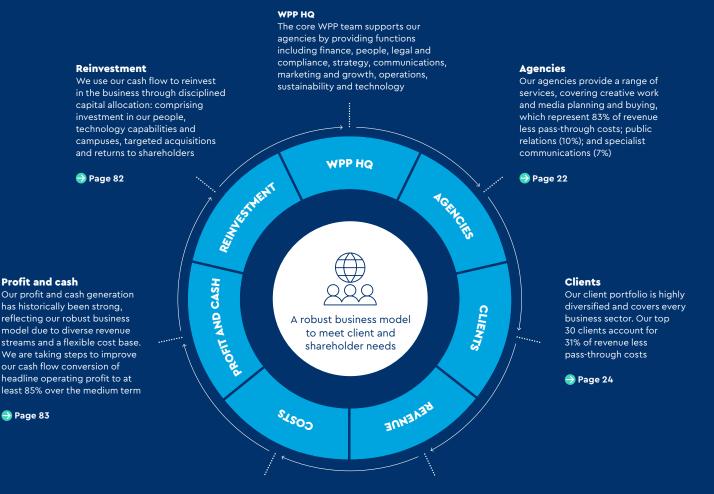
OUR OPERATING MODEL

WPP supports its agencies, enabling them to leverage the best talent and capabilities. This drives revenue while keeping costs down, funding further investment for the benefit of our clients and shareholders



Costs

Most of our costs are variable in nature. 62% of our total headline costs are staff costs; 23% are pass-through costs; 11% are other costs of services and general and administrative costs; and 4% are establishment costs.¹ Pass-through costs comprise fees paid to external suppliers where they are engaged to perform part or all of a specific project and are charged directly to clients

¹ See definitions in the Glossary on page 232

Revenue

Revenues tend to vary with the economic environment and client demand, but our broad geographic spread, diverse client base and exposure to high-growth areas provide resilience in our business. Revenues are principally derived from fixedfee contracts, retainer agreements and commissions on media placements. Some engagements include performance-related incentives