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WPP

2009 INTERIM RESULTS

Billings up over 11% at £18.742 billion

Revenue up over 28% to £4.289 billion

Like-for-like revenue down over 8%

Headline operating profit down over 24% to £342 million

Headline profit before tax down over 35% to £252 million

Profit before tax down 47% to £179 million

Diluted headline earnings per share down almost 41% at 12.9p

First interim ordinary dividend flat at 5.19p per share

- Billings up 11.1% at £18.742 billion.
- Reported revenue up 28.4% to £4.289 billion and up 8.6% in constant currencies.
- Like-for-like revenue down 8.3% and gross margin down less at 7.8%.
- Headline operating profit down 24.5% to £342.2 million from £453.4 million.
- Headline operating margins down 4.5 margin points to 8.0% on a like-for-like basis.
- Headline operating margins pre-severance and one-off costs at 10.0%.
- Headline profit before tax down 35.2% to £252.2 million from £389.1 million.
- Profit before tax down 47.0% to £179.3 million from £338.5 million.
- Diluted headline earnings per share down 40.8% to 12.9p from 21.8p.
- Diluted earnings per share down 50.6% to 8.8p.
- First interim ordinary dividend flat at 5.19p per share.
- Significant improvement in working capital in first half and relative net debt position in second quarter.
- Estimated net new business billings of £1.208 billion ($1.872 billion).

In this press release not all the figures and ratios used are readily available from the unaudited interim results included in Appendix 1. Where required, details of how these have been arrived at are shown in note 19 of Appendix 1 or explained in the glossary.

Summary of Results

The Board of WPP announces its unaudited interim results for the six months ended 30 June 2009, which include the acquisition of Taylor Nelson Sofres ("TNS"). The results continue to reflect the impact of the significant global economic contraction on most regions and service sectors. The impact continued to intensify in the second quarter, though results for July did indicate a "less-worse" picture.

Billings were up 11.1% at £18.742 billion.

Reportable revenue was up 28.4% at £4.289 billion. Revenue on a constant currency basis, was up 8.6% compared with last year, chiefly reflecting the weakness of the pound sterling against the US dollar and Euro. As a number of our competitors report in US dollars and inter-currency comparisons are difficult, Appendix 2 shows WPP's interim results in reportable US dollars.

On a like-for-like basis, which excludes the impact of acquisitions and currency, revenues were down 8.3% in the first half, with gross margin down less at 7.8%.

Headline earnings before interest, depreciation and amortisation ("EBITDA") was down 14.3% to £455.7 million and down 26.7% in constant currencies. Headline operating profit was down 24.5% to £342.2 million from £453.4 million and down 35.1% in constant currencies.

Headline operating margins were down 5.6 margin points to 8.0% compared with 13.6% in the first half of last year. On a like-for-like basis operating margins were down 4.5 margin points. Before severance costs, operating margins were 9.6%, down 3.5 margin points on a like-for-like basis. Before severance costs and one-off property and integration costs, headline operating margins were 10.0%, down 3.1 margin points on a like-for-like basis.

On a reported basis, the Group's staff cost to revenue ratio, including incentives, deteriorated by 2.2 margin points to 62.1% compared with 59.9% in the first half of 2008, partly as a result of additional severance costs, which accounted for almost half of the increase and partly as a result of currency. Short and long-term incentives and the cost of share-based incentives amounted to £59.3 million or 15.5% of operating profits before bonus and taxes, compared to £84.1 million last year, or 16.3%, down £24.8 million. Of these, cash-based incentives almost halved. On a constant currency basis, the Group's staff costs to revenue ratio, including incentives, rose by 1.9 margin points to 62.0% from 60.1%, 1.0 margin point resulting from incremental severance.

On a like-for-like basis, the average number of people in the Group, excluding associates, was 108,973 in the first half of the year, compared to 112,105 in 2008, a decrease of 2.8%. On the same basis, the total number of people in the Group, excluding associates, at 30 June 2009 was 106,683 compared to 113,208 at 30 June 2008, a decrease of 6,525 or 5.8%. As at 30 June 2009, the number of people in the Group fell by over 5,800 or 5.2% compared to the pro-forma figure at 31 December 2008. As at 31 July 2009, the number had fallen further to 105,393 or 6.3%.

Net finance costs (excluding the revaluation of financial instruments) were £90.0 million, compared with £64.3 million in 2008, an increase of £25.7 million, reflecting higher levels

of net debt as a result of the net acquisition cost of TNS and other smaller acquisitions and debt acquired on the acquisition of TNS.

Headline profit before tax was down 35.2% to £252.2 million from £389.1 million, or down 45.1% in constant currencies, primarily reflecting the impact of higher £ sterling translation of interest costs on Euro-denominated debt.

Reported profit before tax fell by 47.0% to £179.3 million from £338.5 million. In constant currencies, reported profit before tax fell by 55.8%, 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 24.8%, down 2.1 percentage points on the first half rate in 2008 of 26.9%.

Profits attributable to share owners fell by 47.9% to £108.4 million from £208.2 million.

Diluted headline earnings per share fell by 40.8% to 12.9p from 21.8p. In constant currencies, earnings per share on the same basis fell by 51.0%. Diluted reported earnings per share fell by 50.6% to 8.8p and fell 60.1% in constant currencies.

The Board declares a maintained first interim ordinary dividend of 5.19p per share. The record date for this first interim dividend is 9 October 2009, payable on 9 November 2009.

Further details of WPP's financial performance are provided in Appendices 1 and 2.

<u>Review of Operations</u>

<u>Revenue by Region</u>

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 2009:

Region	**Constant Currency[1] Revenue as a % of Total Group**	**Reported Revenue Growth 09/08**	**Constant Currency[1] Revenue Growth 09/08**	**Like-for-like[2] Revenue Growth 09/08**
		%	**%**	**%**
North America	35.8	29.6	-1.2	-10.1
United Kingdom	12.3	13.1	13.1	-5.3
Western Continental Europe	25.8	35.9	19.7	-10.5
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	26.1	27.6	11.5	-4.7
TOTAL GROUP	100.0	28.4	8.6	-8.3[3]

[1]Constant currency growth excludes the effects of currency movement
[2]Like-for-like growth excludes the effects of currency movements and the impact of acquisitions
[3]Gross margin -7.8%

As shown above, on a constant currency basis, the Group grew at 8.6%, with like-for-like revenues down 8.3%. Geographically, the impact of the recession was most keenly felt in the United States and Western Continental Europe in the first six months, with the United Kingdom and Western Continental Europe more affected in the second quarter, along with other regions. Only Latin America and Africa remained relatively unscathed, the only region or continent showing like-for-like growth in the first-half. April, May and June showed progressive deterioration in like-for-like growth, although July showed some sequential improvement. The United States, United Kingdom, Australia and New Zealand continued to be most affected along with Spain, Italy, The Netherlands, Denmark and Portugal in Western Continental Europe. In Central and Eastern Europe, only Poland and Russia showed like-for-like growth over the first six months. In Latin America, which was more affected in the second quarter, Brazil and Argentina still showed like-for-like growth in the first six months. In Asia Pacific, Australia and Japan continued to be difficult, although mainland China and India were less affected.

In the first half of 2009, over 26% of the Group's revenues came from Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe, a similar percentage to last year and against the Group's strategic objective of one-third.

Estimated net new business billings of £1.208 billion ($1.872 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 and being ranked amongst the leaders in the net new business industry tables.

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 2009:

Communications Services Sector	**Constant Currency[1] Revenue as a % of Total Group**	**Reported Revenue Growth 09/08 %**	**Constant Currency[1] Revenue Growth 09/08 %**	**Like-for-like[2] Revenue Growth 09/08 %**
Advertising, Media Investment Management	38.4	8.1	-7.5	-7.8
Consumer Insight	26.3	131.0	97.4	-10.3[3]
Public Relations & Public Affairs	9.4	13.3	-6.9	-8.2
Branding & Identity, Healthcare and Specialist Communications	25.9	14.5	-4.5	-6.9
TOTAL GROUP	100.0	28.4	8.6	-8.3[4]

[1]Constant currency growth excludes the effects of currency movement
[2]Like-for-like growth excludes the effects of currency movements and the impact of acquisitions
[3]Gross margin -7.9%
[4]Gross margin -7.8%

By communications services sector, branding & identity, healthcare and specialist communications (including direct, internet and interactive) was least affected, with continued improvement in the Group's healthcare businesses in the second quarter. The pressure continued on the Group's advertising, media investment management businesses, with clients, given the current economic climate, seeking greater and greater value and economies. Media investment management came under greater pressure in quarter two. Public relations and public affairs also saw some deterioration compared with the first quarter. Consumer insight, as in the first quarter, was most affected by the recession at the revenue level, although not at gross margin.

Direct and digitally-related activities now account for 25%, or $1.7 billion (an annual run rate of almost $3.5 billion) of the Group's total revenues, which are running at the rate of over $13 billion per annum. Very pleasingly, a leading Independent Research Firm recently cited three of the Group's interactive agencies (OgilvyInteractive, VML and Wunderman) amongst seven interactive agency "leaders".

In the first half of 2009, over 61% of the Group's revenues came from outside advertising and media investment management, compared to almost 55% last year and the Group's strategic objective of two-thirds.

Quantitative disciplines (digital and consumer insight), now account for 48% of Group revenues, almost meeting the Group's strategic objective of one-half.

Advertising and Media Investment Management

On a constant currency basis, advertising and media investment management revenues fell by 7.5%, with like-for-like revenues down 7.8%. Reported operating margins fell by 5.7 margin points to 10.1%, as the Group's businesses were impacted by and reacted to the worsening economic situation, with significant severances in the first half, particularly in Western Continental Europe, reducing operating margins by over 2.0 margin points.

These businesses generated estimated net new business billings of £934 million ($1.448 billion).

Consumer Insight (previously Information, Insight & Consultancy)

Following the acquisition of TNS in October 2008, the Group's consumer insight revenues grew by over 97% in the first half, but fell by 10.3% like-for-like. However, gross margin only fell by 7.9%. Reported operating margins fell by 3.9 margin points to 6.2%. As with other parts of the Group, like-for-like growth was increasingly affected in the second quarter, particularly in North America, Continental Europe and Asia Pacific. The worldwide integration of TNS custom research and Research International, began in the second quarter and should be substantially completed by the end of 2009. In addition, other operations of both TNS and Kantar, in media, health, retail and their related panel activities were consolidated and now operate on a joint basis for the benefit of clients.

Public Relations and Public Affairs

In constant currencies, the Group's public relations and public affairs revenues fell by 6.9%, with like-for-like revenues down 8.2%. The increased pressure in the second quarter was most marked in Continental Europe and Latin America. Reported operating margins fell 4.4 margin points to 11.7%.

Branding and Identity, Healthcare and Specialist Communications

The Group's branding and identity, healthcare and specialist communications (including direct, internet and interactive) constant currency revenues fell by 4.5%, with like-for-like revenues down 6.9%. This service sector showed relative improvement in the second quarter, primarily as a result of improvements in the Group's healthcare businesses in the United States. Reported operating margins were down by 5.1 margin points to 5.5%.

Cash Flow and Balance Sheet

A summary of the Group's unaudited cash flow statement and balance sheet and notes as at 30 June 2009 are provided in Appendix 1.

In the first half of 2009, operating profit was £199 million, depreciation, amortisation and impairment £242 million, non-cash share-based incentive charges £31 million, net interest paid £105 million, tax paid £95 million, capital expenditure £129 million and other net cash outflows £11 million. Free cash flow available for working capital requirements, debt repayment, acquisitions and share re-purchases was, therefore, £132 million. This free cash flow was absorbed by £93 million in net cash acquisition payments and investments (of which £18 million was for new net acquisition payments, £38 million was for earnout payments and £37 million for investments), and by £9 million in share re-purchases, a total outflow of £102 million. This resulted in a net cash inflow of £30 million, before any changes in working capital.

Average net debt in the first six months of 2009 rose by £1.251 billion to £3.507 billion, compared to £2.256 billion in 2008, at 2009 exchange rates. On 30 June 2009 net debt was £3.447 billion, against £1.857 billion on 30 June 2008, an increase of £1.590 billion. These figures reflect the net acquisition costs of TNS and other smaller acquisitions and earnout payments and debt acquired on the acquisition of TNS. Your Board continues to examine ways of deploying its EBITDA, (of over £1.2 billion or almost $2 billion for the preceding twelve months) and substantial free cash flow (of almost £600 million or approximately $1.0 billion per annum, also for the previous twelve months), to enhance share owner value. The cost of the acquisition of TNS was funded principally by debt and at the time of the transaction it was announced, that for the following two years, acquisitions would be limited up to £100 million per annum, the Group's share buy-back programme would be targeted up to 1% per annum and dividend growth at up to 15% per annum, using surplus cash generated to reduce debt.

In the first half of 2009, 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 focused on advertising and media investment management in Italy, Portugal, South Africa and Australia; on consumer insight in the United States, the United Kingdom and Russia; on public relations and public affairs in Poland and on direct, internet and interactive in the United States, France and Hong Kong.

The Company continues to focus on examining the relative merits of dividends and share buy-backs and maintained the first interim dividend at 5.19p per share. In the first half, 2.4 million ordinary shares, equivalent to 0.2% of the share capital, were purchased at an average price of £3.92 per share and total cost of £9.5 million. All of these shares were purchased in the market and held in treasury.

Client Developments in the First Half of 2009

Including associates, the Group currently employs over 145,000 full-time people in almost 2,400 offices in 107 countries. It services 345 of the Fortune Global 500 companies, 29 of the Dow Jones 30, 50 of the NASDAQ 100, 33 of the Fortune e-50 and 642 national or multi-national clients in three or more disciplines. 387 clients are served in four disciplines and these clients account for 55% of Group revenues. This reflects the increasing opportunities for co-ordination between activities both nationally and internationally. The Group also works with 295 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 impact of the recession on the Group's profitability in the first half was severe. Although action was taken to reduce staff and discretionary costs, such as travel, training and personal costs, as revenues came under pressure, this reduction was insufficient as revenues fell faster than budgeted. Like-for-like revenues were budgeted to fall by almost 4% in the first half of 2009 and fell, in fact, by over 8% with the deterioration against budget even greater in the second quarter, which was a surprise.

Further cost actions have been taken in the second quarter, which have also impacted profitability in the first half, through additional severance costs, but will improve the picture in the second half. As the recession has increasingly impacted Western Continental Europe, these severance payments have increased in a region where, statutory severance costs are customarily greater. The Group's like-for-like headcount (down almost 6% compared with June 2008 and over 7% compared with July 2008) is now better balanced in comparison to the reduction in like-for-like revenues and the second-half is forecast to show a marked improvement in profitability, both absolutely and in terms of maintaining second half margins at prior years levels.

This relative improvement should be reinforced as we cycle easier like-for-like revenue comparatives. Sequential quarter-to-quarter comparisons are forecast to stabilise, as are year-to-year comparisons, just like recently released country GDP figures. However, although there is little doubt that CEOs and CMOs feel better about the general economic environment, Armageddon or Apocalypse now having been averted, there is little evidence of better heads and stouter hearts translating into stronger order-books or investments – at least, yet. Things look better, as they naturally should, partly because of easier comparatives.

Although it is still very early to budget or forecast what may happen in 2010, top line revenues will probably be "even Steven", despite the positive impact of the Winter Olympics in Vancouver, the World Expo in Shanghai, the Asian Games in Guangzhou, the FIFA World Cup in South Africa and the mid-term Congressional elections in the United States.

Plans, budgets and forecasts will 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 remain 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 around 5% of revenues, continue to position the Group well in this downturn.

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, corporate social responsibility, government, new technologies, new markets, retailing, internal communications, financial services and media and entertainment. The Group continues to lead the industry, in co-ordinating investment geographically and functionally through parent company initiatives and winning Group pitches. 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.

Despite the current environment, 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 Group's performance this year at the Cannes Advertising Festival was particularly pleasing – second as a Group for the second year in succession, but with the gap to first place narrowing.

As the recession abates and relative performance becomes easier, the Group's strategic focus on new markets, new media and consumer insight will become even more important. Clients will be increasingly looking for growth, advice and resources in the BRICS and Next 11, in digital communications and in understanding consumer motivations.

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This announcement has been filed at the Company Announcements Office of the London Stock Exchange and is being distributed to all owners of Ordinary shares and American Depository Receipts. Copies are available to the public at the Company's registered office.

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