WPP Third Quarter Trading Update
23 October 2000

In constant currencies, revenues rose by over 21% in the third quarter. Sterling's weakness against the United States dollar and the Japanese yen was only partially offset by strength against major European currencies and as a result reported revenues rose by over 26%.

As shown in the Appendix to this release, on a constant currency basis, the geographical pattern of revenue growth varied in the third quarter. In North America, revenues were up over 19%. In Europe, the UK was up over 11% and Continental Europe was over 34%. Asia Pacific, Latin America, Africa, and the Middle East was up almost 25%, reflecting the continuing improvement in economic conditions across the board in Asia Pacific and in Latin America (mainly in Brazil and Mexico).

By communications services sector, advertising and media investment management revenues were up almost 20%. Information and consultancy was up almost 30% and public relations and public affairs up almost 45%. The Group's branding and identity, healthcare and specialist communications revenues were up almost 10% with gross profit, a more accurate indicator of top line growth, up almost 22% on a like-for-like basis.

Net new business billings were £830 million ($1.2 billion) in the third quarter. This compares to £730 million ($1.1 billion) for the comparable quarter last year. The Group continues to benefit from consolidation trends in the industry winning several large assignments from existing and new clients such as Ford, Goldman Sachs, Kimberly-Clark, KPMG, Lufthansa, Mazda, Motorola, Nike, NTL, Sears, Sun Microsystems and Volvo.

In the first nine months of 2000, revenues rose by 19% and gross profit by almost 25% in constant currencies. On average, sterling weakened by just over 2% against all other currencies for the same period last year. As a result reported revenues rose by over 21%.
As shown in the appendix, in the first nine months constant currency revenue growth was almost 19% in North America. In Europe, the UK was up almost 11% and Continental Europe over 24%. Asia Pacific, Latin America, Africa and the Middle East revenues were up over 24%, reflecting the improvement in economic conditions in Asia Pacific and Latin America.
By communications services sector, advertising and media investment management revenues growth was up over 17%, information and consultancy up over 26%, public relations and public affairs up over 44% and branding and identity, healthcare and specialist communications up by 9% with gross profit up over 22%.

Merger with Young & Rubicam Inc.
On 12 May 2000, WPP announced that it had agreed the terms of a merger with Young & Rubicam Inc. ("Y&R"). The merger was conditional, inter alia, on the approval of both WPP and Y&R share owners at meetings scheduled to take place at the end of September 2000. Both sets of share owners approved the merger which closed on 4 October 2000.

Current trading
For the first nine months of 2000, the Group was above budget and significantly ahead of last year. Year to date results indicate that the Group will achieve its objective of a further 0.6 margin point improvement in reported operating margins from 13.4% to 14.0% in 2000.

Balance sheet and cash flow
The Group continues to implement its strategy of using free cash flow to enhance share owner value through a combination of strategic acquisitions and share purchases.
In the third quarter of 2000 the Group completed acquisitions in advertising and media investment management in Taiwan; in public relations and public affairs, in Switzerland; in branding and identity, healthcare and specialist communications in Ireland, Turkey, the UK and the USA; and in interactive in Israel, Italy and the USA.

3.5 million WPP shares were purchased during the third quarter at an average price of £8.88 and total cost of almost £31 million. In the first nine months of 2000 the Group has purchased

8.3 million WPP shares at an average price of £9.28 per share and total cost of £77 million. The rolling share re-purchase and buy-back programme continues at a target level of £100 million - £150 million per annum, equivalent to approximately 1-2% of the ordinary share capital.

Average net debt rose during the third quarter to £469 million from £248 million in the same period last year in constant currencies and compares to a market capitalisation of approximately £9.2 billion. This reflects £466 million spent on capital expenditure, acquisitions, share purchases and dividends in the previous twelve months. Free cashflow over the same period was £293 million.

Future objectives

The Group continues to focus on its key objectives of improving operating profits and margins, increasing cost flexibility (particularly in the areas of staff and property costs), using free cashflow to enhance share owner value, continuing to develop the role of the parent company in adding value to our clients and people, developing our portfolio in high revenue growth geographic and functional areas and, last but not least, improving our creative quality and capabilities.