

WPP plc

Compensation Committee: Terms of Reference

The terms of reference that follow are adopted as being the terms of reference (the "Terms") of the Compensation Committee (the "Committee") of WPP plc (the "Company") as of 30 September 2008).

A summary of these Terms may be disclosed in the filings of the Company, along with particulars of the membership of the Committee.

The Committee acknowledges that its performance is subject to an annual evaluation by the Nomination Committee of the Board of the Company.

Membership

The members of the Committee shall be appointed by the board of the Company (the "Board") by formal resolution from amongst the independent, non-executive directors of the Company and shall consist of a minimum of three members. A quorum shall be two members.

The chairman of the Committee shall be appointed by the Board by formal resolution and the Board will determine the period for which the Committee chairman shall hold office. The chairman of the Committee shall not be the chairman of the Board.

The Company Secretary or his/her nominee shall be the Secretary to the Committee.

Attendance at and Conduct of Meetings

The Committee may require the Company's Chairman (in the event that he/she is not a member of Committee), the Company's Chief Executive Officer, the Company's Chief Talent Officer and other executives to attend its meetings for certain agenda items. No executive shall have the right to attend at a meeting of the Committee without the invitation of the chairman of the Committee, nor shall any such attendee have the right to vote. No executive shall take part in decisions on his or her own remuneration (except that, where required by the chairman of the Committee, they may contribute to general discussion on programs and schemes in which they and others may subsequently participate).

At the discretion of the chairman of the Committee, outside professional advisors may be in attendance for certain agenda items.

Members of the Committee (and any other director or officer of the Company) must declare any personal interest in any matter under discussion.

Authority

The Committee is authorised to require the provision of such information, and access to such management representatives, as it requires to discharge its responsibilities.

The Committee may obtain outside legal assistance and any professional advice, at the Company's expense, as it considers necessary for the discharge of its responsibilities. The Committee has the authority to retain (or terminate) consulting firms to assist in the evaluation of executive compensation and the authority to approve any such firm's fees and other retention terms.

The Committee is authorised to consider and, if appropriate, permitted to pass any resolutions necessary in accordance with their duties, including those in the form of a unanimous written resolution.

Frequency of Meetings

The Committee shall meet at least three times a year and otherwise as frequently as is required.

The timing and agenda of meetings is the responsibility of the chairman of the Committee, subject whenever practicable to the expressed wishes of Committee members.

Notice of each meeting confirming the date, venue and time, together with an agenda of items and relevant papers to be discussed shall be forwarded to each member of the Committee, other than in special circumstances, at least three working days prior to the meeting.

Duties

The Committee's purpose is to ensure that the Company's directors and senior executives are appropriately remunerated for their individual contributions to overall performance, and to demonstrate that the remuneration of senior executives is set by independent directors who have no personal interest in the outcome of their decisions and who will give due regard to the interests of shareowners and to the financial and commercial needs of the Company.

The principal matters for consideration at meetings during any year shall be to review and discuss issues arising on connection with the Company's remuneration policy; individual packages for the Chairman of the Board, each of the executive directors, and, as appropriate, certain other senior executives in the Company; incentivisation plans including equity grants and awards to a wider employee population; and compliance with the relevant provisions of the Code of Best Practice, and the disclosure requirements under the Director's Remuneration Report Regulations 2002 giving due regard to the general pay environment within the Company and the environment within which the Company and its operating companies operate. The Committee shall also give due regard to any guidelines published from time to time on behalf of shareowner representative bodies.

The Committee shall assume responsibility for ensuring that appropriate systems are in place to effectively deal with employee matters that the board may designate to be within its remit from time to time.

The development of the compensation strategy should be an interactive process between senior management and the Committee, evolving with business plans and changes in the marketplace. It should address, as a minimum, the following points:

- Consideration of the Company's short and long-term business objectives.
- Review of the economic environment.
- Mix and balance of fixed and variable compensation elements.
- Alignment of compensation related performance measures with business strategy.
- Link with the cultural and qualitative goals of the organisation.
- Role of benefits, perquisites, severance, and change-of-control agreements.

- Link of pay design with attraction and retention of talent.

The Committee is required to:

1. Review annually and approve the Company's stated compensation strategy to ensure that management are rewarded appropriately for their contributions to Company performance and that the executive compensation strategy supports Company objectives and shareholder interests. Make recommendations to the Board on the Company's framework of executive remuneration and its cost.
2. Ensure, as far as practicable, that the executive directors are fairly and responsibly remunerated (having regard to individual contribution) and encourage the executives, through their incentives, to enhance Company performance. To this end, the Committee will determine appropriate remuneration in all its forms (including bonus, incentive payments, share options and restricted stock awards and pension arrangements within the discretion of the Company's scheme) of the Company Chief Executive Officer, executive directors and other senior executives throughout the Company, as defined from time to time. This process will bear in mind differentials (including the relative performance of the Company against its competitors) between levels of executive responsibilities and market practice.
3. In relation to executive directors, approve:-
 - (a) their service agreements;
 - (b) changes to remuneration (including participation in incentive plans and contract terms); and
 - (c) severance arrangements.
4. In relation to Company senior executives (other than executive directors of the Company) details of whose remuneration are required to be or are disclosed in the Annual Accounts of the Company, approve:-
 - (a) their service agreements;
 - (b) changes to remuneration; and
 - (c) severance arrangements.
5. Ensure, as far as practicable, that appropriate procedures are in place to evaluate the performance of key executives as a basis of determining their annual remuneration, bonus rewards and awards of long-term incentives.
6. Ensure, as far as practicable, that, in exercising the rights to performance-related compensation, benefits are based on demanding conditions related to the performance where relevant of individuals, of the relevant operating company and of the Group as a whole, and that they provide an equitable long-term incentive.
7. Ensure, as far as practicable, there is responsible succession planning and management development at senior executive levels, and to review specific development plans for any senior executives in the group who are not members of the Board.

8. Keep under review and approve the executive long-term incentive plans and employee share schemes operated by the Company and its subsidiaries in the light of legislative and market developments and overall remuneration policy and seek shareowner approval as appropriate and ensure that adequate systems are in place for the administration of all such plans.
9. Approve for submission to shareowners all new (and substantial or exceptional changes to existing) equity-related incentive plans for management and administer the Company's long-term incentive programs in a manner consistent with the terms of the plan with regard to the following: participation, vesting requirements, awards to management, total number of shares reserved for awards.
10. Review any special incentive awards proposed to be made by the Chief Executive Officer to any senior executive that are material in nature.
11. If the Company or any subsidiary operates a 401(k) plan or similar, special attention should be paid to the rules and procedures governing the administration of such a plan to make sure the rules relating to any investment in the Company's shares are appropriate with regard to protecting employee interests.
12. Monitor prohibitions on personal loans to directors and executive officers.
13. Determine targets for any performance-related pay schemes operated by the Company for Company executives.
14. Ensure, as far as practicable, that contractual terms on termination, and any payments made, are fair to the executives of the Company and also to the Company, that failure is not rewarded and that the duty to mitigate is fully recognised.
15. In determining the remuneration of the executive directors, give due regard to the requirements, comments and recommendations of the relevant rules of the United Kingdom Listing Authority (including the Combined Code on corporate governance) and associated guidance.
16. Be aware of and advise on any major changes in employee benefit structures throughout the Company or the Group as a whole.
17. Be exclusively responsible for overseeing the process for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants to advise the Committee.
18. Oversee the preparation of and recommend to the Board the approval of the annual report of the Committee in compliance with the disclosure requirements of the Code of Best Practice and the Directors' Remuneration Report Regulations 2002. The "Directors" Remuneration Report" shall be also approved by the full Board and signed on behalf of the Board by a director of the Company.
19. Oversee the adequacy, as regards fullness of information and timing, of disclosures throughout the year relating to director compensation (including pensions), stock transactions and benefits. The Committee may seek confirmation from management and Company's legal advisers that all arrangements are consistent with law and are properly disclosed to shareholders.
20. Agree the policy for authorising claims for expenses from directors and senior executives.

21. In relation to matters relating to employee welfare, ensure that procedures are in place concerning compliance with the relevant provisions of the Company's Code of Business Conduct and Ethics and the Company's Policy Manual.
22. Consider any other matters referred to the Committee by the Board.
23. Regularly review these Terms, requesting Board approval for any proposed changes, and at appropriate intervals evaluate its own performance against these Terms and best practice.

These duties and responsibilities of a member of the Committee are in addition to those he or she has as a member of the Board.

Reporting

The Committee or its chairman shall report to the Board at the next following meeting of the Board.

The Committee's duties and activities during the year shall be disclosed in the annual report and the frequency and attendance record (by members) at Committee meetings shall be reported.

The Chairman of the Committee shall be available to answer shareowners' questions on the Committee's activities and its duties and responsibilities at any relevant general meeting of the Company.