) were £64.3 million compared with £45.1 million in 2007, an increase of £19.2 million, reflecting higher levels of net debt as a result of net acquisition investments and share repurchases over the previous twelve months.

Headline profit before tax was up 15.1% to £389.1 million from £338.0 million or up 4.9% in constant currencies, primarily reflecting the impact of higher £ sterling translation of interest costs on Euro-denominated debt.

Reported profit before tax rose by 15.1% to £338.5 million from £294.1 million. In constant currencies pre-tax profits rose by 3.4%, again, primarily reflecting the impact of higher £ sterling translation of interest costs on Euro-denominated debt.

The tax rate on headline profit before tax was 26.0%, down 0.9 percentage points on the first half 2007 rate of 26.9%.

Profits attributable to share owners rose by 14.5% to £208.2 million from £181.9 million.

Diluted headline earnings per share rose by 21.4% to 22.1p from 18.2p. In constant currencies, earnings per share on the same basis rose by 9.3%. Diluted reported earnings per share were up 21.1% to 17.8p and up 6.4% in constant currencies.

The Board declares an increase of 20% in the interim ordinary dividend to 5.19p per share. The record date for this interim dividend is 10 October 2008, payable on 10 November 2008.

Further details of WPP's financial performance are provided in Appendices I and 2.

Review of Operations

Revenue by Region

The pattern of revenue growth differed regionally. The table below gives details of the proportion of revenue and revenue growth by region for the first six months of 2008:

Region	**Constant Currency[1] Revenue as a % of Total Group**	**Reported Revenue Growth 08/07**	**Constant Currency[1] Revenue Growth 08/07**	**Like-for-like[2] Revenue Growth 08/07**
		%	**%**	**%**
North America	37.3	7.0	6.5	2.1
United Kingdom	14.0	4.6	4.6	2.5
Continental Europe	25.9	20.5	4.8	3.2
Asia Pacific, Latin America, Africa & Middle East	22.8	26.7	17.6	10.7
TOTAL GROUP	100.0	14.3	8.1	4.3

[1] Constant currency growth excludes the effects of currency movements

[2] Like-for-like growth excludes the effects of currency movements and the impact of acquisitions

On a constant currency basis, the Group grew at over 8% and all regions continued to show growth. In North America, revenues were up 6.5%. In Europe, the United Kingdom was up 4.6% and Continental Europe up 4.8%. Central and Eastern Europe was up over 19%, Asia Pacific, Latin America, Africa and the Middle East were up over 17%. Again, the world grew at three speeds. The faster growing markets of Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe grew fastest and the United Kingdom and Western Continental Europe slowest, with North America and Spain generally in between. The United States continues to grow, with revenue growth in the first half up 5.8%, on a constant currency basis, although less than the first quarter.

As in the first quarter Asia Pacific, Latin America, Africa and the Middle East, continues to be the fastest growing region, with revenues up over 17%, accelerating in the second quarter. Asia Pacific (including Australia and New Zealand and Japan) remains strong, with revenues up over 8%. Mainland China and India continued the rapid growth seen in 2007 and the first quarter of 2008, with first half like-for-like revenues up over 17% and almost 26%, with India growing at over 30% in the second quarter. Continental Europe was up 4.8%, slightly lower than the 5.2% in the first quarter, with Central and Eastern Europe particularly strong at almost 20%. The United Kingdom remains marginally the slowest growing region, with revenues up 4.6%.

Estimated net new business billings of £1.292 billion ($2.519 billion) were won in the first half of the year and the Group continues to benefit from consolidation trends in the industry, winning assignments from existing and new clients.

The faster growing geographical markets of Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe, accounted for over 25% of the Group's revenues in the first half of 2008, compared to 23% in the first half of last year.

Revenue by Communications Services Sector and Brand

The pattern of revenue growth also varied by communications services sector and company brand. The table below gives details of the proportion of revenue and revenue growth by communications services sector for the first six months of 2008:

Communications Services Sector	**Constant Currency[1] Revenue as a % of Total Group**	**Reported Revenue Growth 08/07**	**Constant Currency[1] Revenue Growth 08/07**	**Like-for- like[2] Revenue Growth 08/07**
		%	**%**	**%**
Advertising, Media Investment Management	45.1	11.5	4.3	3.8
Information, Insight & Consultancy	14.6	12.7	7.2	5.0
Public Relations & Public Affairs	10.8	13.8	9.0	7.5
Branding & Identity, Healthcare and Specialist Communications	29.5	20.1	14.7	3.5
TOTAL GROUP	100.0	14.3	8.1	4.3

[1] Constant currency growth excludes the effects of currency movements

[2] Like-for-like growth excludes the effects of currency movements and the impact of acquisitions

Media investment management continues to show the strongest growth of all our communications services, along with direct, internet and interactive, public relations and public affairs and information, insight and consultancy. Direct and digitally-related activities now account for 25% of the Group's total revenues, which are running at the rate of approximately $13 billion per annum.

Public relations and public affairs continued the strong growth, which started in 2006, continued throughout 2007 and into the first half of 2008, with constant currency revenues up 9.0%, reflecting the positive impact on the sector's growth of fact-based polling techniques and social networking on the web, which demonstrates the increased effectiveness of editorial publicity over paid for publicity.

Almost 55% of the Group's revenues came from outside advertising and media investment management, in the first half of 2008, compared to over 53% last year.

<u>Advertising and Media Investment Management</u>

On a constant currency basis, advertising and media investment management revenues grew by 4.3%, slightly up on the first quarter, with like-for-like revenue growth of 3.8%. Reported operating margins were up by 1.2 margin points to 15.9%.

These businesses generated estimated net new business billings of £984 million ($1.919 billion).

<u>Information, Insight and Consultancy</u>

The Group's information, insight and consultancy businesses growth improved in the second quarter, with first half revenues, on a constant currency basis, up 7.2%. Reported operating margins were up by 0.4 margin points to 10.1%.

<u>Public Relations and Public Affairs</u>

In constant currencies, the Group's public relations and public affairs revenues rose by 9.0%, with like-for-like growth of 7.5%. Reported operating margins were up by 1.4 margin points to 16.1%.

<u>Branding and Identity, Healthcare and Specialist Communications</u>

The Group's branding and identity, healthcare and specialist communications (including direct, internet and interactive) constant currency revenues were up 14.7%. Reported operating margins were down by 0.9 margin points to 10.7%. Particularly good performances were registered by several companies in this sector in the first half - including, in promotion and direct marketing OgilvyAction, OgilvyOne, RMG Connect, Wunderman, 24/7 Real Media and Schematic; in branding and identity Addison, The Brand Union, Lambie-Nairn and VBAT; and in specialist communications, The Farm, The Food Group, Headcount, Metro Group and Spafax.

Cash Flow and Balance Sheet

A summary of the Group's unaudited cash flow statement and balance sheet and notes as at 30 June 2008 are provided in Appendix I.

In the first half of 2008, operating profit was £378 million, depreciation, amortisation and impairment £125 million, non-cash share-based incentive charges £30 million, net interest paid £67 million, tax paid £84 million, capital expenditure £74 million and other net cash inflows £11 million. Free cash flow available for working capital requirements, debt repayment, acquisitions and share re-purchases was, therefore, £319 million. This free cash flow was absorbed by £176 million in net cash acquisition payments and investments (of which £100 million was for initial acquisition payments net of disposal proceeds, £30 million was for earnout payments, £43 million for investments and the balance of £3 million related to prior year loan note redemptions), and £112 million by share re-purchases, a total outflow of £288 million. This resulted in a net cash inflow of £31 million, before any changes in working capital.

Average net debt in the first six months of 2008 rose by £621 million to £1,873 million, compared to £1,252 million in 2007, at 2008 exchange rates. On 30 June 2008 net debt was £1,857 million, against £1,264 million on 30 June 2007, an increase of £593 million. These figures reflect the level of acquisition activity and share buy-backs for the previous twelve months. Your Board continues to examine ways of deploying its EBITDA of over £1 billion (over $2 billion) and substantial free cash flow of over £700 million or over $1.4 billion per annum, to enhance share owner value, given that interest cover remains strong at 7.1 times in the first half of 2008. As necessary capital expenditure, mainly on information technology and property, is expected to remain equal to or less than the depreciation charge in the long term, the Company has continued to concentrate on examining possible acquisitions, such as the offer for Taylor Nelson Sofres plc ("TNS") or returning excess capital to share owners in the form of dividends and/or share buy-backs.

In the first half of 2008, the Group continued to make small-sized acquisitions or investments in high growth geographical or functional areas. In the first six months of this year, acquisitions and increased equity stakes have been concentrated in advertising and media investment management in the United States, the United Kingdom, France, the Netherlands, Switzerland, Ukraine, the Middle East, Chile, Guatemala and China; in information, insight & consultancy in the United States, the United Kingdom, Spain and India; in public relations and public affairs in the United Kingdom and China; in direct, internet and interactive in the United States, China (digital), India, Japan (digital) and Malaysia. On 9 July, WPP announced an offer to acquire the whole of the issued share capital of TNS, on the basis of 173p in cash and 0.1889 of a WPP ordinary share for every TNS share. Based on the latest WPP closing share price of 475.5p per share, WPP's offer values a TNS share at approximately 263p and values TNS at approximately £1.1 billion.

In addition to increasing the interim dividend by 20% to 5.19p per share, the Company continues to focus on examining the alternative between increasing dividends and accelerating share buy-backs. Consistent with the objective, announced in 2006, of increasing the share buy-back programme to 4-5% of the Group's share capital in 2007 and 2008, 18.8 million ordinary shares, equivalent to 1.6% of the share capital, were purchased at an average price of £5.96 per share and total cost of £112.2 million in the first half. All of these shares were purchased in the market and subsequently cancelled. Such annual rolling share repurchases are believed to have a more significant impact in improving share owner value, than sporadic buy-backs. The Group is currently running at an annual rate of share buybacks of slightly over 3%, partly reflecting the requirement to withdraw from the market in the midst of the bid for TNS, the earliest skirmishes of which started at the beginning of May.

Client Developments in the First Half of 2008

Including associates, the Group currently employs over 116,000 full-time people in over 2,000 offices in 106 countries. It services over 340 of the Fortune Global 500 companies, over one-half of the Nasdaq 100, over 30 of the Fortune e-50, and approximately 550 national or multi-national clients in three or more disciplines. More than 320 clients are served in four disciplines and these clients account for 56% of Group revenues. This reflects the increasing opportunities for co-ordination between activities both nationally and internationally. The Group also works with almost 260 clients in 6 or more countries. The Group estimates that more than 35% of new assignments in the first half of the year were generated through the joint development of opportunities by two or more Group companies.

Current Progress and Future Prospects

The Group's profit performance in the first half of the year was strong and ahead of most estimates, despite the general economic tightening in the United States and Western Europe in the second quarter. The faster growing geographical markets of Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe, continue to show double digit revenue growth, with the United Kingdom and Western Continental Europe improving in the second quarter, although they remain at mid single-digit rates. The United States, despite the continuing uncertainties surrounding the financial markets continues to grow, with revenues on a constant currency basis up 5.8%.

Functionally, media investment management (which is a stronger growing part of what some call our advertising revenues), public relations and public affairs, direct, internet and interactive and information, insight and consultancy, continue to grow strongly. Healthcare communications, particularly in the United States owing to FDA non-approvals of new drugs, some project-based specialist communications activities and traditional advertising in the mature markets of the United States, United Kingdom, France, Germany, Italy and Spain, performed at or below the Group's revenue growth for the period.

Levels of activity in 2008 should match those seen in 2007 and there are significant new business opportunities at both the network and parent company levels. Spending behind the United States Presidential Election and around the Beijing Olympic Games should continue to boost 2008 revenues, as well as some clients taking the view, that our research supports, that the cost of cutting brand spending at this stage of the cycle is too costly in the long-term. However, the prospects for 2009 remain less certain, particularly if the United States and Western European economies continue to be impacted by the financial crisis and commodity price increases. In addition, the new United States President will have to wrestle with twin fiscal and budget deficits in early 2009 and post the Olympics, Chinese growth may slow due to inflationary (particularly food price) concerns and the impact that a weakening United States economy has on the rest of the world. In mid-2009 the financial markets may start to rebound and 2010, in the real world, continues to look better, with the prospect of the impact of “mini-quadrennial” events such as the FIFA World Cup in South Africa, the Winter Olympics in Vancouver, the mid-term Congressional elections in the United States, the World Expo in Shanghai and the Asian Games in Guangzhou.

Despite these shorter-term uncertainties, the prospects for trading performance improvements at WPP remain good. Eighteen months ago the Group increased its margin target for 2009 to 16.0% and for 2010 to 16.5%. Our long term operating margin target remains 19%.

Plans, budgets and forecasts will continue to be made on a conservative basis and considerable attention is still being focused on achieving margin and staff cost to revenue or gross margin targets. Margins continue to be strong in important parts of the business. In addition to influencing absolute levels of cost, the initiatives taken by the parent company in the areas of human resources, property, procurement, information technology and practice development continue to improve the flexibility of the Group’s cost base. Flexible staff costs (incentives, freelancers and consultants), which remain at the historically highest levels of around 6-7% of revenues, will position the Group very well to weather any economic slowdown.

The Group continues to improve co-operation and co-ordination between companies in order to add value to our clients’ businesses and our people’s careers, an objective which has been specifically built into short-term incentive plans. Particular emphasis and success has been achieved in the areas of media investment management, healthcare, privatisation, new technologies, new markets, retailing, internal communications, hi-tech, financial services and media and entertainment. The Group continues to lead the industry, in co-ordinating investment geographically and functionally through parent company initiatives, which competitors initially ‘pooh-poohed’, but now attempt to imitate. Increasing co-operation, although more difficult to achieve in a multi-branded company, which has grown by acquisition, than in an organically grown uni-branded one, remains a priority.

The Group also continues to concentrate on its long-term targets and strategic objectives of improving operating profits by 10-15%; improving operating margins by half to one margin point per annum or more depending on revenue growth; improving staff cost to revenue or gross margin ratios by 0.6 margin points per annum or more depending on revenue growth; converting 25-33% of incremental revenue to profit; growing revenue faster than industry averages and encouraging co-operation among Group companies.

As clients face an increasingly undifferentiated market place, particularly in mature markets, the Group is competitively well positioned to offer them the creativity they desire, along with the ability to deliver the most effective co-ordinated communications in the most efficient manner. The rise of the procurement function, the increasing concentration of distribution and the legislative acceptance of media ownership concentration in several countries, will further stimulate consolidation amongst clients, media owners, wholesalers and retailers and last, but not least, advertising and marketing services agencies. The Group is very well positioned to capitalise on these developments and to focus on developing the best talents, the strongest management structures and the most innovative incentive plans in the industry for our people.

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