PRESS RELEASE **18 August 2006**

WPP
2006 INTERIM RESULTS

Billings up over 27% at £14.4 billion

Reported revenue up over 16% to £2.86 billion

Like-for-like revenue up 5%

Headline operating profit up over 20% to £361 million

Headline operating margin up 0.5 margin points to 12.6%

Headline profit before tax up over 24% to £316 million

Profit before tax up almost 30% to £287 million

Diluted headline earnings per share up over 20% at 16.6p

Interim ordinary dividend up 20% to 3.60p per share

- Billings up over 27% at £14.4 billion
- Reported revenue up over 16% to £2.86 billion and up almost 13% in constant currencies
- Like-for-like revenue up 5%
- Headline operating profit up over 20% to £361.0 million from £299.6 million and up almost 17% in constant currencies
- Headline operating margin up 0.5 margin points to 12.6%
- Headline profit before tax up over 24% to £316.1 million from £254.8 million and up almost 20% in constant currencies
- Profit before tax up almost 30% to £287.1 million from £221.5 million and up almost 25% in constant currencies
- Diluted headline earnings per share up over 20% to 16.6p from 13.8p and up over 15% in constant currencies
- Diluted earnings per share up almost 29% to 14.3p and up almost 23% in constant currencies
- Interim ordinary dividend up 20% to 3.60p per share
- Average net debt up £150 million to £1,170 million from £1,020 million, despite cash payments of £287 million for net cash acquisition payments and share repurchases in the first six months
- Estimated net new business billings of £2.204 billion ($4.078 billion). Rated No. 1 in almost all new business surveys for the first half of 2006
- Strategic opportunities remain new markets and new technologies

In this press release not all the figures and ratios used are readily available from the unaudited interim results included in Appendix I. Where required, details of how these have been arrived at are shown in note 17 of Appendix I.

Summary of Results

The Board of WPP announces its unaudited interim results for the six months ended 30 June 2006. These represent record first half results, reflecting continued significant improvement over last year and further evidence of growth across the whole business, both functionally and geographically.

Billings were up over 27% at £14.407 billion.

Reportable revenue was up 16.1% at £2.864 billion. On a constant currency basis, revenue was up 12.7% compared with last year, with currency fluctuations in the first six months accounting for over 3 percentage points of the Group's revenue growth, principally due to the strength of the US dollar against sterling. On a like-for-like basis, which excludes the impact of acquisitions and currency, revenues were up 5.0% in the first half, a slight increase on the encouraging organic growth of 4.8% in the first quarter of 2006.

Headline earnings before interest, depreciation and amortisation ("EBITDA") was up 22.0% to £427.9 million and up over 18% in constant currencies. Headline operating profit was up 20.5% to £361.0 million from £299.6 million and up 16.8% in constant currencies.

Headline operating margins rose by 0.5 margin points to 12.6% from 12.1%, in line with the full year margin target of 14.5%. Before short-term and long-term incentives (including the cost of share-based compensation), operating margins rose by 0.5 margin points to 16.3% from 15.8%. Short and long-term incentives and the cost of share-based incentives amounted to £105.1 million or 22.7% of operating profits before bonus and taxes, as improvements in operating profitability continued to swell incentive pools towards maximum levels.

On a reported basis the Group's staff cost to revenue ratio, including incentives, was down 0.3 margin points to 60.4% in the first half of 2006, compared with the same period last year. On a like-for-like basis, the average number of people in the Group, excluding associates, was 76,436 in the first half of the year, compared to 73,933 in 2005, an increase of 3.4%. On the same basis, the total number of people in the Group at 30 June 2006 was 77,535 compared to 75,004 in June 2005, also an increase of 3.4%.

Headline profit before tax was up 24.1% to £316.1 million from £254.8 million or up 19.9% in constant currencies.

Net finance costs (excluding the revaluation of financial instruments) were flat with last year at £44.9 million compared with £44.8 million in 2005, reflecting higher interest rates, offset by the impact of improved liquidity as a result of a reduction in working capital.

Reported profit before tax rose by 29.6% to £287.1 million from £221.5 million. In constant currencies pre-tax profits rose by 24.8%.

The tax rate on headline profit before tax on ordinary activities was 29.0%, slightly up on the first half 2005 rate of 28.5%.

Profits attributable to ordinary share owners rose by 30.5% to £176.7 million from £135.4 million or up 24.4% in constant currencies.

Diluted headline earnings per share rose by 20.3% to 16.6p from 13.8p. In constant currencies, earnings per share on the same basis rose by 15.6%. Diluted reported earnings per share were up 28.8% to 14.3p and up 22.7% in constant currencies.

The Board declares an increase of 20% in the interim ordinary dividend to 3.60p per share. The record date for this interim dividend is 13 October 2006, payable on 13 November 2006.

Further details of WPP's financial performance are provided in Appendix I.

Review of Operations

Revenue by Region

The pattern of revenue growth differed regionally. The table below gives details of the proportion of revenue and revenue growth by region for the first six months of 2006:

Region	**Constant Currency[1] Revenue as a % of Total Group**	**Reported Revenue Growth 06/05 %**	**Constant Currency[1] Revenue Growth 06/05 %**	**Like-for-like[2] Revenue Growth 06/05 %**
North America	39.6	16.7	11.3	4.5
United Kingdom	14.6	6.7	6.7	1.2
Continental Europe	25.7	11.9	11.4	4.5
Asia Pacific, Latin America, Africa & Middle East	20.1	29.3	22.8	9.4
TOTAL GROUP	100.0	16.1	12.7	5.0

[1] Constant currency growth excludes the effects of currency movements.
[2] Like-for-like growth excludes the effects of currency movements and the impact of acquisitions.

On a constant currency basis, the Group grew at almost 13% and all regions showed double digit revenue growth, with the exception of the United Kingdom.

The United States continues to grow, despite the twin deficits and threat of inflation. Latin America remains one of the fastest growing regions, as it was in 2004 and 2005. Asia Pacific shows strong growth across the region, with Mainland China and India leading the way, with like-for-like growth rates of 22% and 23%. Western

Europe, although relatively more difficult, has improved over last year and the United Kingdom has stabilised, at low levels of growth. Rates of growth in Europe continue, however, to be two-paced, with the United Kingdom, Germany, France, Spain, Italy, Netherlands, Sweden, Denmark and Portugal growing slower and Central and Eastern Europe, Russia and the CIS countries, in particular, more buoyant. Africa and the Middle East is currently the fastest growing region, along with Central and Eastern Europe. There is no doubt that South Africa, and Africa as a whole, will benefit from the World Cup in 2010. Perhaps not as significantly as China will from Beijing 2008, but certainly the event will be of similar political, social and economic significance.

Record estimated net new business billings of £2.204 billion ($4.078 billion) were won in the first half of the year (up 15% on the comparable period last year) and the Group was rated No. 1 in almost all new business surveys.

Revenue by Communications Services Sector and Brand

The pattern of revenue growth varied by communications services sector and company brand. The table below gives details of the proportion of revenue and revenue growth by communications services sector for the first six months of 2006:

Communications Services Sector	**Constant Currency[1] Revenue as a % of Total Group**	**Reported Revenue Growth 06/05 %**	**Constant Currency[1] Revenue Growth 06/05 %**	**Like-for-like[2] Revenue Growth 06/05 %**
Advertising, Media Investment Management	47.3	14.2	10.7	3.4
Information, Insight & Consultancy	15.3	13.3	10.9	4.1
Public Relations & Public Affairs	10.1	15.3	11.6	5.5
Branding & Identity, Healthcare and Specialist Communications	27.3	21.6	18.0	8.0
TOTAL GROUP	100.0	16.1	12.7	5.0

[1] Constant currency growth excludes the effects of currency movements.
[2] Like-for-like growth excludes the effects of currency movements and the impact of acquisitions.

Media investment management continues to show the strongest growth of all our communications services businesses, along with direct, internet and interactive and healthcare communications. Direct and digitally-related activities now account for approximately 20% of the Group's revenues, which are running at the rate of approximately $11 billion per annum. Brand advertising, particularly in the new faster growing markets, along with information, insight & consultancy and branding & identity, healthcare and specialist communications, show consistent growth.

Public relations and public affairs also continues to show significant improvement over last year, following a strong year in 2005. It seems that the public relations and public affairs businesses, in particular, are benefiting from the growth of new technologies, where editorial publicity is very effective and probably more effective than paid for publicity. Social networking, in particular, is offering a new form of word-of-mouth "advertising", that is very effective. These new technologies are probably boosting the growth rates of public relations and public affairs activities.

Advertising and Media Investment Management

On a constant currency basis, advertising and media investment management revenues grew by almost 11%, with like-for-like revenue growth well over 3%. Operating margins improved by 0.7 margin points.

These businesses generated estimated net new business billings of £1.894 billion ($3.504 billion).

Information, Insight and Consultancy

The Group's information, insight and consultancy businesses continued their growth, with constant currency revenues increasing by almost 11% and operating margins improving.

Public Relations and Public Affairs

In constant currencies, the Group's public relations and public affairs revenues rose by over 11%, with operating margins maintained at almost 14%.

Branding and Identity, Healthcare and Specialist Communications

The Group's branding and identity, healthcare and specialist communications constant currency revenues were up 18%, with operating margins up 0.5 margin points, as our direct, internet and interactive businesses targeted sales growth and invested in talent. Particularly good performances were registered by several companies in this sector in the first half - including, in promotion and direct marketing OgilvyOne, Wunderman, G2 and Bridge Worldwide; in branding and identity Landor, Enterprise IG, VBAT, Addison, The Partners and Fitch; in healthcare Sudler & Hennessey and Grey Healthcare Group; and in specialist communications Pace, Spafax and MJM.

Cash Flow and Balance Sheet

A summary of the Group's unaudited cash flow statement and balance sheet and notes as at 30 June 2006 are provided in Appendix I.

In the first half of 2006, operating profit was £308 million, depreciation, amortisation and impairment £103 million, non-cash based incentive charges of £38 million, net interest paid £37 million, tax paid £69 million, capital expenditure £74 million and other net cash inflows £50 million. Free cash flow available for working capital requirements, debt repayment, acquisitions and share re-purchases was, therefore, £319 million. This free cash flow was absorbed by £125 million in net cash acquisition payments and investments (of which £32 million was for initial acquisition payments net of disposal proceeds, £81 million was for earnout payments and the balance related to prior year loan note redemptions), and £162 million by share re-purchases, a total outflow of £287 million. This resulted in a net cash inflow of £32 million, in line with the Group's free cash flow objectives.

Average net debt in the first six months of 2006 rose by £150 million to £1,170 million, compared to £1,020 million in 2005, at 2006 exchange rates. On 30 June 2006 net debt was £1,219 million, against £1,242 million on 30 June 2005, a slight reduction. The Board continues to examine ways of deploying the Group's substantial surplus cash flow, which now amounts to almost £600 million or over $1 billion per annum, to enhance share owner value, given that interest cover remains strong at 8.0 times in the first half of 2006, in comparison to 6.7 times on a comparable basis, in the first half of 2005. As necessary capital expenditure, mainly on information technology and property, is expected to remain equal to or less than the depreciation charge in the long term, the Company has continued to concentrate on examining possible acquisitions or returning excess capital to share owners in the form of dividends and/or share buy-backs.

In the first half of 2006, the Group continued to make small to medium-sized acquisitions or investments in high growth geographical or functional areas. In the first six months of this year, acquisitions and increased equity stakes have been concentrated in advertising & media investment management in the United States, the United Kingdom, Germany, South Africa, Israel, China, Singapore and Brazil; in information, insight & consultancy in China; in public relations & public affairs in India; in healthcare in the United States, the Netherlands and Switzerland and in direct, internet & interactive in the United States.

In addition to increasing the interim dividend by 20% to 3.60p per share, the Company continues to focus on examining the alternative between increasing dividends and accelerating share buy-backs, and completed a review of its share buy-back policy earlier this year. The Group will accelerate its share repurchase programme and will now aim to buy-back up to 2-3% of its share capital each year, as compared to 1-2% historically. In the first half of the year 24.0 million ordinary shares were purchased, equivalent to 1.9% of the share capital, including 5.6 million ordinary shares acquired by the WPP ESOP in connection with restricted stock awards. These shares were acquired at an average price of £6.73 per share and total cost of £161.5 million. Of these shares, 18.4 million were purchased in the market and subsequently cancelled.

Client Developments in the First Half of 2006

Including associates, the Group currently employs almost 97,000 full-time people in over 2,000 offices in 106 countries. It services over 300 of the Fortune Global 500 companies, over one-half of the Nasdaq 100, over 30 of the Fortune e-50, and approximately 330 national or multi-national clients in three or more disciplines. More than 230 clients are served in four disciplines and these clients account for over 50% of Group revenues. This reflects the increasing opportunities for co-ordination between activities both nationally and internationally. The Group also works with nearly 200 clients in 6 or more countries.

The Group estimates that more than 35% of new assignments in the first half of the year were generated through the joint development of opportunities by two or more Group companies.

Current Progress and Future Prospects

The Group's performance in the first half of the year mirrored the continuing good economic conditions in the United States, Central and Eastern Europe, Asia Pacific, Latin America, Africa and the Middle East, reinforced by a mild improvement in Western Europe, although the United Kingdom remains relatively weak, even against Continental Europe. In the last few months, Germany has shown strength and Spain slower growth, with Brazil also softening. Like-for-like revenue was up 5% in the first half of 2006, exceeding budgeted levels. This trend continued into the second half, with July like-for-like revenues up almost 5% . Experts forecast that the industry will grow at 4% this year, which, so far, the group has exceeded, growing market share. An operating margin of 12.6% was achieved, in line with the Group's revised margin target for 2006 of 14.5%.

The first half of 2006 saw another significant improvement in activity, even against the strong performance of 2005. Levels of activity in 2006 should match, or surpass, those seen in 2005 and there are significant new business opportunities at both the network and parent company levels. As long as the United States economy holds up, 2007 should be a good year too, buoyed by the build up to Beijing 2008 and heavy United States political spending, in advance of a Presidential election, which may pit Hillary Clinton against John McCain. 2008 should be a bumper year, with the culmination of these two major events and the European Football Championships in Austria and Switzerland. 2009 may see slower growth, following the strength of 2008 and as the new United States administration wrestles with the country's economic issues.

Corporate profitability remains strong on both sides of the Atlantic, in fact, at the highest levels as a proportion of GNP for almost 50 years and, as a result, advertising and marketing services spending does too, if anything continuing to strengthen. However, in a low inflationary environment, which remains a government and central bank priority and which has been with us continuously for almost 15 years, significant, continuous, like-for-like sales gains remain difficult to achieve. Overcapacity, disintermediation via the web, slowing population growth and concentrating distribution result in limited pricing power. This pressure is at its most intense in the slower growth, but large, mature markets of the United States and Western Europe. Concerns remain of stagflation, as the United States and other nations wrestle with increasing oil prices, twin fiscal and trade deficits and the potential impact of changes in interest rate policy.

The consumer remains under pressure on both sides of the Atlantic from increasing levels of debt, low savings ratios and potentially fragile house prices. Any slack in consumer spending has not to date been taken up by significant increases in corporate capital spending, beyond replacement spending. Company boards remain cautious, perhaps cowed by regulatory measures and fear of failure. The average life of a Chief Executive Officer, remains around four years and apparently under two years for a Chief Marketing Officer in the United States.

In this environment, clients are seeking new ways of reaching the consumer and finding new geographic growth opportunities. Satellite and cable television, outdoor and out-of-home advertising and radio in traditional media and more importantly direct, internet and interactive are taking a growing share of client spending, albeit from lower absolute and relative levels. Similarly, but geographically, Asia (particularly but not exclusively China and India), Latin America, despite political volatility and the growth of populism and protectionism, Africa, the Middle East and Eastern Europe are becoming more and more significant, again from lower absolute and relative levels.

We are finding that our industry is becoming more and more two-paced. Slow growth in traditional media, such as network television, newspapers and magazines, more rapid growth in new media, such as direct, internet and interactive, driven by new technology. Slower growth in the mature markets of the United States and Western Europe, more rapid growth in Central and Eastern Europe, Asia, Latin America, Africa and the Middle East. Growth patterns even vary within regions – for example, slow growth in Western Europe alongside rapid growth in Central and Eastern Europe.

In these market conditions, the prospects for our industry remain very good, as the need for differentiation through innovation and branding and global expansion grow. The two critical strategic opportunities for our clients, media owners and ourselves, remain geographical expansion across the globe and assessing and dealing with the implications of new technological developments – which could be glibly described as "China and the internet". Clearly, it is more complex than this, with China an icon for Asia, Latin America, Africa and the Middle East and Central and Eastern Europe and the internet an icon for mobile, iPods™, video iPods™, PVRs, HDTV, IPTV, gaming and social networks, amongst others. Geographical development remains relatively easy to manage. Technological development remains relatively difficult to manage as it is taxing to forecast the impact of such changes, although increasing complexity makes us more valuable to our clients.

The prospects for trading performance improvements at WPP remain good too. A year ago the Group revised its margin target for 2005 to 13.7% and for 2006 to 14.2%. These were raised again at the time of the Group's 2005 preliminary announcement to 14.5% for 2006 from 14.2% and to 15.0% for 2007 from 14.7%. The Group is on track to achieve this accelerated timetable. Our long term operating margin target remains 19%. Margin targets for 2008 and 2009 will be outlined in the preliminary results announcement for 2006 in February 2007.

Plans, budgets and forecasts will continue to be made on a conservative basis and considerable attention is still being focused on achieving margin and staff cost to revenue or gross margin targets. Margins continue to be strong in important parts of the business. In addition to influencing absolute levels of cost, the initiatives taken by the parent company in the areas of human resources, property, procurement, information technology and practice development continue to improve the flexibility of the Group's cost base.

The Group continues to improve co-operation and co-ordination between companies in order to add value to our clients' businesses and our people's careers, an objective which has been specifically built into short-term incentive plans. Particular emphasis and success has been achieved in the areas of media investment management, healthcare, privatisation, new technologies, new markets, retailing, internal communications, hi-tech, financial services and media and entertainment. The Group continues to lead the industry, in co-ordinating investment geographically and functionally through parent company initiatives, which competitors initially 'pooh-poohed' but now attempt to imitate.

The Group also continues to concentrate on its long-term targets and strategic objectives of improving operating profits; improving operating margins by half to one margin point per annum or more depending on revenue growth; improving staff cost to revenue or gross margin ratios by 0.6 margin points per annum or more depending on revenue growth; converting 25-33% of incremental revenue to profit; growing revenue faster than industry averages and encouraging co-operation among Group companies.

As clients face an increasingly undifferentiated market place, particularly in mature markets, the Group is competitively well positioned to offer them the creativity they desire, along with the ability to deliver the most effective co-ordinated communications in the most efficient manner. The rise of the procurement function, the increasing concentration of distribution and the legislative acceptance of media ownership concentration in several countries, will further stimulate consolidation amongst clients, media owners, wholesalers and retailers and last, but not least, advertising and marketing services agencies. The Group is very well positioned to capitalise on these developments and to focus on developing the best talents, the strongest management structures and the most innovative incentive plans in the industry for our people.

For further information:

Sir Martin Sorrell }
Paul Richardson } +44 20 7408-2204
Feona McEwan }

Fran Butera +1 212 632 2235

www.wppinvestor.com