

**Preliminary Results for the Year Ended 31 December 2000
21 February 2001**

Revenues up over 37% to £3.0 billion

Profit before tax up over 43% to £365.7 million

Fully diluted earnings per share up over 26% to 28.4p

Final dividend up over 21% to 2.55p

Summary of 2000 results

The Board of WPP Group plc ("WPP") announces the unaudited preliminary results for the year ended 31 December 2000 including Young & Rubicam Inc. for the fourth quarter. These results represent record profits in the Company's fifteenth year.

Turnover was up 49% to £13.9 billion (reflecting in part the growth of media investment management), revenues up over 37% to £2.981 billion and gross profit up over 47% to £2.736 billion. On a constant currency basis, revenues were up almost 33% and gross profit up almost 43%.

Operating profit (excluding income from associates) rose by over 43% to £378.0 million from £263.5 million and by over 40% in constant currencies. Reported operating margins (including income from associates) rose by 0.6 margin points to 14.0% in line with objectives and by 0.7 margin points on a constant currency basis. The margin gap between the very best performing competition and ourselves continues to narrow. Profit before interest and tax was up 43% to £416.0 million from £290.8 million and up almost 40% in constant currencies.

Operating margins before short and long-term incentive payments (totalling £118 million or over 22% of operating profit before bonus and taxes) rose to 17.9% from 16.7%. Reported operating costs including direct costs rose by over 36% and by 32% in constant currency.

Variable staff costs as a proportion of total staff costs have increased over recent years to 12.1% and as a proportion of revenues to 6.6%. This has resulted in increased flexibility in the cost structure.

Net interest payable and similar charges increased to £50.3 million from £35.4 million, reflecting increased profitability more than offset by rising US dollar interest rates, debt acquired, the increased level of acquisition activity and share repurchases. Interest cover, however, has improved to 8.3X in comparison to 8.2X in the previous year.

Profit before tax rose by over 43% to £365.7 million from £255.4 million. Pre-tax margins rose to 12.3% from 11.8%. On a constant currency basis, pre-tax profits were up over 40% reflecting the weakening of sterling against the dollar, counterbalanced to some extent by strength against the euro. If sterling had stayed at the same average levels as 1999, pre-tax profits would have been £360.0 million.

The Group's tax rate on profits was 30.0%, the same as in the previous year.

Fully diluted earnings per share rose over 26% to 28.4p from 22.5p. In constant currency, earnings per share rose by 23%.

The Board recommends an increase of 21.4% in the final dividend to 2.55p per share, which will be paid in the form of an ordinary dividend, making a total of 3.75p per share for 2000, a 21% increase over 1999. The dividend for 2000 is over seven times covered by earnings.

On a like-for-like basis (including Young & Rubicam Inc. for the final quarter of 2000), revenues rose by almost 15% and gross profit was up almost 16% on 1999. Total operating and direct costs were up over 14% on the previous year. Staff costs excluding incentives rose

by over 15% and salaries by over 14%. On a reported basis the Group's staff cost to gross margin ratio excluding incentives fell to 54.8% from 55.0%.

Our staff numbers averaged 36,157 against 27,711 in 1999, up 31%. On a like-for-like basis, average headcount was up 2,767 to 36,157 from 33,390, an increase of 8%. At the end of 2000 staff numbers were 51,195 compared with 29,168 in 1999.