

Who we are

The fast read

For a quick, pre-digested, highly-compressed version of this Annual Report: read the next six pages.

The full story starts on page 8. Please read that, too.

WPP is the world leader in communications services. It comprises leading companies in all these disciplines:

- Advertising
- Media Investment Management
- Consumer Insight
- Public Relations & Public Affairs
- Branding & Identity
- Healthcare Communications
- Direct, Digital, Promotion & Relationship Marketing
- Specialist Communications

There are more than 150 companies within the Group – and each is a distinctive brand in its own right. Each has its own identity, commands its own loyalty, and is committed to its own, specialist expertise. That is their individual strength. Clients seek their talent and their experience on a brand-by-brand basis. Between them, our companies work with 354 of the Fortune Global 500, 28 of the Dow Jones 30, 60 of the NASDAQ 100 and 33 of the Fortune e-50.

It is also of increasing value to clients that WPP companies can work together, as increasingly they do: providing a tailor-made range of integrated communications services. Almost 700 clients are now served in three distinct disciplines. More than 440 clients are served in four disciplines, and these clients account for over 56% of Group revenues. Group companies now work with over 327 clients across six or more countries.

Collectively, over 138,000* people work for WPP companies; out of almost 2,400 offices in 107 countries.

* Including associates.

Our companies and their websites are listed on pages 10 and 11.



Why we exist

Our mission

To develop and manage talent;
to apply that talent,
throughout the world,
for the benefit of clients;
to do so in partnership;
to do so with profit.

Within the WPP Group, our clients have access to companies with all the necessary marketing and communications skills; companies with strong and distinctive cultures of their own; famous names, many of them.

WPP, the parent company, complements these companies in three distinct ways.

- First, it relieves them of much administrative work. Financial matters (such as planning, budgeting, reporting, control, treasury, tax, mergers, acquisitions, investor relations, legal affairs and internal audit) are co-ordinated centrally. For the operating companies, every administrative hour saved is an extra hour to be devoted to the pursuit of professional excellence.
- Second, the parent company encourages and enables operating companies of different disciplines to work together for the benefit of clients. Such collaborations have the additional benefit of enhancing the job satisfaction of our people. The parent company also plays an across-the-Group role in the following functions: the management of talent, including recruitment and training; in property management; in procurement and information technology; in knowledge sharing and practice development.
- And, finally, WPP itself can function as the 21st-century equivalent of the full-service agency. For some clients, predominantly those with a vast geographical spread and a need for marketing services ranging from advertising through design and website construction to research and internal communications, WPP can act as a portal to provide a single point of contact and accountability.

Read more about our role on page 12.

What we think

After the threat of apocalypse, new centres of gravity by Sir Martin Sorrell

2009 was very tough, a year of two halves, moving from staring into the abyss to a less-worse performance. Although 2010 has been flat so far, we expect top-line growth in the second quarter, albeit through easier comparatives. Mini-quadrennial events this year, including the FIFA World Cup and the Shanghai Expo, will further bolster results. We see similarly mild growth in 2011.

As we recover from the recession, a pattern is emerging of three-speed growth: slow in Western Europe, quicker in the US, and fastest in the BRICs and Next 11 countries, as identified by Goldman Sachs.

Crosscut with this trend are big changes in function and technology in our industry – greater concentration on the traditional below-the-line disciplines of marketing services, growing migration to the internet and other technologies at the expense of older media forms.

WPP is well-placed to make the most of all these developments. Price pressure from global retailers, overcapacity in industry and subsequent discounting, the shortage of human capital, the growing needs of government as client and the power of the internet to shatter business models, point to the ever greater need for creativity, branding and innovation – basically what we do.

Sir Martin Sorrell's article begins on page 78.

Why a Ruritanian Poltergeist can be as Valuable as an Automated Processing Plant by Jeremy Bullmore

Both the Marketing Director and the Production Director have put in strong bids for bigger budgets. The Production Director needs a new robotic processing plant; the Marketing Director needs increased support for a successful multi-media campaign featuring a kilt-wearing Ruritanian poltergeist called Feliks. The Board listens attentively to both – but particularly in these difficult days, believes it more responsible to authorise additional Capex than additional promotional spend. Remarkable new research from Deutsche Bank, however, suggests in the strongest possible terms that a company's assets, both tangible and intangible, need equivalent support and nourishment.

Jeremy Bullmore's essay can be read in full on pages 102 and 103.



How we're doing

Financial summary

	2009	2008	Change %
Billings ¹	£37,919m	£36,929m	+2.7
Revenue	£8,684m	£7,477m	+16.1
Headline EBITDA ²	£1,243m	£1,291m	-3.7
Headline operating profit ²	£959m	£1,072m	-10.6
Reported operating profit	£762m	£876m	-13.0
Headline PBIT ²	£1,017m	£1,118m	-9.0
Headline PBIT margin ²	11.7%	15.0%	-3.3
Headline PBT ²	£812m	£968m	-16.1
Reported PBT	£663m	£747m	-11.3
Headline diluted earnings per share ^{2,4}	44.4p	55.5p	-20.0
Headline diluted earnings per ADR ^{2,3,4}	\$3.48	\$5.14	-32.3
Ordinary dividend per share	15.47p	15.47p	-
Ordinary dividend per ADR ³	\$1.21	\$1.43	-15.4
Net debt at year-end	£2,640m	£3,068m	-14.0
Average net debt ⁵	£3,448m	£2,206m	+56.3
Ordinary share price at year-end	609.5p	402.5p	+51.4
ADR price at year-end	\$48.65	\$29.59	+64.4
Market capitalisation at year-end	£7,658m	£5,053m	+51.6

At 14 April 2010

Ordinary share price	705.5p
ADR price	\$54.51
Market capitalisation	£8,871m

The financial statements have been prepared under International Financial Reporting Standards (IFRS).

¹ Billings is defined on page 182.

² The calculation of 'headline' measurements of performance (including headline EBITDA, headline operating profit, headline PBIT, headline PBT and headline earnings) is shown in note 31 of the financial statements.

³ One American Depositary Receipt (ADR) represents five ordinary shares. These figures have been translated for convenience purposes only using the income statement exchange rates shown on page 152. This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

⁴ Earnings per share is calculated in note 9 of the financial statements.

⁵ Average net debt is defined on page 182.

2009 results

2009, our twenty-fourth year, was a brutal year for both WPP and the communications services industry as a whole. After a difficult first six months, however, the Group adjusted its cost base to falling like-for-like revenues and achieved the same pro-forma operating margins in the second half of the year as in the second half of 2008.

Billings were up almost 3% to £37.9 billion. Revenues were up over 16% to £8.7 billion. Our revenues exceeded all our competitors for the second consecutive year and by an increasing amount. Headline PBIT margin was 11.7% in 2009 against 15.0% last year (or 14.3% including TNS on a pro-forma basis for the whole of 2008).

Headline PBIT (profit before goodwill write-downs, amortisation and impairment of acquired intangible assets, investment gains/losses and write-downs, share of exceptional gains/losses of associates, one-off costs of changes to our corporate structure in 2008, finance income/costs, revaluation

of financial instruments and taxation – apologies for the accounting mouthful) fell 9% to £1,017 million, but was above £1 billion for the second consecutive year.

Headline EBITDA (or headline earnings before interest, taxation, depreciation and amortisation) fell by less than 4% to £1.2 billion. Headline profit before tax was down over 16% to £812 million. Reported profit before tax was down over 11% to £663 million. Diluted headline earnings per share were down 20% to 44.4p and diluted reported earnings per share down over 6% to 35.3p. Headline interest cover in 2009 was 5.0 times. Dividends were maintained at 15.47p, the same level as 2008.

Like-for-like revenues, although relatively stable in the final quarter of 2008 post the Lehman crisis, fell by almost 6% in the first quarter of 2009 and the rate of decline accelerated to almost 11% in the second quarter. The Group was relatively slow to react to this in the first half, with headcount only falling by 2.8% on average and 5.8% point-to-point, although a more rapid response of cost reduction, in response to these accelerating revenue declines, might have damaged the franchise.

However, as like-for-like revenue declines started to become "less worse" at -9% in quarter three and -7% in the fourth quarter, the headcount average fell by 9% and by 12% respectively and point-to-point by 7.4% between 30 June and 31 December. As a result, operating margins in the second half were the same as pro-forma margins in the second half of 2008.

With a current equity market capitalisation of approximately £8.9 billion, the total enterprise value of your Company is approximately £12.1 billion, almost 10.0 times headline EBITDA.

Free cash flow and net debt

Free cash flow remained strong at £618 million. Net debt averaged £3.4 billion in 2009, up exactly £1.0 billion at 2009 exchange rates, reflecting the net acquisition cost and debt acquired of TNS of £1.3 billion and other, smaller acquisitions and earnout payments. Net debt at 31 December 2009 decreased to £2.6 billion compared with £3.1 billion last year, reflecting improved cash flows.

Geographic performance

The impact of the recession was least felt in the UK and Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe. It was most keenly felt in North America and Western Continental Europe, particularly in the first six months.

There was relative improvement in the US in the third quarter, which continued into the final quarter of the year, with

like-for-like revenues down 6.1%. Although the UK showed some softening in the third quarter compared with the second quarter, there was a marked “less worse” improvement in the final quarter, with like-for-like revenues falling less at -4.6%. The relative improvement in Western Continental Europe and Asia Pacific in the third quarter continued, with both regions showing significantly “less worse” growth in the final quarter. The Middle East continued to be challenging in the second half, while Latin America had a relatively strong year overall.

Markets outside North America now account for over 65% of our revenues, up from 61% five years ago.

Sector performance

Branding & Identity, Healthcare and Specialist Communications (including direct, digital and interactive) was least affected by the recession, with the improvement in the Group’s healthcare businesses, seen in the second quarter, continuing in the second half, with like-for-like growth in the final quarter of the year.

Pressure continued on the Group’s Advertising and Media Investment Management businesses, although the pressure seen by Media Investment Management in quarters two and three eased significantly in the final quarter.

Public Relations & Public Affairs also experienced a substantially “less worse” position in quarter four. Consumer Insight saw sequential quarterly improvement in the second half, with a marked improvement in the final quarter.

Marketing services rose to over 61% of our revenues in 2009, up from 56% in 2008, largely due to the impact of TNS on Consumer Insight.

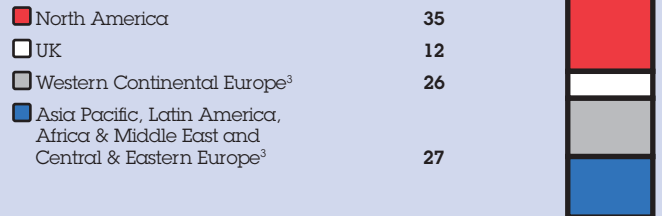
Our key priorities

Our goal remains to be the world’s most successful provider of communications services to multinational and local companies, not just the largest. To that end, we have three key strategic priorities:

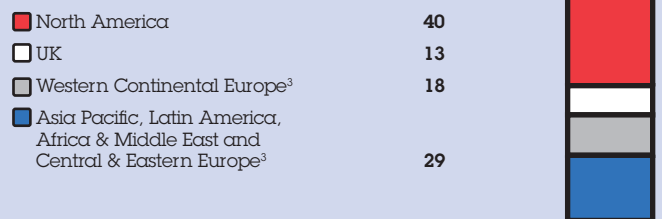
- Our immediate priority is to emerge from the financial crisis successfully.
- Medium term, to build upon the successful base we have established together with our recent acquisitions.
- Long-term, to increase the combined geographic share of revenues from the faster-growing markets to one-third; to increase the share of revenues of marketing services to two-thirds; to maintain the share of more measurable marketing services at 50% of revenues.

Our letter to share owners starts on page 18.
Our 2009 financial statements are presented in full on pages 145 to 183 and at www.wpp.com/investor.

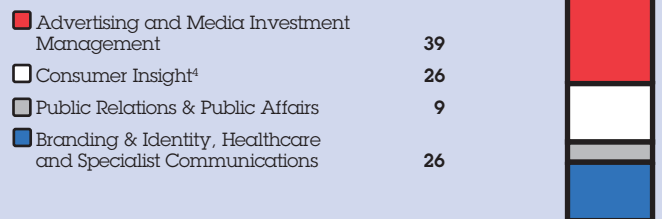
2009 revenue¹ by geography %



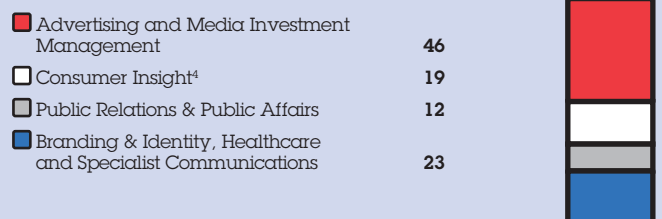
2009 headline PBIT^{1,2} by geography %



2009 revenue¹ by sector %



2009 headline PBIT^{1,2} by sector %



¹ Percentages are calculated on a constant currency basis. See definition on page 182.
² The calculation of headline PBIT is set out in note 31 of the financial statements.
³ The Group previously reported Continental Europe as a geographic segment. Western Continental Europe is now reported separately, with Central & Eastern Europe included with Asia Pacific, Latin America, Africa & Middle East.
⁴ Consumer Insight was previously reported as Information, Insight & Consultancy.

Who runs WPP

How we behave

Non-executive chairman

Philip Lader

Chairman of the Nomination Committee
Member of the Compensation Committee

Executive directors

Sir Martin Sorrell

Chief executive

Paul Richardson

Finance director
Chairman of the Corporate Responsibility Committee

Mark Read

Strategy director
Chief executive, WPP Digital

Non-executive directors

Colin Day

Member of the Audit Committee

Esther Dyson

Member of the Compensation Committee and
Nomination Committee

Orit Gadiesh

Member of the Nomination Committee

David Komansky (regrettably retired 6 February 2009)**Stanley (Bud) Morten**

Senior independent director (until April 2010)

Koichiro Naganuma**Lubna Olayan**

Member of the Nomination Committee

John Quelch**Jeffrey Rosen**

Chairman of the Compensation Committee
Member of the Audit Committee
Senior independent director (from April 2010)

Timothy Shriver

Member of the Audit Committee

Paul Spencer

Chairman of the Audit Committee

Members of the Advisory Board

Jeremy Bullmore**John Jackson****Richard Rivers**

Company Secretary

Marie Capes

Corporate governance

The Board of Directors as a whole is collectively accountable to the Company's share owners for good corporate governance and is committed to achieving compliance with the principles of corporate governance set out in the Combined Code.

Our goal is to comply with relevant laws, regulations, and guidelines such as the Combined Code, the US Sarbanes-Oxley Act 2002, the NASDAQ rules and, where practicable, with the guidelines issued by institutional investors and their representative bodies.

WPP operates a system of internal control, which is maintained and reviewed in accordance with the Combined Code and the guidance in the Turnbull Report as well as the relevant provisions of the Securities Exchange Act 1934 and related SEC rules, as they currently apply to the Company. In the opinion of the Board, the Company has complied throughout the year with the Combined Code, the Turnbull Report and also with the relevant provisions of the Securities Exchange Act 1934 and SEC rules.

Corporate responsibility

WPP's Corporate Responsibility Committee, which is chaired by Paul Richardson, advises on policy, monitors emerging issues and co-ordinates communication among Group companies. WPP's five most significant corporate responsibility issues are:

- **The social and environmental impact** of our work for clients.
- **The impact of our work**, including marketing ethics, compliance with marketing standards, protection of personal, consumer and corporate data and increasing transparency about our marketing practices.
- **Employment**, including diversity and equal opportunities, business ethics, employee development, remuneration, communication and health and safety. In 2009, WPP invested £39.9 million (2008: £42.6 million) in training and wellbeing across the Group.
- **Social investment**, including pro bono work, donations to charity and employee volunteering. In 2009, our total social investment was worth £14.9 million (2008: £14.6 million), equivalent to 2.2% of reported profit before tax. This includes £10.8 million in pro bono work (based on the fees the benefiting organisations would have paid for our work) and £4.1 million in donations.
- **Climate change**, including the emissions from energy used in our offices and during business travel.

Full details of our governance policies and practices, and our corporate responsibility activities, can be found on pages 109 to 131.

Directors' biographies appear on pages 104 to 106.

How we're rewarded

Executive remuneration policy is set by WPP's Compensation Committee and is governed by three guiding principles:

- Competitiveness
- Performance
- Alignment with share owner interests

The committee's work during 2009 included:

- a review of the total compensation packages of the Group's most senior executives relative to marketplace benchmarks to ensure competitiveness;
- the approval of all stock plan awards (including grants under LEAP III, Performance Share Awards (PSAs), Executive Share Awards (ESAs) and the Leaders and Partners programs);
- the approval of all incentive payments, payable in cash or in shares, for senior executives throughout the Group and setting appropriate targets for the Group chief executive and other executive directors;
- finalising the design of LEAP III after consultation with share owners, and securing approval of the plan at the General Meeting in June 2009; and
- consideration of the potential inclusion of clawback provisions in the Company's share incentive plans.

Our directors' remuneration and interests are set out on pages 139 to 143. A full report from the Compensation Committee starts on page 133.

About share ownership

WPP is quoted on the London Stock Exchange and NASDAQ in New York.

Analysis of shareholdings

Issued share capital as at 31 December 2009: 1,256,491,314 ordinary shares owned by 12,593 share owners.

Share owners by geography %

■ UK	40
■ US	33
■ Asia Pacific, Latin America, Africa & Middle East, Canada and Continental Europe	27



Share owners by type %

■ Institutional investors	95
■ Employees	3
■ Other individuals	2



Substantial share ownership

As at 16 April 2010, the Company is aware of the following interests of 3% or more in the issued ordinary share capital:

BlackRock Inc.	5.10%
AXA S.A.	4.95%
Massachusetts Financial Services Company	4.84%
Legal & General	3.99%

The disclosed interests of all of the above refer to the respective combined holdings of those entities and to interests associated with them. The Company has not been notified of any other holdings of ordinary share capital of 3% or more.

Share owner relations

WPP has a continuous program to address the needs of share owners, investment institutions and analysts, supplying a regular flow of information about the Company, its strategy and performance. WPP's website, www.wpp.com, provides current and historical financial information including trading statements, news releases and presentations.

More information relating to share ownership can be found on pages 185 to 188.