For Immediate Release

WPP

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004

Reported billings up over 5% to $35.9 billion (£19.6 billion)
Reported revenue up almost 5% to $7.9 billion (£4.3 billion)
Constant currency revenue up over 11%
Like-for-like revenue up over 4%
Headline profits before tax up over 15% to $1,001 million (£546 million)
Operating margin up 1.1 margin points to 14.1%
Diluted headline earnings per share up over 11% at 59.2¢ (32.3p)
Final dividend up 20% to 9.68¢ (5.28p) per share

New York & London, 25 February 2005 – WPP (NASDAQ: WPPGY) today reported its preliminary results for the year ended 31 December 2004.

- Revenue up almost 5% to $7.878 billion (£4.299 billion) and up over 11% in constant currencies.
- Like-for-like revenue up over 4%.
- Headline operating profits before tax up almost 14% to $1,113.7 million (£607.7 million) from $977.7 million (£533.5 million) and up over 21% in constant currencies.
- Operating margin up 1.1 margin points to 14.1% from 13.0%.
- Headline profits before tax up over 15% to $1,001.5 million (£546.5 million) from $867.6 million (£473.4 million) and up almost 23% in constant currencies.
- Profit before tax up over 30% to $836.6 million (£456.5 million) from $641.2 million (£349.9 million) and up over 41% in constant currencies.
- Diluted headline earnings per share up over 11% to 59.2¢ (32.3p) from 53.1¢ (29.0p) and up over 20% in constant currencies.
- Reported diluted earnings per share up over 37% to 45.8¢ (25.0p) from 33.4¢ (18.2p) and up almost 54% in constant currencies.
- Final dividend up 20% to 9.68¢ (5.28p) per share making a total for the year of 14.26¢ (7.78p) up 20% over 2003.
- Headline operating margin targets, including Grey, revised upwards to a minimum of 14.3% in 2005 and 14.8% in 2006.
- Average net debt down over $766 million (£400 million) or almost 34% to $1,552 million (£810 million) from $2,341 million (£1,222 million).
- Record estimated net new billings of almost $6.8 billion (£3.8 billion).

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

Summary of results

The Board of WPP Group plc ("WPP") announces the unaudited preliminary results for the year ended 31 December 2004, the Group's nineteenth year. These record results show improved performance, as the Group capitalised on better economic conditions in a quadrennial year across the globe and across all of its communications services.

Turnover was up 5.2% at $35.9 billion (£19.6 billion).

Reportable revenue was up almost 5% to $7.878 billion (£4.299 billion). Revenue including associates is estimated to total $9.682 billion (£5.283 billion). On a constant currency basis, revenue was up over 11% and gross profit up over 12%. Like-for-like revenues, excluding the impact of acquisitions and on a constant currency basis, were up over 4%. Excluding the acquisition of Cordiant Communications Group plc ("Cordiant"), like-for-like revenues were up 5.6%. Like-for-like revenues were up over 2% in the first half of 2004 and up almost 6% in the second half. Sequential quarters in 2004 were up 1.8%, 3.0%, 5.7%, and 5.7%.

Reported operating costs including direct costs (but excluding goodwill amortisation and impairment), rose by over 4% and by almost 11% in constant currency. Like-for-like total operating and direct costs rose over 3%. Reported staff costs, excluding incentives, were up almost 5.0%, with salaries and freelance costs up 5.1%. Incentive payments totalled $294.3 million (£160.6 million) ($239.0 million (£130.4 million) in 2003) or over 22% (almost 21% in 2003) of operating profit before bonuses, taxes and income from associates. Before these incentive payments, operating margins increased by 1.6 margin points to 16.8% from 15.2%. On a reported basis, the Group's staff cost to gross margin ratio rose to 61.4% from 61.1%. Excluding incentives, this ratio fell 0.2 margin points to 57.5% from 57.7%. All these figures exclude share option costs, which amount to approximately 0.6 of a margin point, using the Black Scholes valuation model.

Variable staff costs as a proportion of total staff costs increased during the 1990s, reaching a peak of 12.1% in 2000. The impact of the recession in 2001 and 2002 was to reduce this ratio to 9.2% and variable staff costs as a proportion of revenue to 5.3%. In 2004, following the significant improvement in pre-bonus operating profit, incentives increased and variable staff costs as a proportion of staff costs rose to 12.2%, higher than the previous maximum achieved in 2000, with variable staff costs as a proportion of revenues rising to another peak of 7.1%. Non-staff costs fell as a proportion of revenues, from 24.6% to 23.4%, partly reflecting a reduction in the Group's property costs following actions taken in 2003 and a reduction in IT costs.

The number of people in the Group averaged 57,788 against 51,604 in 2003, an increase of 12.0%. On a like-for-like basis, average headcount was up marginally to 57,788 from 57,623, an increase of 0.3%. At the end of 2004, staff numbers were 59,932 compared with 57,478 at the end of 2003 on a pro-forma basis, an increase of 4.3%.

Net interest payable and similar charges (including a charge of $17.4 million (£9.5 million) for FRS17) fell to $129.6 million (£70.7 million) from $131.2 million (£71.6 million), principally reflecting improved average net debt levels, largely offset by higher interest rates. Headline interest cover remains at a level of over eight times and at almost ten times, excluding the FRS17 charge.

Headline operating profit or profit pre-goodwill and impairment, interest, tax, investment gains and write-downs was up 13.9% to $1,113.7 million (£607.7 million) from $977.7 million (£533.5 million) and up over 21% in constant currencies. Headline profit before tax or profit pre-goodwill, impairment and tax was up over 15% to $1,001.5 million (£546.5 million) from $867.6 million (£473.4 million). Reported headline operating margin (including income from associates) increased to 14.1% from 13.0%. Reported profit before interest, tax, investment gains and write-downs was up over 25% to $969.8 million (£529.2 million) from $772.4 million (£421.5 million) and on a constant currency basis, was up over 35% reflecting the weakness of the United States dollar. However, moving down the income statement, this adverse currency impact was partly hedged by the effect of dollar denominated operating expenses and interest costs, particularly at the profit before tax level.

The Group's tax rate on headline profits was 25.7%, a similar level to the previous year, reflecting the continuing positive impact of the Group's tax planning initiatives.

Diluted headline earnings per share were up over 11% at 59.2¢ (32.3p). In constant currency, earnings per share on the same basis were up over 20%.

In 2003, $145 million (£79 million) was taken as an impairment charge primarily reflecting accelerated amortisation of goodwill on first generation businesses which suffered in the recession. Although 2004 was a stronger year than 2003, some first generation businesses, continued to suffer and an impairment charge reflecting accelerated amortisation of goodwill of $66 million (£36 million) has been taken.

As a result, profit before tax rose over 30% to $836.6 million (£456.5 million) and diluted earnings per share rose by over 37% to 45.8¢ (25.0p).

The Board recommends an increase of 20% in the final dividend to 9.68¢ (5.28p) per share, making a total of 14.26¢ (7.78p) per share for 2004, a 20% increase over 2003. The record date for this dividend is 3 June 2005, payable on 4 July 2005. The dividend for 2004 is 4.2 times covered by headline earnings.

Further details of WPP's financial performance are provided in Appendix I (in sterling) and Appendix II (in euros).

WPP will be required to charge the fair value of stock-based compensation (including share options) to its income statement from 2005. To illustrate the impact of this change, which arises from the implementation of FRS 20 (IFRS 2) Share-based Payment, Appendix III shows a pro forma unaudited income statement for 2004 prepared on the basis of applying the principles of the new accounting standard. The resulting charge has been calculated using a Black Scholes valuation model and applying it to the relevant share incentive schemes on a fully retrospective basis, so the 2004 charge arises from grants in 2004 and prior years, fully expensed over the appropriate vesting period.

<u>Review of operations</u>

The Group's financial performance in the year more than mirrored the continuing improvement in economic conditions across the globe, with even the weakest region, Western Europe, picking up in the second half.

2004 reflected the positive impact of quadrennial factors such as the United States Presidential Election, political advertising in the United States pushing up media rates, the Athens Olympics and the European Football Championships. 2004 also marked a switch in client focus to top-line growth, as corporate profitability, margins and liquidity improved significantly, following cost management in the recession of 2001-2003. Corporate profitability is at historically high levels on both sides of the Atlantic. This resulted in unprecedented levels of new business activity, which have continued into 2005.

Network television price inflation and declining audiences, fragmentation of traditional media and rapid development of new technologies continued to drive experimentation by our clients in new media and non-traditional alternatives. 1998 was really the first year when WPP's marketing services activities represented over 50% of Group revenue. In 2004 these activities represented almost 54% of Group revenue. In addition, in 2004, our narrowly defined internet-related revenue was almost $400 million or over 5% of our worldwide reported revenue. This is in line with over 5% for on-line media's share of total advertising spend in the United States and approximately 4% share worldwide. The new media continue to build their share of client spending.

Revenue and operating profit by region

The pattern of revenue growth differed regionally. The table below gives details of revenue and revenue growth (on a constant currency basis including the impact of acquisitions) by region for 2004 as well as proportions of operating profits:

Region	Revenue as a% of Total Group	Revenue growth% +/(-) 04/03	Operating profit as a % of Total Group	Revenue* including 100% of associates as a % of Total Group
North America	38.7	+ 9.7	43.8	32.3
United Kingdom	16.8	+ 9.6	13.1	15.7
Continental Europe	26.1	+ 7.6	22.9	26.4
Asia Pacific, Latin America, Africa & the Middle East	18.4	+23.7	20.2	25.6
Total Group	100.0	+ 11.4	100.0	100.0

* Estimated

As can be seen, all regions showed revenue growth in 2004, with Asia Pacific, Latin America, Africa and the Middle East growing fastest and crossing $1 billion of annual revenues for the second time. Including 100% of associates' revenue these regions represent over 25% of total revenues. The acquisition of Grey Global Group ("Grey") will add a further $150 million of revenues in these areas.

A record estimated net new billings of $6.829 billion (£3.794 billion) were won last year, reflecting in part exceptionally strong media investment management new business wins in the final quarter of 2004, which alone amounted to almost $3.2 billion. The Group was ranked number one for net new billings in all the major new business tables for 2004.

Revenue and operating profit by communications services sector and brand

The pattern of revenue growth also varied by communications services sector and brand.

The table below gives details of revenue and revenue growth by communications services sector for 2004 (on a constant currency basis including the impact of acquisitions) as well as proportions of operating profits:

Communications services	Revenue as a % of Total Group	Revenue growth % +/(-) 04/03	Operating profit as a % of Total Group	Revenue[1] including 100% of associates as a % of Total Group
Advertising, Media Investment Management[2]	46.1	+10.8	52.5	47.3
Information, Insight & Consultancy	17.3	+11.5	12.1	16.0
Public Relations & Public Affairs[2]	10.4	+6.5	10.3	9.8
Branding & Identity, Healthcare & Specialist Communications	26.2	+14.6	25.1	26.9
Total Group	100.0	11.4	100.0	100.0

[1] Estimated

[2] In 2004, certain public relations revenue which historically was included in Advertising, Media Investment Management has been moved into Public Relations and Public Affairs. As a result, the comparative figures for both Advertising, Media Investment Management and Public Relations and Public Affairs have been restated to reflect this change.

Our media investment management businesses started to improve in October 2002, and then significantly from April 2003. This growth continued for the remainder of 2003 and escalated during 2004, primarily driven by the strong new business wins, in turn driven by client consolidation. Advertising has followed this trend, but less strongly. Information, insight and consultancy continued the strong growth seen in the first half. Branding and identity, healthcare and specialist communications rebounded with healthcare and direct, internet and interactive (a part of specialist communications), growing particularly strongly. Public relations and public affairs, which was more affected by the recession, has recovered well and has now had five consecutive quarters of revenue growth.

Advertising and Media Investment Management

In constant currencies, advertising and media and investment management revenue grew by 10.8%. Like-for-like revenue growth was well over 3%. Excluding the impact of the acquisition of Cordiant, like-for-like growth was almost 6%. The combined operating margin of this sector was over 16%.

In 2004, Ogilvy & Mather Worldwide generated estimated net new billings of $276 million (£153 million), JWT $421 million (£234 million), Y&R Advertising $134 million (£74 million) and Red Cell, $111 million (£62 million).

Also in 2004, MindShare and Mediaedge:cia generated estimated net new billings of $5.005 billion (£2.781 billion).

Information, Insight and Consultancy

Information, insight and consultancy seems to have been the most recession resistant communications service in the Group. In 2004, on a constant currency basis revenues grew over 11%. Like-for-like revenues were up over 4%. The difficulties at the Group's call centre operations in the United States have now been overcome, with significant improvement in 2004. Overall margins improved by 2.7 margin points to almost 10%.

Strong performances were recorded by Millward Brown (in the United States, Greenfield Consulting Group and MaPs in the United States, Sadek Wynberg and Precis in the United Kingdom, IMS in Ireland, Ulster, Italy, Germany, China, Firefly in Thailand, Australia and Mexico); BMRB International in the United Kingdom, KMR Group, AGB, Research International (in the United States, Simon Godfrey in the United Kingdom, Germany, Greece, France, the Netherlands, Spain, SIFO in Sweden, Thailand, Singapore, Hong Kong and Indonesia); Lightspeed Research, Da Vinci in the United States, icon/DRI, Glendinning in the United Kingdom, Added Value/icon in France and pFour.

Public Relations and Public Affairs

Public relations and public affairs continued its recovery first seen in the last quarter of 2003, with constant currency growth of over 6% and like-for-like growth of over 3%. Particularly strong were Cohn & Wolfe, Ogilvy Public Relations Worldwide, Burson-Marsteller, Penn Schoen & Berland, Finsbury and Buchanan.

Operating margins continued to improve and now exceed 14%, an improvement of over 1 margin point.

Branding and Identity, Healthcare and Specialist Communications

The Group's branding and identity, healthcare and specialist communications revenues rose by over 14%. Like-for-like revenues rose by over 5%. Operating margins were up 0.9 margin points. The Group's healthcare and direct, internet and interactive businesses showed particularly strong revenue growth.

Several companies performed particularly well:

- in branding and identity – Landor Associates in New York, Cincinnati, the United Kingdom, Dubai, Mexico, Japan and Hong Kong; Enterprise IG New York and WalkerGroup in the United States, Addison Corporate Marketing and Warwicks in the United Kingdom; Fitch in Columbus and Phoenix in the United States and the United Kingdom, including Pci:Live; The Partners in the United Kingdom

- in healthcare – CommonHealth in the United States; Sudler & Hennessey in the United States including HealthAnswers Education, and in Australia

- in promotion and direct marketing – OgilvyOne (in New York, Minneapolis and Eicoff in the United States, the United Kingdom, Sweden, the Netherlands and Austria, Concept in Germany, Italy, the Czech Republic, Mexico); 141 Worldwide in the United States, the United Kingdom, Italy, Mexico; Wunderman (in Detroit/Irvine and Chicago in the United States, Burrows and the Automotive Group in the United Kingdom, Germany, Switzerland, the Netherlands, Portugal, Belgium, Greece, Brazil, Mexico and Australia)

- specialist marketing resources – VML, Einson Freeman and Pace in the United States and EWA, Mando Brand Assurance, Metro, PRISM, Premiere Sponsorship Marketing and Headcount in the United Kingdom.

Manufacturing

Revenues and profits at the Group's manufacturing division were down significantly in 2004.

Balance sheet and cash flow

An unaudited summary of the Group's consolidated balance sheet as at 31 December 2004 is attached in Appendix I (in sterling) and in Appendix II (in euros). As at 31 December 2004, the Group's net debt fell by $119 million (£62 million) to $575 million (£300 million) compared with $694 million (£362 million) at 31 December 2003 (estimated at the same figure of $694 million (£362 million) on the basis of 2004 year end exchange rates).

Net debt averaged $1,552 million (£810 million) in 2004, down $789 million (£412 million) against $2,341 million (£1,222 million) in 2003 (down $619 million (£323 million) at 2004 exchange rates). These net debt figures compare with a current equity market capitalisation of approximately $13.4 billion (£7.0 billion), giving a total enterprise value of approximately $14.9 billion (£7.8 billion).

Cash flow strengthened as a result of improved working capital management and cash flow from operations. In 2004, operating profit before goodwill amortisation and impairment was $1,026 million (£560 million), capital expenditure $176 million (£96 million), depreciation $189 million (£103 million), tax paid $185 million (£101 million), interest and similar charges paid $134 million (£73 million) and other net cash inflows of $101 million (£55 million). Free cash flow available for debt repayment, acquisitions, share buybacks and dividends was therefore $821 million (£448 million). This free cash flow was partially absorbed by $400 million (£218 million) in net acquisition payments and investments, share repurchases and cancellations of $163 million (£89 million) and dividends of $150 million (£82 million). The Company more than met its stated objective of more than covering acquisition payments and share repurchases and cancellations from free cash flow, even after including dividends. A summarised unaudited consolidated cash flow statement is included in Appendix I.

In the first seven weeks of 2005 up until 15 February, the last date for which information is available prior to this announcement, net debt averaged $795 million (£415 million) down $611 million (£319 million) versus $1,406 million (£734 million) for the same period last year at 2005 exchange rates. In January 2005 the $288m 3% convertible bond issued by Y&R in 2000 was redeemed at par from existing resources, resulting in the expiry of the associated conversion rights into 16.3 million WPP shares.

Your Board continues to examine ways of deploying its substantial cash flow of almost $916 million (£500 million) per annum to enhance share owner value. As necessary capital expenditure is expected to remain equal to or less than the depreciation charge in the long-term, the Company has concentrated on examining potential acquisitions and on returning excess capital to share owners in the form of dividends or share buy-backs.

In 2004 the Group increased its equity interests, at a combined net initial cost of $216 million (£113 million) in cash, in advertising and media investment management in Canada, Denmark, France, Germany, the Netherlands, Italy, Sweden, Poland, South Africa, China, Japan, India, South Korea, Indonesia and Chile; in information, insight and consultancy in the United States, Hungary, and in television audience measurement in seventeen countries through an increased investment in Italy; in public relations and public affairs in the United States and the United Kingdom; in healthcare in the Netherlands; and in branding and identity in the United States and Australia.

Last year, 13.4 million ordinary shares or 1.1% of the share capital were repurchased at a total cost of $135.1 million (£73.7 million) and average price of 1,008¢ (550p).

As noted above, your Board has decided to increase the final dividend by 20% to 9.68¢ (5.28p) per share, taking the full year dividend to 14.26¢ (7.78p) per share which is 4.2 times covered, at the headline earnings level. In addition, as the return on capital criteria for investing in cash acquisitions have been raised, particularly in the United States, the Company will continue to commit to repurchasing up to 2% of its share base in the open market at an approximate cost of $275 million (£150 million), when market conditions are appropriate. Such annual rolling share repurchases are believed to have a more significant impact in improving share owner value than sporadic buy-backs.

Developments in 2004

Including associates, the Group pre the acquisition of Grey Global Group ("Grey") had over 75,000 full-time people in over 1,400 offices in 106 countries at the year end. It services over 300 of the Fortune Global 500 companies, over one-half of Nasdaq 100, over 30 of the Fortune e-50, and approximately 333 national or multi-national clients in three or more disciplines. More than 130 clients are served in four disciplines and these clients account for over 50% of Group revenues. The Group also works with over 100 clients in six or more countries.

These statistics reflect the increasing opportunities for developing client relationships between activities nationally, internationally and by function. The Group estimates that over 35% of new assignments in the year were generated through the joint development of opportunities by two or more Group companies. New integration mechanisms, sensitive to global and local opportunities, including WPP global client leaders and country managers, continue to be developed. There is an increasing number of major client creative and integration opportunities at a Group level.

The acquisition of Grey is subject to Grey share owner approval, to be held on 3 March and will be consolidated from the completion date of 7 March.

Future prospects

The world economy continued to grow in 2004, after the pickup in 2003, driven by the United States, Asia Pacific, Latin America, the Middle East, Russia and the CIS countries. As a result, your Company has performed at record levels. Whilst like-for-like revenues have grown beyond market expectations, like-for-like average headcount has remained almost constant, up only 0.3%.

Following this productivity improvement, the Group's margins at both the pre- and post- incentive levels have improved significantly. In addition, given improved levels of operating profit and margin, incentive pools and variable staff costs have now been re-built, after being diminished by the recession. This will improve operational gearing and flexibility in 2005 and beyond.

The task of improving property utilisation continues to be a priority with a portfolio of approximately 14.5 million square feet worldwide. In December 2002, establishment cost as a percentage of revenue was 8.4%, with a goal of reducing this ratio to 7% in the medium term. At the end of 2003 the establishment cost to revenue ratio reduced to 7.9% and by December 2004 this ratio improved further to 7.6%, driven by better utilisation and higher revenues. There should be further opportunities to improve utilisation in the future, as we integrate 2.8 million square feet of property within Grey into the portfolio.

As usual our budgets for 2005 have been prepared on a conservative basis, largely excluding new business, particularly in advertising and media investment management. They predict improvements in like-for-like revenues in the range of 3-4%, with balanced growth in the first and second half of the year. They also indicate similar growth for both advertising and marketing services revenues. We only have actual data for January in 2005, and this shows revenue well above last year, with like-for-like revenues up 6%. Estimated net new business billings so far in 2005 were very strong with over $600 million (including Grey) of net wins according to trade publications.

Worldwide economic conditions are set to continue to improve in 2005 - the only economic worry being whether twin deficits, commodity price inflation and the weak dollar might destabilise the United States economy. This year's prospects, therefore, look okay, with worldwide advertising and marketing services spending set to rise by at least 2-3% with your company expected to grow at 3-4% and therefore increasing share. Although growth in the world economy continues to be led by Asia Pacific, Latin America, Africa and the Middle East, Russia and the CIS countries, even Western Europe looks set to continue the improvement seen in the second half of 2004, the United Kingdom especially so, given the imminent general election.

2006 should benefit from the mini-quadrennial impact of the mid-term United States Congressional elections, the FIFA World Cup and the Torino Winter Olympics.

2007 should also benefit from the build-up to the United States Presidential Elections and the Beijing Olympics in 2008, which, as a maxi-quadrennial year, should be a very strong one, buoyed by those events plus heavy United States political advertising and the European Football Championships.

In the short-term, growth in advertising and marketing services expenditure may remain in low to medium single digit territory, given the low inflationary environment, concentrating distribution and consequent lack of pricing power. In this climate, procurement pressure continues and the increasing proportion of fee remuneration dampens revenue growth on cyclical upturns (and moderates on downturns). However, there continues to be significant opportunities in the area of outsourcing clients' marketing activities, consolidating client budgets and capitalising on competitive weaknesses. In addition, spending amongst the packaged goods, pharmaceutical, oil and energy, government (the government is the largest advertiser in the UK market) and price-value retail sectors, which remained relatively resilient in the recession of 2001 and 2002, have been buttressed by increased activity in previously recession-affected sectors like technology, financial services, media and entertainment and tele-communications.

In the long-term, the outlook appears very favourable. Overcapacity of production in most sectors and the shortage of human capital, the developments in new technologies and media, the growth in importance of internal communications, the continued strength of the United States economy and the need to influence distribution, underpin the need for our clients to continue to differentiate their products and services both tangibly and intangibly. Moreover, the growth of the BRICs (Brazil, Russia, India and China) economies, will add significant opportunities in Asia Pacific, Latin America, Africa and the Middle East and Central and Eastern Europe. Advertising and marketing services expenditure as a proportion of gross national products should resume its growth and bust through the cyclical high established in 2000.

Given these short-term and long-term trends, your Company has three strategic priorities. In the short-term, having weathered the recession, to capitalise on the 2004 up-turn; in the medium-term, to continue to integrate successfully the mergers with Y&R and Grey; and finally, in the long-term, to continue to develop its businesses in the faster-growing geographical areas of Asia Pacific, Latin America, Africa and the Middle East, and Central and Eastern Europe and in the faster-growing functional areas of marketing services, particularly direct, internet, interactive and market research.

Incentive plans for 2005 will again focus more on operating profit growth than historically, in order to stimulate top-line growth, although objectives will continue to include operating margin improvement, improvement in staff costs to revenue ratios and qualitative Group objectives, including co-ordination, talent management and succession planning.

In these circumstances, there is no reason to believe that the Group cannot improve upon the revised objective set after the announcement of the acquisition of Grey of achieving margins of 14.0% in 2005 and 14.5% in 2006. Your Board now believes that the Group can improve its operating margins to a minimum of 14.3% this year, and 14.8% in 2006, including Grey. Budgets for 2005 include this operating margin objective. Neither is there any reason why operating margins could not be improved beyond this level by continued focus on revenue growth and careful husbandry of costs. Our ultimate objective continues to be to achieve a 20% margin over a period of time and to improve the return on capital employed.

Increasingly, WPP is concentrating on its mission of the "management of the imagination", and ensuring it is a big company with the heart and mind of a small one. To aid the achievement of this objective and to develop the benefits of membership in the Group for both clients and our people, the parent company continues to develop its activities in the areas of human resources, property, procurement, information technology and practice development. Ten practice areas which span all our brands have been developed initially in media investment management, healthcare, privatisation, new technologies, new faster growing markets, internal communications, retailing, entertainment and media, financial services and hi-tech and telecommunications.

<u>Beyond the Numbers</u>

An announcement of this kind contains a bewildering number of numbers. Those numbers are there because they have to be there – and on this occasion, they are almost universally positive. It has been a very good year.

But numbers, while telling an important truth, can sometimes disguise the true dynamic of a company. In the case of WPP, that dynamic is our people. Every piece of advice we give, every project we undertake, every advertisement we make, every design we complete, every idea we have: they are all hand made. No two are alike. Each springs from the brain, the experience, the skill and the imagination of WPP company professionals. The word creative is usually reserved for advertising and design; for words and pictures. But every single one of the tens of thousands of hand made ideas we produced last year - across all companies, all disciplines and all nations – had creativity as a core ingredient. That is what our clients look for – and that, in gratifying quantities, is what they bought from us in 2004.

Emerging from some thirty six months of unrelenting economic battering, our people seized the new opportunities and made the most of them. That all our numbers look so good is entirely due to their unswerving commitment and enviable inventiveness. We thank them all.

2004 was a very good year. 2005 will mark WPP's 20th birthday; and it should be an even better one.

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