WPP

Annual Report & Accounts 2014

Contents

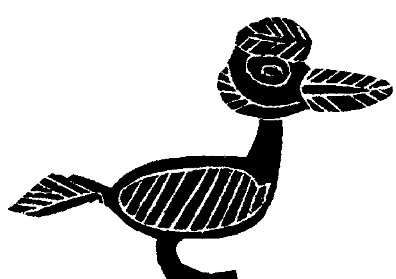
Eleven artists, one continent
This year, our Annual Report has drawn inspiration from Africa: "a newly-empowered continent," in the words of WPP CEO, Sir Martin Sorrell. See pages 245 to 247 for more information about the artists.

The fast read

For a quick, pre-digested, highly-compressed version of this Annual Report: read the next seven pages.

The full story starts on page 14.

Please read that, too.



Visit us online

Annual Report
wpp.com/annualreport2014

Sustainability Report*
wpp.com/sustainabilityreport2014-15

Pro bono work 2014*
wpp.com/probonoreport2014-15

*June 2015

Who we are

WPP is the world leader in communications services. It comprises leading companies in all these disciplines:

- Advertising
- Media Investment Management
- Data Investment Management
- Public Relations & Public Affairs
- Branding & Identity
- Healthcare Communications
- Direct, Digital, Promotion & Relationship Marketing
- Specialist Communications

There are more than 155 companies within the Group – and each is a distinctive brand in its own right. Each has its own identity, commands its own loyalty, and is committed to its own specialist expertise. That is their individual strength. Clients seek their talent and their experience on a brand-by-brand basis. Between them, our companies work with 355 of the Fortune Global 500, all 30 of the Dow Jones 30 and 71 of the NASDAQ 100. It is also of increasing value to clients that WPP companies and their people can work together, as increasingly they do: providing a tailor-made range of integrated communications services. Nearly 830 clients are now served in three distinct disciplines. Over 530 clients are served in four disciplines, and these clients account for over 53% of Group revenues. Group companies also work with nearly 430 clients across six or more countries.

Collectively, almost 179,000 people (including associates) work for WPP companies, out of over 3,000 offices in 111 countries.

Why we exist

Within WPP, our clients have access to companies with all the necessary marketing and communications skills; companies with strong and distinctive cultures of their own; famous names, many of them. WPP, the parent company, complements these companies in three distinct ways.

- First, it relieves them of much administrative work. Financial matters (such as planning, budgeting, reporting, control, treasury, tax, mergers, acquisitions, investor relations, legal affairs and internal audit) are co-ordinated centrally.
- Second, the parent company encourages and enables operating companies of different disciplines to work together for the benefit of clients. It also plays an across-the-Group role in the management of talent, property, procurement, IT, knowledge sharing, practice development and sustainability.
- And, finally, WPP itself can function as the 21st-century equivalent of the full-service agency. For some clients, predominantly those with a vast geographical spread and a need for a wide range of marketing services, WPP can act as a portal to provide a single point of contact and accountability.

Our mission

To develop and manage talent;
to apply that talent,
throughout the world,
for the benefit of clients;
to do so in partnership;
to do so with profit.

Read more about our role on page 14.

What we think

In praise of the long view
by Sir Martin Sorrell

Champions of the long view are becoming harder to find. Boardrooms (in the West at least) are more likely to be inhabited by the ghosts of Lehman than John Maynard Keynes' animal spirits. Consequently, targets are often reached not by maximising revenues, but by minimising costs – including marketing spend.

Despite the challenges, our business performed well in 2014, which was another record year for the Group. We expect the pattern for 2015 to be much the same: a bit of a slog, but a satisfactory result at the end of it, ahead of last year. Looking further into the future, corporate minds will eventually turn to investment and growth, and marketing services will be one of the principal beneficiaries.

Throughout our three decades of existence, taking the long view has worked well for WPP and its stakeholders.

We have the right strategy to take advantage of the fundamental shifts – both technological and geographical – shaping our industry. We continue to focus on: new markets, new media, data investment management and the application of technology, and 'horizontality'.

Sir Martin Sorrell's article begins on page 87.

You May Not Know Where You're Going Until You've Got There
(Which is why The Best Brief may be The Brand)

by Jeremy Bullmore

In business, particularly in marketing, we seem to be at least as reluctant as scientists to come clean about our processes of thought.

Read Jeremy Bullmore's essay on pages 102 to 104.

Four strategic priorities

Our goal remains to be the world's most admired and respected communications services advisor to global, multinational, regional and local companies. To that end, we have four core strategic priorities:

1. Increase the combined geographic share of revenues from the faster-growing markets of Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe to 40-45% of revenues.
2. Increase the share of revenues of new media to 40-45% of revenues.
3. Maintain the share of more measurable marketing services – such as data investment management and direct, digital and interactive – at 50% of revenues, with a focus on the application of new technology, big data and digital.
4. Advance 'horizontality' by ensuring our people work together for the benefit of clients, primarily through two horizontal integrators: Global Client Leaders and Regional, Sub-Regional and Country Managers.

Our Strategic report starts on page 24. Our 2014 financial statements are presented in full on pages 181 to 239 and at wpp.com/investor.

How we're doing

Financial summary

2014, our twenty-ninth year, was another record one, with revenue, profitability, net sales margins and earnings per share all reaching new highs, despite strong currency headwinds.

Billings*
£46,186m
Reported 0.0%
Constant 6.8%

Revenue
£11,529m
Reported 4.6%
Constant 11.3%

Net sales*
£10,065m
Reported -0.1%
Constant 6.3%

Headline EBITDA*
£1,910m
Reported 0.7%
Constant 7.5%

Headline PBIT*
£1,681m
Reported 1.1%
Constant 8.0%

Net sales margin*
16.7%
Reported 0.2%[1]
Constant 0.3%[1]

Headline PBT*
£1,513m
Reported 3.7%
Constant 11.6%

Reported profit before tax
£1,452m
Reported 12.0%
Constant 21.3%

Headline diluted EPS*
84.9p
Reported 5.1%
Constant 12.6%

Reported diluted EPS*
80.5p
Reported 15.7%
Constant 24.9%

Dividends per share
38.20p
Reported 11.7%
Constant 11.7%

(% change from 2013 in reported and constant currency)

* Refer to financial summary on page 21 for additional information.
[1] Margin points

2014 results

Reported billings were £46.2 billion, up almost 7% in constant currencies, driven by a strong leadership position in net new business league tables for the third year in a row. Revenue was up well over 4% to £11.5 billion and up over 11% in constant currencies.

Dividends increased by 11.7% to 38.20p, a new high. This represents a dividend pay-out ratio of 45% of headline diluted earnings per share, achieved one year earlier than the objective set after the 2013 AGM.

Headline PBIT was up over 1% to £1.681 billion and up 8% in constant currencies. Net sales margins increased by 0.2 margin points to an industry-leading 16.7% and, on a constant currency basis, were up 0.3 margin points, in line with target.

Reported profit before interest and tax rose over 6% to £1.569 billion from £1.478 billion, up over 14% in constant currencies. Headline EBITDA increased by 0.7% to £1.910 billion, up 7.5% in constant currencies. Headline profit before tax was up well over 3% to £1.513 billion and reported profit before tax was up 12% to £1.452 billion. Diluted headline earnings per share rose by over 5% to 84.9p (an all-time high) and diluted reported earnings per share were up well over 15% to 80.5p.

The value of the Group's non-controlled investments rose by almost £400 million to £669 million during the year, reflecting the increasing value of our investments in content businesses, primarily VICE, and the technology partnerships formed during the year with AppNexus and Rentrak.

With a current equity market capitalisation of approximately £20.5 billion, the total enterprise value of your Company is approximately £23.6 billion, a multiple of 12.4 times 2014 headline EBITDA.

Free cash flow and net debt

Free cash flow amounted to almost £1.2 billion in 2014, over £1 billion for the fourth consecutive year. Average net debt was £3.0 billion in 2014, the same level as in 2013, at 2014 exchange rates, and net debt at 31 December 2014 was £2.3 billion, against £2.2 billion in 2013, reflecting significant incremental net acquisition spend of £0.3 billion and incremental share re-purchases of £0.3 billion, more than offsetting the improvements in working capital at the year end. Average net debt remained around 1.6 times headline EBITDA in 2014, at the low end of the Group's target range of 1.5-2.0 times.

Revenue growth

Our reported revenue growth for the year was 4.6%, and on a constant currency basis, which excludes the impact of currency movements, revenue was up 11.3%. This difference of 6.7% reflects strong foreign currency headwinds: chiefly due to the strength of the pound sterling against the US dollar and euro in the first nine months, to some extent offset by the weakness of the pound sterling against the US dollar, Japanese yen, Australian dollar and Indian rupee in the final quarter.

On a like-for-like basis, which excludes the impact of currency and acquisitions, revenue was up 8.2%, with net sales up 3.3%. In the fourth quarter, like-for-like revenue was up almost 8%, following like-for-like growth in the third quarter of well over 7%, due to stronger growth in the fourth quarter in North America, the UK and Western Continental Europe, offset by lower growth in Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe. Like-for-like revenue growth in the second half was therefore well over 7% compared with well over 8% in the first.

Geographic performance

North America, with constant currency revenue growth of well over 10% in the final quarter and like-for-like growth of over 9%, maintained the strong growth seen in the first nine months, an improvement over the third quarter year-to-date constant currency growth of almost 10%.

In the UK, constant currency revenue was up 16%, with like-for-like up almost 13% on a full year basis. Net sales were up over 7% in constant currency, with like-for-like up almost 5%,

Western Continental Europe revenue grew almost 4% like-for-like (almost 5% in the second half), compared with 0.5% in 2013.

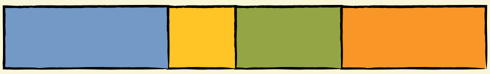
In Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, revenue growth in the fourth quarter was fastest overall, as it was in quarter three, up 16% in constant currency and up over 6% like-for-like.

Sector performance

Advertising and Media Investment Management was the strongest performing sector, with constant currency revenue up almost 20% for the year and up over 16% like-for-like. Net sales were up almost 8% in constant currencies and up 5% like-for-like.

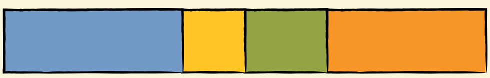
Data Investment Management revenue grew by 1.5% in constant currency, with like-for-like revenue up 0.6%, and the second half weaker than the first, partly due to stronger comparatives in the second half of 2013. More significantly, net sales were stronger, up almost 1% in constant currencies and up 0.6% like-for-like,

2014 revenue by geography
%



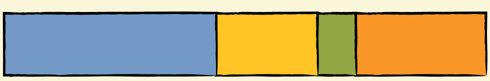
North America	34
UK	14
Western Continental Europe	22
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	30

2014 headline PBIT[1] by geography
%



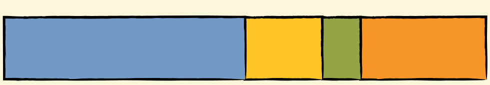
North America	37
UK	13
Western Continental Europe	17
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	33

2014 revenue by sector
%



Advertising and Media Investment Management	44
Data Investment Management	21
Public Relations & Public Affairs	8
Branding & Identity, Healthcare and Specialist Communications	27

2014 headline PBIT[1] by sector
%



Advertising and Media Investment Management	50
Data Investment Management	16
Public Relations & Public Affairs	8
Branding & Identity, Healthcare and Specialist Communications	26

reflecting an improvement in the custom research parts of the business.

The Group's Public Relations & Public Affairs businesses returned to top-line growth in 2014, with full year revenue up well over 2% on both a constant currency and like-for-like basis.

At the Group's Branding & Identity, Healthcare and Specialist Communications businesses (including direct, digital and interactive), full-year revenue was up over 9% in constant currency and up 4% like-for-like. In the fourth quarter, constant currency revenue grew strongly at over 11% with like-for-like revenue growth of over 4%, an improvement over the third quarter. Net sales margins for the sector as a whole fell 0.7 margin points to 14.7% and by 0.6 margin points in constant currency, as parts of the Group's direct, digital and interactive businesses in Western Continental Europe, together with Branding & Identity and Healthcare Communications slowed.

In 2014, 36% of the Group's revenue and net sales came from direct, digital and interactive, up over one percentage point from the previous year, with revenue growing well over 11% like-for-like.

Industry rankings

For the fourth successive year, your Company was awarded the Cannes Lion for Creative Holding Company of the Year, in recognition of your Company's collective creative excellence; and also for the fourth consecutive year, WPP was ranked Most Effective Holding Company in the Effie Global Effectiveness Index.

In April 2015, WPP was named one of America's 500 best employers by *Forbes* magazine, the only company in the communications services industry to be placed among the top 500 employers.

[1] The calculation of headline PBIT is set out in note 31 of the financial statements.

Who runs WPP

Non-executive chairman

Philip Lader
Chairman of the Nomination and Governance Committee

Roberto Quarta
Chairman designate
Member of the Compensation Committee and Nomination and Governance Committee

Executive directors

Sir Martin Sorrell
Chief executive

Paul Richardson
Finance director
Chairman of the Sustainability Committee

Non-executive directors

Roger Agnelli
Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee

Jacques Aigrain
Member of the Audit Committee and Compensation Committee

Charlene Begley
Member of the Audit Committee and Nomination and Governance Committee

Colin Day
Chairman of the Audit Committee and member of the Compensation Committee

Sir John Hood
Chairman of the Compensation Committee

Ruigang Li
Member of the Compensation Committee and Nomination and Governance Committee

Daniela Riccardi
Member of the Compensation Committee

Jeffrey Rosen
Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee
Senior independent director

Nicole Seligman
Member of the Compensation Committee

Hugo Shong
Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee

Timothy Shriver
Member of the Compensation Committee and Nomination and Governance Committee

Sally Susman
Member of the Nomination and Governance Committee

Sol Trujillo
Member of the Audit Committee and Compensation Committee

Members of the Advisory Board

Jeremy Bullmore

John Jackson

Bud Morten

Koichiro Naganuma

John Quelch

Richard Rivers

Cuneyd Zapsu

Company Secretary

Marie Capes

Directors' biographies appear on pages 108 to 111.

How we behave and how we're rewarded

Governance

The Board of Directors is committed to achieving compliance with the principles of corporate governance set out in the UK Corporate Governance Code and to comply with relevant laws, regulations, and guidelines such as the US Sarbanes-Oxley Act 2002, the NASDAQ rules and, where practicable, with the guidelines issued by institutional investors and their representative bodies.

WPP operates a system of internal control, which is maintained and reviewed in accordance with the UK Corporate Governance Code and the guidance in the Turnbull Report and the FRC guidance on risk management.

Further details on corporate governance, and how we comply, can be found on pages 167 to 179.

Compensation

Executive Remuneration Policy is set by WPP's Compensation Committee and is governed by three guiding principles:

- Performance
- Competitiveness
- Alignment with share owner interest

The full report from WPP's Compensation Committee can be found on pages 123 and 124.

Sustainability

Sustainability issues increasingly impact the operations, strategies and communications of leading brands. As these brands – our clients – adapt to social and environmental challenges they look to our companies for the best advice and insight. By developing our sustainability expertise and by improving our own social and environmental performance, we can forge stronger relationships with our clients and generate value for our business and society.

Clients who engaged with us on sustainability were worth at least £1.35 billion to the Group in 2014, equivalent to 12% of revenues, a 7% increase on the previous year.

People

- We invested £73.9 million on training and welfare programs in 2014.
- At year-end 2014, women comprised 24% of the WPP Board, 31% of directors and executive leaders of our companies and 54% of total full-time employees.

Environment

- We have cut our carbon footprint per employee to 2.26 tonnes of CO_2e, a 33% reduction from 2006.
- Our video conferencing network now comprises more than 700 units in over 160 cities.

Social contribution

- In 2014, our social investment was worth £21.8 million, equivalent to 1.5% of reported profit before tax.
- In addition, WPP media agencies negotiated free media space worth £25.1 million on behalf of pro bono clients.

Read a summary of our performance and activities in 2014 on pages 159 to 165.


Mbuthia
James

Who we are


OgilvyOne worldwide
HB
GC Global Counsel
AKQA
cognifide
WUNDERMAN
ALWAYS Total Field Marketing Solutions
the food group INNOVATIVE FOOD MARKETING
H&O
cba designing brands with heart
metro
ghg grey healthcare group
SOHO SQUARE
SYZYGY
JOHANNES LEONARDO
ADK
Ogilvy CommonHealth Worldwide
THE STORE WPP THE WPP GLOBAL RETAIL PRACTICE
Adgistics
MEC
MillwardBrown
KBM GROUP
KANTAR RETAIL
IMRB international
FITCH
The Government & Public Sector Practice
maxus
DAVID
bdg
KANTAR WORLDPANEL
DIGIT
Brand Union
Burson-Marsteller
ieg
BPG group
Team Detroit
addison group
HS Ad
IPAN HILL+KNOWLTON STRATEGIES
Y&R
SCANGROUP
PRISM
msc The Marketing Outsourcing Company
TAPSA Y&R
cerebra
H-ART
Ogilvy & Mather Advertising
THE PARTNERS
BARROWS Shopper Conversion Specialists
WPP Digital
john st.
Buchanan
POSSIBLE
FINSBURY
gkkdialog group
THE DATA ALLIANCE WPP
bottle rocket
interlude STUDIOS
blast radius
kinetic
GROUPSJR
PENN SCHOEN BERLAND
MAX
A. Eicoff & Company
J. WALTER THOMPSON WORLDWIDE
SANTO
cohn&wolfe
Ogilvy Public Relations
UNITED VISIONS moving media
Benenson Strategy Group
Mando
S&H SUDLER&HENNESSEY
HighCo
mirum Never lose your sense of wonder.
WUNDERMAN HEALTH
OgilvyOne dnx


KANTAR
XAXIS
commarco
GRASS ROOTS inspiring people
brierley+partners
dovetail
Salmon SHAPING FUTURE COMMERCE
PACE ADVERTISING
BRAVO
The Jupiter Drawing Room
adpeople worldwide
CHIME
KANTAR MEDIA
Landor
Globant we are ready
gci health
mjm
EWA Bespoke Communications
POINTBLANK
neo@Ogilvy
Ogilvy
HILL+KNOWLTON STRATEGIES
9ine SPORTS & ENTERTAINMENT
BATES CHI & PARTNERS
F.biz
TNS
geometry global
B|W|R Public Relations
Richard Attias & Associates
groupm
ICONMOBILE
GAIN THEORY
spafax content on the go
tenthavenue
W WEXLER|WALKER
MEDIACOM People first, better results
Antidote
KKLD*
b. burrows
*S,C,P,F...
PeclersParis ...fashioning the future
vbat
COLEY PORTER BELL
HERING SCHUPPENER
Joule
ADDEDVALUE
mutualmobile
quisma
QGA PUBLIC AFFAIRS
acceleration
PRIME POLICY GROUP
VML
The Farm Group
RED FUSE COMMUNICATIONS
CHI & PARTNERS
clarion something new
Lambie-Nairn
GPG THE GLOVER PARK GROUP
rockfish
GREY
SCHOLZ & FRIENDS
KANTAR HEALTH
red dot square solutions
blue state digital
Lightspeed GMI
TAXI
SMOLLAN
groupm ESP
fisheye
MINDSHARE
wing
Blue Hive
deepblue
the futures company
FORWARD WORLDWIDE
uwg
HOGARTH
CHOREOGRAPH
CATALYST
lab STORE
imagina
DSG DEWEYSQUAREGROUP

Our companies & associates

Advertising

ADK[1]
adk.jp

Bates CHI&Partners
bateschi.com

Berlin Cameron
bcunited.com

Blue Hive
thebluehive.com

CHI&Partners[1]
chiandpartners.com

Cole & Weber
coleweber.com

Grey
grey.com

HS Ad[1]
hsad.co.kr

J. Walter Thompson Worldwide
jwt.com

Ogilvy & Mather Advertising
ogilvy.com

Santo
santo.net

Scangroup
scangroup.biz

Scholz & Friends*
s-f.com

Sra. Rushmore
srarushmore.com

Soho Square
sohosquareasia.com

TAXI■
taxi.ca

Team Detroit
teamdetroit.com

The Jupiter Drawing Room[1]
thejupiterdrawingroom.com

Y&R■
yr.com

Key
[1] Associate
[2] Joint venture
[3] Investment
♦ A Hill+Knowlton Strategies company
† An Ogilvy company
■ A Young & Rubicam Group company
● A member of B to D Group
+ Part of the Wunderman network
* A Commarco company
Ω A J. Walter Thompson company
✚ Partnership with Kantar
▲ Partnerships with GroupM/Kantar
As at April 2015.

Media Investment Management and Data Investment Management

GroupM:
groupm.com

Catalyst
groupm.com/global/catalyst

KR Media
krmedia-france.com

Maxus
maxusglobal.com

MediaCom
mediacom.com

MEC
mecglobal.com

MetaVision Media
metavisionmedia.com

Mindshare
mindshareworld.com

QUISMA
quisma.com

Xaxis
xaxis.com

AppNexus[3]
appnexus.com

tenthavenue:
tenthavenue.com

Forward
theforwardgroup.com

Joule
jouleww.com

Kinetic Worldwide
kineticww.com

Spafax
spafax.com

TMARC
tmarcweb.co.za

Other media agencies
Gain Theory
gaintheory.com

m/SIX[2]
msixagency.com

Kantar:
kantar.com

Added Value
added-value.com

Benenson Strategy Group
bsgco.com

IMRB International
imrbint.com

Kantar Health
kantarhealth.com

Kantar Japan
kantar.jp

Kantar Media
kantarmedia.com

Kantar Retail
kantarretail.com

Kantar Worldpanel
kantarworldpanel.com

Lightspeed GMI
lightspeedgmi.com

Millward Brown
millwardbrown.com

The Futures Company
thefuturescompany.com

TNS
tnsglobal.com

comScore[3,✚]
comscore.com

Rentrak[3,▲]
rentrak.com

Public Relations & Public Affairs

Blanc & Otus♦
blancandotus.com

Buchanan Communications
buchanan.uk.com

Burson-Marsteller■
burson-marsteller.com

BWR■
bwr-pr.com

Clarion Communications
clarioncomms.net

Cohn & Wolfe■
cohnwolfe.com

Dewey Square Group
deweysquare.com

Finsbury
finsbury.com

Glover Park Group
gpg.com

HERING SCHUPPENER
heringschuppener.com

Hill+Knowlton Strategies
hkstrategies.com

Ogilvy Government Relations†
ogilvygr.com

Ogilvy Public Relations†
ogilvypr.com

Penn Schoen Berland■
psbresearch.com

Prime Policy Group
prime-policy.com

QGA
qga.com

Wexler & Walker Public Policy Associates♦
wexlerwalker.com

Branding & Identity

Addison Group●
addison-group.net

BDG architecture + design
bdg-a-d.com

Brand Union●
brandunion.com

CBA†
cba-design.com

Coley Porter Bell†
coleyporterbell.com

Dovetail
dovetailfurniture.com

FITCH●
fitch.com

Lambie-Nairn●
lambie-nairn.com

Landor Associates■●
landor.com

PeclersParis●
peclersparis.com

The Partners●
the-partners.com

VBAT●
vbat.com

Healthcare Communications

Feinstein Kean Healthcare†
fkhealth.com

GCI Health
gcihealth.com

ghg
ghgroup.com

Ogilvy CommonHealth Worldwide†
ogilvychww.com

Sudler & Hennessey■
sudler.com

Wunderman World Health+
wundermanworldhealth.com

Direct, Digital, Promotion & Relationship Marketing

AdPeople Worldwide+
adpeople.com

A. Eicoff & Co
eicoff.com

AKQA
akqa.com

Barrows[1]
barrowsonline.com

Blast Radius+
blastradius.com

Brierley+Partners[1]
brierley.com

Cerebra
cerebra.co.za

deepblue networks*
db-n.com

Digit●
digitlondon.com

EWA
ewa.ltd.uk

FullSIX[3]
fullsix.it/en

Grass Roots[1]
grassrootsgroup.com

Geometry Global
geometry.com

HighCo[1]
highco.fr

iconmobile■
iconmobile.com

KBM Group+
kbmg.com

Mando
mando.co.uk

Maxx Marketing
maxx-marketing.com

MirumΩ
mirumagency.com

OgilvyOne Worldwide†
ogilvy.com

SJR
groupsjr.com

Smollan Group[1]
smollan.co.za

VML■
vml.com

Wunderman■
wunderman.com

Specialist Communications

Corporate/B2B
OgilvyOne dnx†
ogilvyonednx.com

Demographic marketing
Bravo■
bebravo.com

UniWorld[1]
uwg.is

Wing
insidewing.com

Employer branding/recruitment
JWT INSIDEΩ
jwtinside.com

Event/face-to-face marketing
MJM
mjmcreative.com

Metro
metrobroadcast.com

Richard Attias & Associates[1]
richardattiasassociates.com

Foodservice marketing
The Food Group
thefoodgroup.com

Sports marketing
9ine Sports & Entertainment
9ine.com.br

Bruin Sports Capital[3]
bruinsportscapital.com

Chime Communications PLC[1]
chimeplc.com

GroupM ESP
groupmesp.com

PRISM Group
prismteam.com

Real estate marketing
PACE
paceadv.com

Media & production services
The Farm Group
farmgroup.tv

H+O
hogarth-ogilvy.com

Imagina[3]
mediapro.es

Pointblank
pointblankproductions.com

United Visions*
uv.tv

Policy & regulation
Global Counsel[1]
global-counsel.co.uk

WPP Digital

Acceleration
acceleration.biz

Blue State Digital
bluestatedigital.com

Cognifide
cognifide.com

The Data Alliance
thedataalliance.com

F.biz
fbiz.com.br

Globant[1]
globant.com

Hogarth Worldwide
hogarthww.com

Interlude[1]
interlude.fm

Johannes Leonardo[1]
johannesleonardo.com

Mutual Mobile[1]
mutualmobile.com

POSSIBLE
possible.com

Rockfish
rockfishdigital.com

Salmon
salmon.com

Syzygy[1]
syzygy.net

WPP Digital partner companies

Ace Metrix[3]
acemetrix.com

CMC Capital[3]

Domo[3]
domo.com

Fullscreen[3]
fullscreen.com

HDT Holdings Technology[3]
hdtmedia.com

Indigenous Media[3]
indigenousmedia.com

In Game Ad Interactive[3]
igagroup.net

Invidi[3]
invidi.com

mySupermarket[3]
mysupermarket.co.uk

Moment Systems[3]
miaozhen.com

MRC[3]
mrcstudios.com

OrderDynamics[3]
orderdynamics.com

Percolate[3]
percolate.com

Polestar[3]

Proclivity Media[3]
proclivitysystems.com

Say Media[3]
saymedia.com

SFX Entertainment[3]
sfxii.com

Vice Media[3]
vice.com

Visible World[3]
visibleworld.com

The Weinstein Company[3]
weinsteinco.com

WildTangent[3]
wildtangent.com

WPP knowledge communities

Government & Public Sector Practice
wpp.com/govtpractice

The Store
wpp.com/store

Why we exist

Our mission

To develop and manage talent;
to apply that talent,
throughout the world,
for the benefit of clients;
to do so in partnership;
to do so with profit.

Between them, WPP companies have tens of thousands of individual clients. They range from Fortune 500 global giants through single-nation start-ups to the smallest of specialist charities. Diverse as they are, they have one thing in common: in pursuing their objectives, they face formidable competition. Growing affluence in many parts of the world – combined with overcapacity and over-supply in almost every significant consumer market – has put more and more power into the hands of consumers, accelerated by technology.

As always, if they are to succeed – or even to survive with profit – every competitive company needs an intrinsically appealing product or service. Increasingly, part of that appeal must lie in a company's evident sense of a wider responsibility; one that extends beyond share owners, employees and consumers and recognises a duty to the environment and to society as a whole. Today's most successful companies are founded on strong values.

But even all that, though remaining the most fundamental of requirements, is seldom enough. Just as competitive costermongers arrange their apples in appealing displays and polish them lovingly to catch their customers' eyes, so all companies need to display their wares compellingly.

They need access to high-quality information, strategic advice and specialist communications skills. And it's in the nature of specialist and creative talent that it is unlikely to flourish within the confines of a client company.

People with specialist talents work best – and contribute more – when recruited, trained and inspired by specialist companies.

Within the WPP Group, our clients have access to companies with all the necessary marketing and communications skills; companies with strong and distinctive cultures of their own; famous names, many of them. WPP, the parent company, complements these companies in three distinct ways.

First, it relieves them of much administrative work. Financial matters (such as planning, budgeting, reporting, control, treasury, tax, mergers, acquisitions, investor relations, legal affairs and internal audit) are co-ordinated centrally. For the operating companies, every administrative hour saved is an extra hour to be devoted to the pursuit of professional excellence.

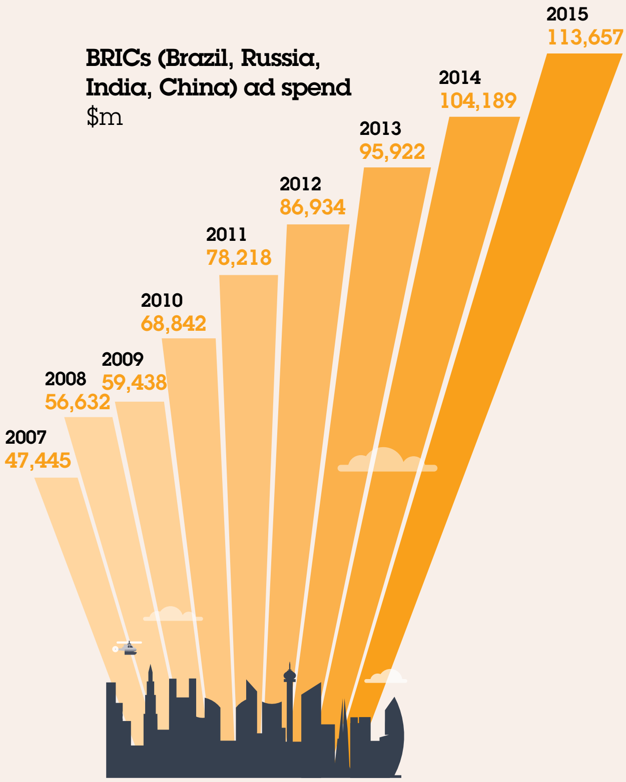
Second, the parent company encourages and enables operating companies of different disciplines to work together for the benefit of clients. Such collaborations have the additional benefit of enhancing the job satisfaction of our people. The parent company also plays an across-the-Group role in the following functions: the management of talent, including recruitment and training; in property management; in procurement and IT; in knowledge sharing and practice development – with an emphasis on sustainability.

And finally, WPP itself can function as the 21st-century equivalent of the full-service agency. For some clients, predominantly those with a vast geographical spread and a need for marketing services ranging from advertising through design and website construction to research and internal communications, WPP can act as a portal to provide a single point of contact and accountability.

No two clients are structured in precisely the same way. Within WPP's operating companies, teams can be tailor-made to match any and all.

Our 4 strategic priorities

NEW MARKETS



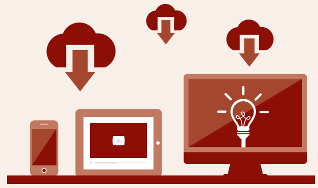
Source: GroupM *This Year, Next Year Worldwide,* December 2014

Our target

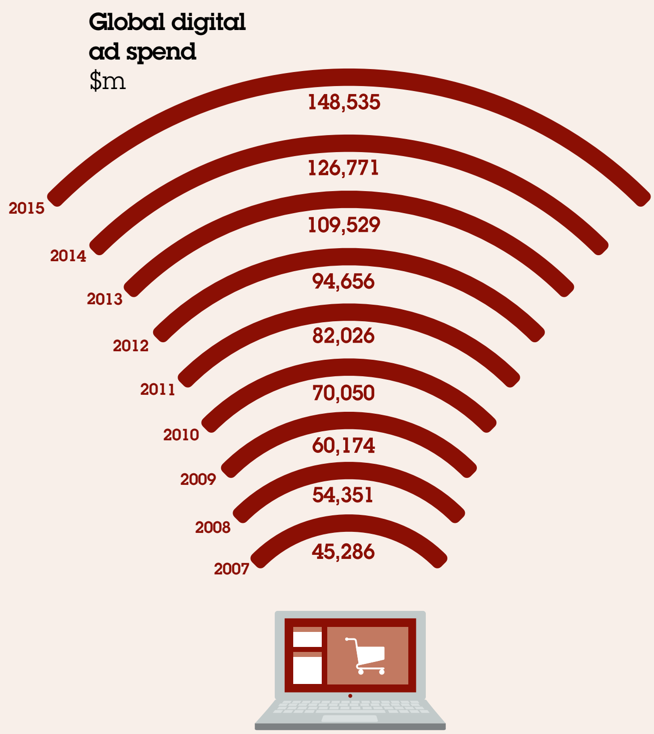
Increase the share of revenues from faster-developing markets to 40-45%

Are we on target?

2006	2011	2014	2020
21%	29%	30%	42.5%



NEW MEDIA



Source: GroupM *This Year, Next Year Worldwide,* December 2014

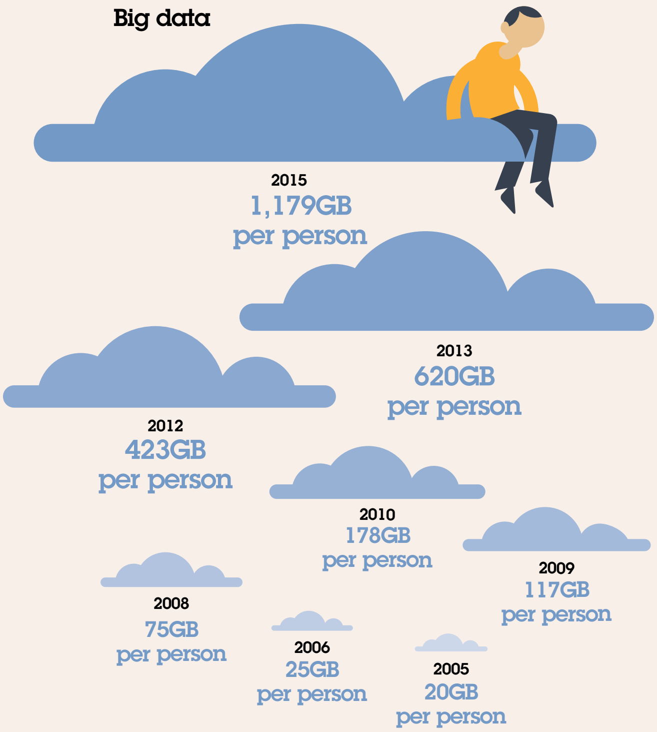
Our target

Increase the share of revenues from new media to 40-45%

Are we on target?

2006	2011	2014	2020
21%	30%	36%	42.5%

DATA INVESTMENT MANAGEMENT & APPLICATION OF TECHNOLOGY

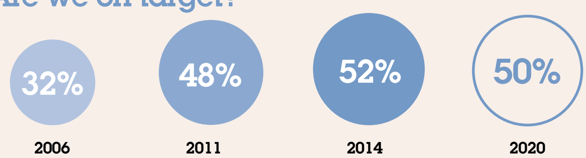


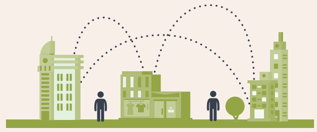
Source: IDC: The Digital Universe of Opportunities

Our target

Maintain the share of more measurable marketing services at 50% of revenues

Are we on target?



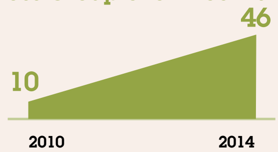


HORIZONTALITY

Our target

Advance 'horizontality' by ensuring our people work together for the benefit of clients

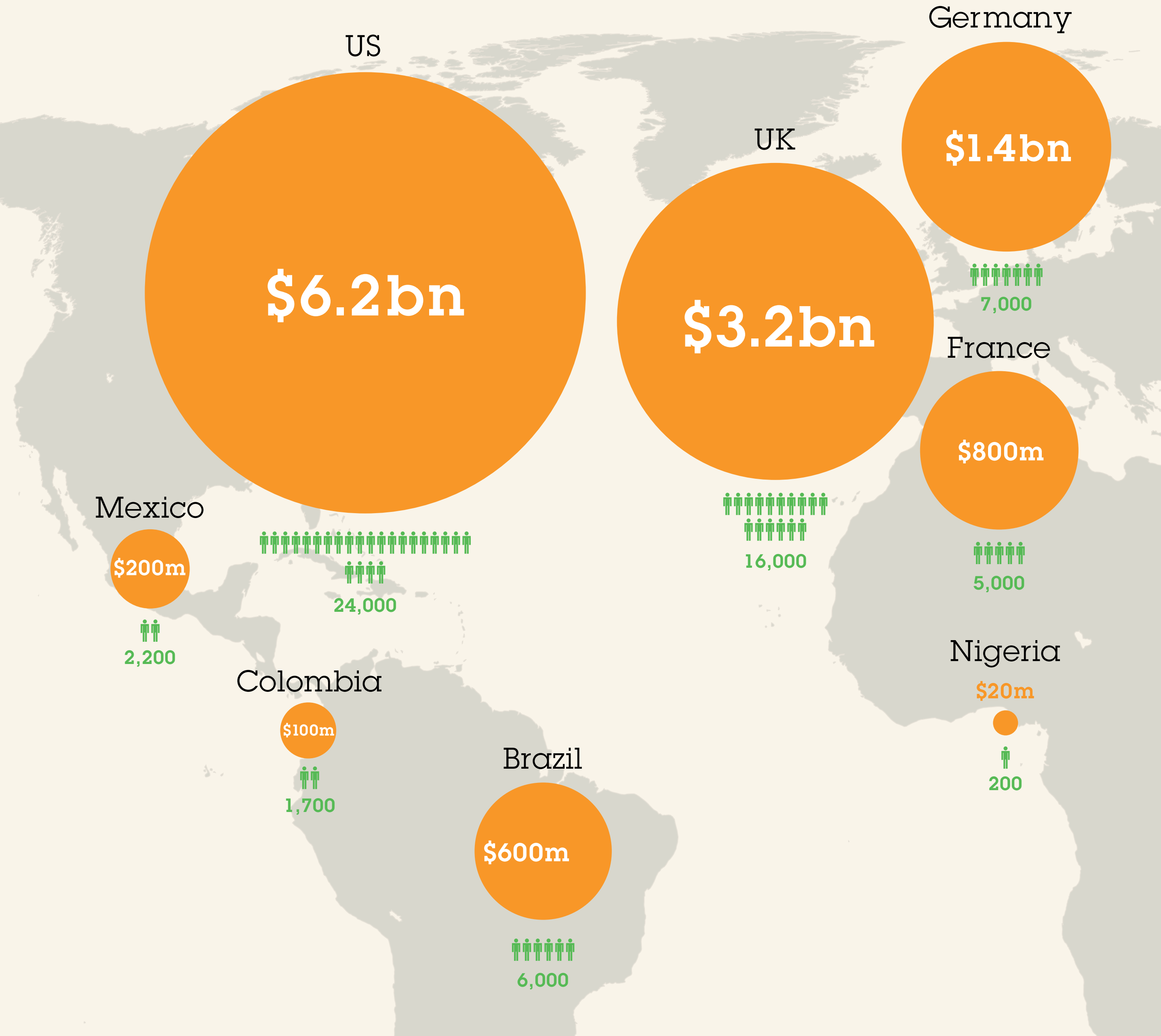
Cross-Group client teams



38,000+ people work on our top 40 accounts

WPP: a global company

WPP companies operate in 111 countries. Here we show WPP's strength in growth markets* of the world as well as in some of our key mature markets.



* BRIC, Next 11 (excluding Iran), CIVETS and MIST countries. These are listed on page 26.

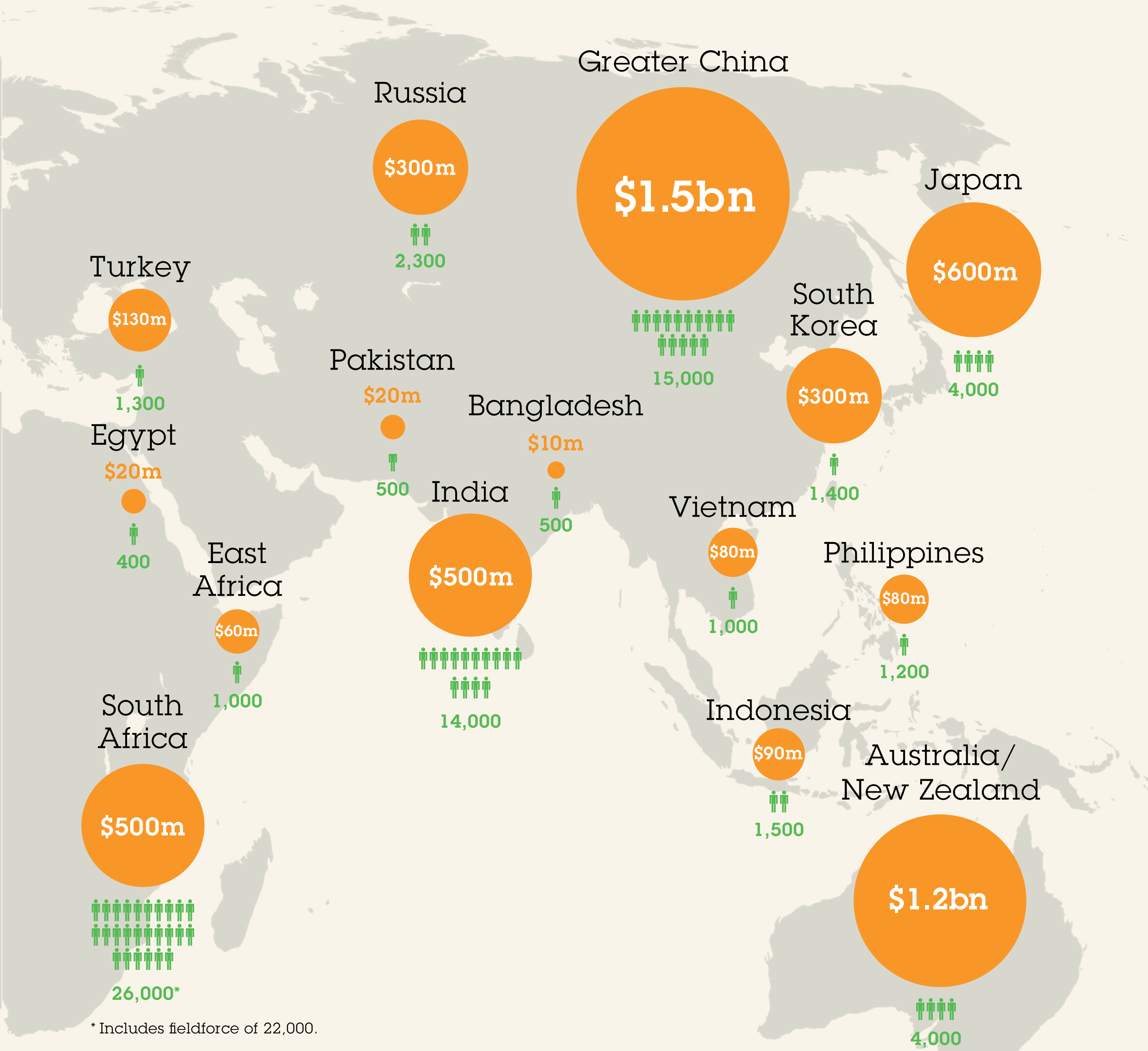
Revenues denote the collective figure for all WPP companies (including associates) in a given country and are reported at 2014 constant currency rates.

People denotes the number of people employed by WPP companies (including associates) in a given country.

As at 31 December 2014.

REVENUE

PEOPLE



* Includes fieldforce of 22,000.

How we're doing

Financial summary

	2014	2013	Change %
Billings[1]	**£46,186m**	£46,209m	–
Revenue	**£11,529m**	£11,019m	+4.6
Net sales[1]	**£10,065m**	£10,076m	-0.1
Headline EBITDA[2]	**£1,910m**	£1,896m	+0.7
Headline operating profit[2]	**£1,611m**	£1,583m	+1.8
Reported operating profit	**£1,507m**	£1,410m	+6.9
Headline PBIT[2]	**£1,681m**	£1,662m	+1.1
Net sales margin[2]	**16.7%**	16.5%	+0.2*
Headline PBT[2]	**£1,513m**	£1,458m	+3.7
Reported PBT	**£1,452m**	£1,296m	+12.0
Headline earnings[2]	**£1,136m**	£1,088m	+4.4
Reported earnings	**£1,077m**	£937m	+15.0
Headline diluted earnings per share[2,4]	**84.9p**	80.8p	+5.1
Reported diluted earnings per share[4]	**80.5p**	69.6p	+15.7
Ordinary dividend per share	**38.20p**	34.21p	+11.7
Ordinary dividend per ADR[3]	**$3.15**	$2.68	+17.5
Net debt at year-end	**£2,275m**	£2,240m	+1.6
Average net debt[5]	**£3,001m**	£2,989m	+0.4
Ordinary share price at year-end	**1,345.0p**	1,380.0p	-2.5
ADR price at year-end	**$104.10**	$114.86	-9.4
Market capitalisation at year-end	**£17,831m**	£18,613m	-4.2
At 17 April 2015			
Ordinary share price	**1,543.0p**		
ADR price	**$115.44**		
Market capitalisation	**£20,456m**		

The financial statements have been prepared under International Financial Reporting Standards (IFRS).

1 Billings and net sales are defined on page 238.

2 The calculation of 'headline' measurements of performance (including headline EBITDA, headline operating profit, headline PBIT, net sales margin, headline PBT and headline earnings) is set out in note 31 of the financial statements.

3 One American Depositary Receipt (ADR) represents five ordinary shares. These figures have been translated for convenience purposes only using the Consolidated income statement exchange rates shown on page 190. This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

4 Earnings per share is calculated in note 9 of the financial statements.

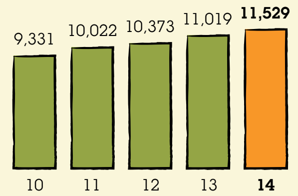
5 Average net debt is defined on page 238.

* Margin points.

Financial summary

Revenue £m

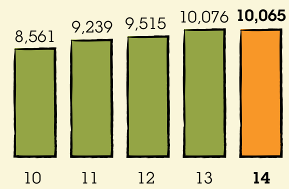
11,529m



Reported revenue was up 4.6% at £11,529 million. On a constant currency basis, revenue was up 11.3% and, on a like-for-like basis, revenue was up 8.2%.

Net sales £m

10,065m

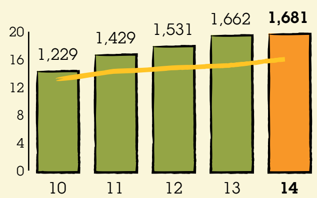


Reported net sales were almost flat on 2013 at £10,065 million. On a constant currency basis, net sales were up 6.3% and, on a like-for-like basis, net sales were up 3.3%.

Headline PBIT[1] £m

Net sales margin[1] %

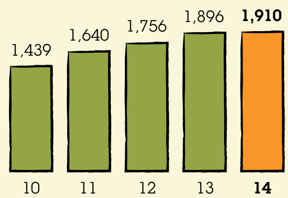
1,681m



Headline PBIT was up 1.1% to £1,681 million. Net sales margin was up 0.2 margin points (0.3 margin points on a constant currency basis) to an industry-leading 16.7%.

Headline EBITDA[1] £m

1,910m

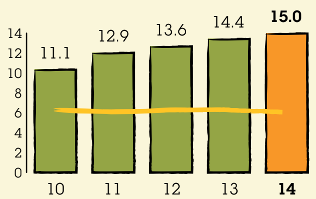


Headline EBITDA (headline earnings before interest, taxation, depreciation and amortisation) rose by 0.7% (7.5% in constant currencies), reflecting currency headwinds.

Return on equity[2] %

Weighted average cost of capital (WACC)

15.0%

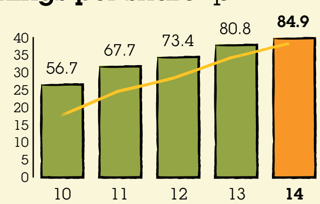


Return on equity increased to 15.0% in 2014, while the weighted average cost of capital fell to 6.1%.

Headline diluted earnings per share[1] p

Dividends per share p

84.9p



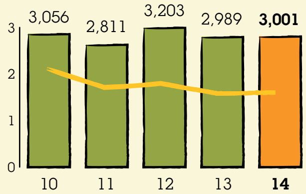
Headline diluted earnings per share up 5.1% to 84.9p. Dividends were up 11.7% to 38.20p per share.

[1] The calculation of 'headline' measurements of performance (including headline EBITDA, headline PBIT, net sales margin and headline earnings) is shown in note 31 of the financial statements.
[2] Return on equity is headline diluted earnings per share divided by equity share owners' funds per share.

Average net debt £m

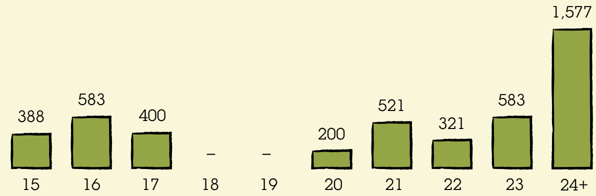
Average net debt to headline EBITDA[2] ratio

3,001m



Average net debt was flat at £3.0 billion in 2014. The average net debt to headline EBITDA ratio remained at 1.6 times, at the low end of the Group's target range of 1.5-2.0 times.

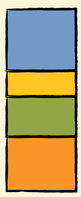
Debt maturity[3] £m



The Group continues to work to achieve continuity and flexibility of funding. Undrawn committed borrowing facilities are maintained in excess of peak net-borrowing levels and debt maturities are monitored closely.

2014 revenue by geography %

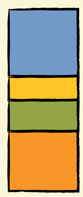
North America	**34**
UK	**14**
Western Continental Europe	**22**
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**30**



In 2014, 30% of the Group's revenue came from Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe. Our target is to increase this to 40-45% of revenues over the next five years.

2014 headline PBIT[1] by geography %

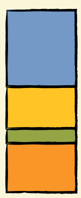
North America	**37**
UK	**13**
Western Continental Europe	**17**
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**33**



Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe now account for one-third of the Group's headline PBIT and have profit margins of over 18%.

2014 revenue by sector %

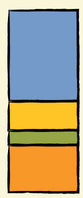
Advertising and Media Investment Management	**44**
Data Investment Management	**21**
Public Relations & Public Affairs	**8**
Branding & Identity, Healthcare and Specialist Communications	**27**



Marketing services comprised 56% of our revenues in 2014, a little less than 2013. Revenue growth was strongest in Advertising and Media Investment Management at almost 20% in constant currencies.

2014 headline PBIT[1] by sector %

Advertising and Media Investment Management	**50**
Data Investment Management	**16**
Public Relations & Public Affairs	**8**
Branding & Identity, Healthcare and Specialist Communications	**26**



PBIT contributions were broadly in line with revenues, with Data Investment Management and Public Relations & Public Affairs showing significant margin growth.

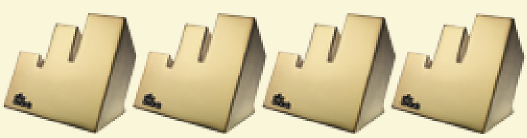
[1] The calculation of headline PBIT is set out in note 31 of the financial statements.
[2] The calculation of headline EBITDA is set out in note 31 of the financial statements.
[3] Includes corporate bonds and bank loans payable at par value, excluding any redemption premium due, by due date.

Strategic report to share owners*

Dear share owner

2014, our twenty-ninth year, was another record one, with revenue, profitability, net sales margins and earnings per share all reaching new highs, despite strong currency headwinds. For the fourth successive year, WPP was named Creative Holding Company of the Year at the Cannes International Festival of Creativity, in recognition of your Company's collective creative excellence; and also for the fourth consecutive year, WPP was ranked Most Effective Holding Company in the Effie Global Effectiveness Index.

Cannes International Festival of Creativity
Holding Company of the Year
2011, 2012, 2013, 2014



Effie Global Effectiveness Index
Most Effective Holding Company of the Year
2012, 2013, 2014, 2015

At the same time, we have responded to the changing competitive landscape by accelerating the implementation of our strategic goals. Sector targets for faster-growth markets and new media have been raised to 40-45% of revenue over the next five years.

Although your share price fell slightly in 2014 – a decrease of over 2% to 1,345.0p at year end – it has since increased to 1,543.0p at the time of writing, reflecting our record results for 2014, as well as the overall strength in global stock markets over recent months. Dividends increased by 11.7% to 38.20p, a new high. This represents a dividend pay-out ratio of 45% of headline diluted earnings per share, achieved one year earlier than the objective set after the 2013 Annual General Meeting.

Reported billings were £46.2 billion, up almost 7% in constant currencies, driven by a strong leadership position in net new business league tables for the third year in a row. Revenue was up well over 4% to £11.5 billion and up over 11% in constant currencies. Net sales were almost flat on 2013 and up over 6% in constant currencies. Including 100% of associates and investments, revenue is estimated to total £16.5 billion (almost $27 billion). Headline PBIT was up over 1% to £1.681 billion and up 8% in constant currencies. Net sales margins increased by 0.2 margin points to an industry-leading 16.7% and, on a constant currency basis, were up 0.3 margin points, in line with target.

Reported profit before interest and tax rose over 6% to £1.569 billion from £1.478 billion, up over 14% in constant currencies. Headline EBITDA increased by 0.7% to £1.910 billion, up 7.5% in constant currencies. Headline profit before tax was up well over 3% to £1.513 billion and reported profit before tax was up 12% to £1.452 billion. Diluted headline earnings per share rose by over 5% to 84.9p (an all-time high) and diluted reported earnings per share were up well over 15% to 80.5p.

Return on equity increased 0.6 percentage points to 15.0% in 2014 compared with 14.4% in 2013, while the weighted average cost of capital decreased to 6.1% in 2014 from 6.5% in 2013. Additionally, the value of the Group's non-controlled investments rose by almost £400 million to £669 million during the year, reflecting the increasing value of our content businesses, primarily VICE, and the technology partnerships formed during the year with AppNexus and Rentrak.

* This strategic report to share owners should be read in conjunction with and as part of the Directors' report on pages 113 to 122 and the section headed How we comply on pages 167 to 179.

Free cash flow amounted to almost £1.2 billion in 2014, over £1 billion for the fourth consecutive year. Average net debt was £3.0 billion in 2014, the same level as in 2013, at 2014 exchange rates, and net debt at 31 December 2014 was £2.3 billion, against £2.2 billion in 2013, reflecting significant incremental net acquisition spend of £0.3 billion and incremental share re-purchases of £0.3 billion, more than offsetting the improvements in working capital at the year end. Average net debt remained around 1.6 times headline EBITDA in 2014, at the low end of the Group's target range of 1.5-2.0 times. Clearly there is scope for more leverage.

Headline interest cover in 2014 was 10.0 times. So far, in the first two months of 2015, average net debt is up slightly at £2.5 billion against £2.4 billion for the same period in 2014, at 2015 exchange rates. Our long-term debt is currently rated Baa2 and BBB and our short-term debt P2 and A2, by Moody's and Standard & Poor's respectively.

With a current equity market capitalisation of approximately £20.5 billion, the total enterprise value of your Company is approximately £23.6 billion, a multiple of 12.4 times 2014 headline EBITDA.

Revenue growth impacted by strong currency headwinds

Our reported revenue growth for the year was 4.6%, and on a constant currency basis, which excludes the impact of currency movements, revenue was up 11.3%. This difference of 6.7% reflects strong foreign currency headwinds: chiefly due to the strength of the pound sterling against the US dollar and euro in the first nine months, to some extent offset by the weakness of the pound sterling against the US dollar, Japanese yen, Australian dollar and Indian rupee in the final quarter.

On a like-for-like basis, which excludes the impact of currency and acquisitions, revenue was up 8.2%, with net sales up 3.3%. In the fourth quarter, like-for-like revenue was up almost 8%, following like-for-like growth in the third quarter of well over 7%, due to stronger growth in the fourth quarter in North America, the UK and Western Continental Europe, offset by lower growth in Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe. Like-for-like revenue growth in the second half was therefore well over 7% compared with well over 8% in the first.

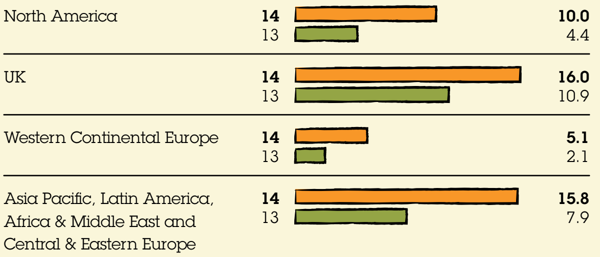
The US and UK led the way

North America, with constant currency revenue growth of well over 10% in the final quarter and like-for-like growth of over 9%, maintained the strong growth seen in the first nine months, an improvement over the third quarter year-to-date constant currency growth of almost 10%. Particularly strong growth was achieved in Media Investment Management and parts of the Group's Public Relations & Public Affairs, Healthcare Communications and direct, digital and interactive operations. On a full-year basis, constant currency revenue was up 10%, with like-for-like up over 9%. Net sales were up over 3% in constant currency, with like-for-like up 3%.

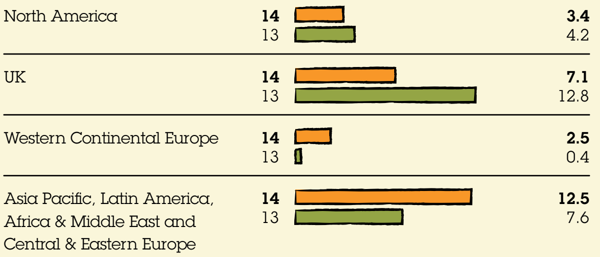
The UK rate of growth in the final quarter was similar to quarter three at around 15% in constant currency, with like-for-like growth of over 11% compared with over 10% in quarter three. The Group's Advertising and Media Investment Management and Public Relations & Public Affairs businesses performed particularly well. Despite the improvement in revenue, net sales slowed in the final quarter, with constant currency growth of well over 4% compared to over 7% in quarter three, as the Group's Data Investment Management, Branding & Identity and Healthcare Communications agencies were lower. On a full-year basis, constant currency revenue was up 16%, with like-for-like up almost 13%. Net sales were up over 7% in constant currency, with like-for-like up almost 5%, the strongest-performing region.

Western Continental Europe, somewhat contrary to the macroeconomic picture, showed significant improvement in the final quarter, partly driven by acquisitions, with constant currency revenue up over 7% and like-for-like revenue up over 5%, compared to over 5% and over 4% respectively in quarter three. Similarly, net sales growth on a constant currency basis was up over 4% in the final quarter, compared to almost 3% growth in quarter three. On a like-for-like basis, net sales were up well over 1% in the final quarter, slightly above the growth seen in quarter three. For the year, Western Continental Europe revenue grew almost 4% like-for-like (almost 5% in the second half), compared with 0.5% in 2013, with net sales growth of over 1% like-for-like (1.6% in the second half), compared to -1.3% in 2013. Germany, Italy, the Netherlands and Turkey all showed good growth in the final quarter, but Austria, Belgium, France, Spain and Switzerland were tougher.

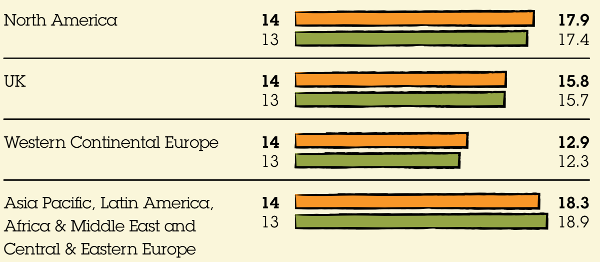
Constant currency[1] revenue growth %



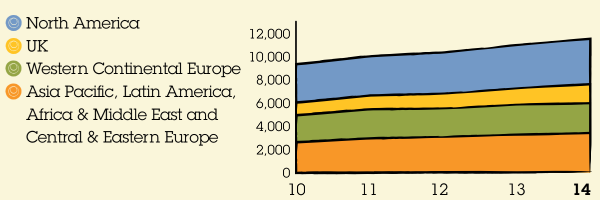
Constant currency[1] net sales growth by geography %



Net sales margin[2] by geography %



Revenue by geography £m



In Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, revenue growth in the fourth quarter was fastest overall, as it was in quarter three, up 16% in constant currency and up over 6% like-for-like. Growth in the fourth quarter was driven principally by Asia Pacific and Africa, the CIVETS[1], Next 11[2] and the MIST[3]. Constant currency net sales growth was over 12% for the year, with like-for-like net sales up well over 4%. In Asia, India, Indonesia, Vietnam and Bangladesh had double-digit like-for-like growth, while Japan and Korea were more challenging.

Latin America showed some softening in the second half, with like-for-like net sales growth of well over 3% compared with almost 6% in the first half, as parts of the Group's businesses in Brazil and Chile slowed. The Middle East improved in the final quarter, with like-for-like net sales growth of over 5%, and over 3% for the full year. Africa also grew strongly, with like-for-like net sales up over 7% in the final quarter and up over 5% for the full year, driven by the Group's Media Investment Management and Public Relations & Public Affairs businesses. In Central & Eastern Europe, like-for-like revenue was up almost 5% in the fourth quarter, down slightly from over 5% in quarter three, with Poland, Russia and the Slovak Republic up strongly. On the same basis, full-year revenue was up over 6%, with net sales up over 5%.

Full-year revenue for the BRICs[4], which account for $2.4 billion of revenue, was up over 8% on a like-for-like basis, with the Next 11 and CIVETS up over 18% and over 10% respectively. The MIST was up almost 18%. In 2014, almost 30% of the Group's revenue came from Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe – the same proportion as in 2013, with the strength of sterling against the currencies of many of the markets in these regions still having a significant impact. On a constant currency net sales basis, this increased to 30.6%, compared with the Group's strategic objective of 40-45% in the next five years. Markets outside North America now account for 66% of our revenue.

[1] See definition on page 238.
[2] The calculation of net sales margin is set out in note 31 of the financial statements.

[1] Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa.
[2] Bangladesh, Egypt, Indonesia, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam (the Group has no operations in Iran).
[3] Mexico, Indonesia, South Korea and Turkey.
[4] Brazil, Russia, India and China.

Strong growth in advertising and media

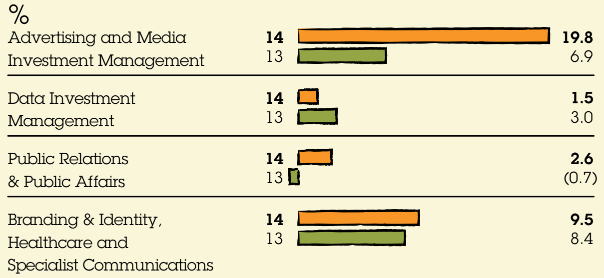
Advertising and Media Investment Management was the strongest performing sector, with constant currency revenue up almost 20% for the year and up over 16% like-for-like. Net sales were up almost 8% in constant currencies and up 5% like-for-like. In the final quarter, revenue was up almost 21% in constant currencies and up almost 15% like-for-like, slightly down on growth of 17% in the third quarter. Advertising grew well in Africa & Middle East, but was slower in the mature markets of North America and Western Continental Europe. Media Investment Management showed strong like-for-like growth across all regions and especially in North America, the UK and Asia Pacific.

Of the Group's advertising networks, Ogilvy & Mather and Grey performed well, with J. Walter Thompson Worldwide performing strongly in the UK and Asia Pacific. However, the Group's Advertising businesses in Western Continental Europe generally remained challenged, with like-for-like revenue under pressure and with slower activity in North America in the fourth quarter. Growth in the Group's Media Investment Management businesses has been very consistent throughout the year, with constant currency and like-for-like revenue up strongly for the year, with a stronger second half. tenthavenue, the 'engagement' network focused on out-of-home media, also performed strongly in the fourth quarter, with like-for-like net sales growth up 14%. The strong revenue and net sales growth across most of the Group's businesses, partly offset by the challenges in the Group's Advertising businesses in Western Continental Europe and North America noted above, resulted in the combined net sales margin of this sector improving by 0.1 margin points to 18.6% and by 0.2 margin points in constant currency.

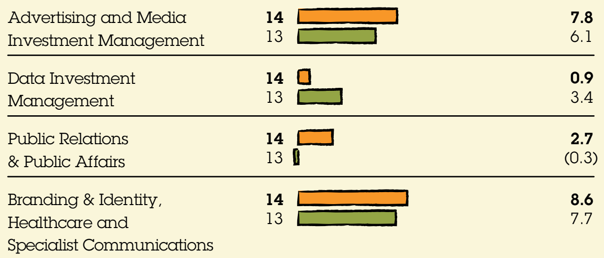
In 2014, J. Walter Thompson Worldwide, Ogilvy & Mather, Y&R and Grey generated estimated net new business billings of almost £900 million ($1.4 billion). GroupM (the Group's Media Investment Management arm, which includes Mindshare, MEC, MediaCom, Maxus, GroupM Search and Xaxis), together with tenthavenue, generated estimated net new business billings of £4.4 billion ($7.0 billion). The Group's net new billings totalled £5.8 billion ($9.3 billion), slightly down on the record year of 2013 of £6.1 billion ($9.8 billion).

Data Investment Management revenue grew by 1.5% in constant currency, with like-for-like revenue up 0.6%, and the second half weaker than the first, partly due to stronger comparatives in the second half of 2013. More significantly, net sales were stronger, up almost 1% in constant currencies

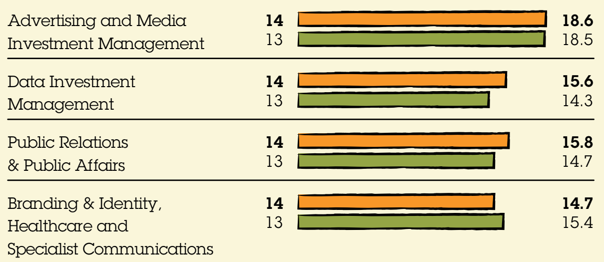
Constant currency[1] revenue growth by sector
%



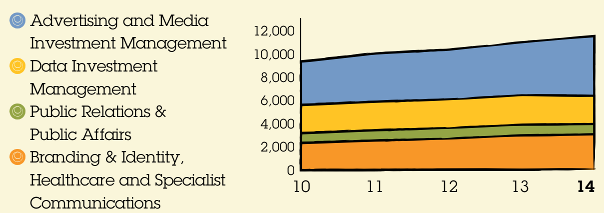
Constant currency[1] net sales growth by sector
%



Net sales margin[2] by sector %



Revenue by sector £m



[1] See definition on page 238.
[2] The calculation of net sales margin is set out in note 31 of the financial statements.

and up 0.6% like-for-like, reflecting an improvement in the custom research parts of the business. In the fourth quarter, revenue fell by 1% in constant currency, and by over 1% like-for-like, due to weaker custom sales in the UK, Asia Pacific and Latin America, and continuing softness in parts of the Group's syndicated businesses in North America. Net sales showed a similar pattern with constant currency net sales down 0.6% and down 1% like-for-like. There seems to be a growing recognition of the value of 'real' data businesses, rather than those that depend on third-party data. Net sales margins improved by 1.3 margin points to 15.6% and by 1.2 margin points in constant currency. Good cost control, the continued benefits of restructuring and the disposal of a call centre operation in the US contributed to the improvement in net sales margins.

Although there has been further improvement during 2014, the slowest sub-sector continues to be like-for-like net sales growth in the custom businesses in mature markets, where discretionary spending remains under review by clients. Custom businesses in faster-growth markets, although slightly weaker than 2013, remain robust, with strong like-for-like revenue and net sales growth.

The Group's Public Relations & Public Affairs businesses returned to top-line growth in 2014, with full-year revenue up well over 2% on both a constant currency and like-for-like basis. The fourth quarter was particularly strong, up over 5% like-for-like, with strong growth in North America, the UK and Asia Pacific. Burson-Marsteller, Cohn & Wolfe and the specialist Public Relations & Public Affairs businesses performed well, with Hill+Knowlton Strategies more challenged. An improving top-line and good control of costs resulted in net sales margins improving by 1.1 margin points to 15.8% and by 1.3 margin points in constant currency.

At the Group's Branding & Identity, Healthcare and Specialist Communications businesses (including direct, digital and interactive), full-year revenue was up over 9% in constant currency and up 4% like-for-like. In the fourth quarter, constant currency revenue grew strongly at over 11%, with like-for-like revenue growth of over 4%, an improvement over the third quarter. Net sales were up well over 9% in the fourth quarter on a constant currency basis, and up 1.5% like-for-like, similar to the third quarter. The Group's direct, digital and interactive businesses, especially OgilvyOne Worldwide, Mirum (the newly-established digital network of J. Walter Thompson Worldwide), WPP Digital, VML and AKQA performed strongly, with parts of the Group's Healthcare Communications and Branding & Identity businesses slower. Net sales margins for the sector as a whole fell 0.7 margin points to 14.7% and by 0.6 margin points in constant currency, as parts of the Group's direct, digital and interactive businesses in Western Continental Europe, together with Branding & Identity and Healthcare Communications slowed.

In 2014, 36% of the Group's revenue and net sales came from direct, digital and interactive, up over one percentage point from the previous year, with revenue growing well over 11% like-for-like.

Margins reach new high, in line with target

Net sales margins were up 0.2 margin points to a new historical high of 16.7% and increased 0.3 margin points in constant currencies, in line with the Group's margin target. Over the last three years, reported net sales margins have improved by 1.2 margin points and by 1.7 margin points excluding the impact of currency.

Group revenue is more weighted to the second half of the year across all regions and sectors, especially in the faster-growing markets of Asia Pacific and Latin America. As a result, the Group's profitability and margin continue to be skewed to the second half of the year, with the Group earning approximately one-third of its profits in the first half and two-thirds in the second half.

Given the significance of Data Investment Management revenues to the Group, with none of our parent company competitors presently represented in that sector, net sales is a more meaningful measure of comparative top-line growth, although we know competitors do have significant barter, telesales, food broking and field marketing operations, where the same issue may arise. Net sales are a more appropriate measure because Data Investment Management revenue includes pass-through costs, principally for data collection, on which no margin is charged. In addition, the Group's Media Investment Management sub-sector is increasingly buying digital media for its own account and, as a result, the subsequent billings to clients have to be accounted for as revenue, as well as billings. We believe a number of our competitors face the same issue and, consequently, reporting practices should be standardised. Thus, revenue and the revenue growth rate will increase, although net sales and the net sales growth rate will remain the same and the latter will present a clearer picture of underlying performance.

Because of these two significant factors, and whilst continuing to report revenue and revenue growth, we will focus even more on our net sales margins, which now lead the industry.

Operating costs contained

During 2014, the Group continued to manage operating costs effectively, with improvements across most cost categories, particularly staff and property costs. On a like-for-like basis, headline operating costs rose by 3.1%, less than the rate of growth for revenue and net sales.

On a like-for-like basis, the average number of people in the Group increased by 0.9% in 2014. On the same basis, the number of people in the Group at 31 December 2014 decreased by 0.4% compared with the end of 2013. These average and point-to-point figures reflect the continuing sound management of headcount and staff costs in 2014 to balance revenue and costs. On a like-for-like basis, revenue and net sales increased by 8.2% and 3.3% respectively.

Reported staff costs, excluding incentives, fell by 0.4% and rose by over 6% in constant currency. Staff costs included £37 million ($63 million) of severance costs compared with £27 million ($40 million) in 2013. Incentive costs amounted to £313 million ($512 million) which was over 16% of headline operating profit before incentives and income from associates, compared with £328 million ($517 million) or over 17% in 2013.

Performance in parts of the Group's Data Investment Management custom businesses, Public Relations & Public Affairs, Healthcare Communications and direct, digital and interactive businesses fell slightly short of the target, maximum and 'super-maximum' performance objectives agreed for 2014. Achievement of target generates 15% of operating profit before bonus as an incentive pool.

Net sales margins, before all incentives and income from associates, were 19.1%, up 0.1 margin points, compared with 19.0% last year. The Group's staff cost-to-net sales ratio, including severance and incentives, decreased by 0.3 margin points to 64.0% compared to 64.3% in 2013, indicating an improvement in productivity.

As a result of all this, headline PBIT was up over 1% to £1.681 billion from £1.662 billion and up 8% in constant currencies.

In the second half of the year, the Group announced new technology partnerships with AppNexus and Rentrak. These two transactions gave rise to an exceptional capital gain of £151 million. The Group also recognised a gain of £10 million as a result of a reduction in its investment in oOh!Media (following the IPO) and realised gains on the re-measurement of equity interests, following acquisition of controlling interests. In total, these gains amounted to £196 million, which in accordance with prior practice, have been excluded from headline profit. In the final quarter of the year, the Group incurred restructuring costs of £128 million, largely for severance, to further adjust the Group's cost base, primarily in the mature markets of Western Europe. This also included £39 million of costs resulting from the project to transform and rationalise the Group's IT services and infrastructure, which will start to deliver savings in 2016. After all these gains and restructuring costs, reported PBIT rose by more than 6% to £1.569 billion from £1.478 billion, up over 14% in constant currencies.

Net finance costs (excluding the revaluation of financial instruments) were £168 million, down over 17% from £204 million in 2013. This reflected the beneficial impact of lower net debt funding costs and higher income from investments, partially offset by the cost of higher average gross debt, due to pre-funding of 2014 debt maturities. Headline profit before tax increased by well over 3% (over 11% in constant currencies) to £1.513 billion and reported profit before tax was up 12% (over 21% in constant currencies) to £1.452 billion.

The Group's tax rate on headline profit before tax was 20.0%, compared with 20.2% in 2013, and on reported profit before tax was 20.7% against 21.9% in 2013. Reported profit after tax rose by almost 14% (over 23% in constant currencies) to £1.152 billion.

Diluted headline earnings per share rose by over 5% (well over 12% in constant currencies) to 84.9p and diluted reported earnings per share increased by well over 15% (almost 25% in constant currencies) to 80.5p.

A record year, but not without challenges

2014 followed successive post-Lehman record years in 2011, 2012 and 2013. In some respects 2014 was more difficult than 2013, with the so-called faster-growth markets of Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, growing more slowly than usual, offset to some extent by stronger North American and UK markets. Functionally, Advertising and Media Investment Management and direct, digital and interactive continued to prosper, whilst Data Investment Management, Public Relations & Public Affairs and Branding & Identity and Healthcare Communications grew more modestly. Overall, having started the year budgeting revenue and net sales growth of over 3%, we progressively increased our forecasted revenue growth, finally achieving like-for-like revenue growth of an industry-leading 8.2%. Net sales grew more modestly at 3.3%, growing faster in the first half, than the second, although weaker and stronger comparatives respectively in 2013 are partly the reasons.

Equally importantly, we reached our margin improvement target of 0.3 margin points on a constant currency basis, through balanced control of staff costs and headcount. Despite the significant strengthening of sterling against the dollar and most of the faster-growth markets' currencies, which began in the fourth quarter of 2013 and continued for much of 2014, our margin in reportable sterling terms improved by 0.2 margin points. As a result, profitability improved at all levels, whilst incentive pools were largely maintained at above target performance.

This performance was especially creditable at a time when clients were, and continue to be, faced with sluggish nominal and real GDP growth, particularly in the BRICs and Next 11 markets, and with little or no inflation and therefore limited pricing power, and with short-term institutional investment and activist investor pressure, all of which result in financial and procurement focus on reducing costs to deliver promised or expected results. Given current macroeconomic and geopolitical uncertainties, these pressures within our industry are unlikely to lessen in the short term, with clients understandably continuing to demand more for less and consolidating competitors discounting their pricing heavily or offering guarantees, particularly in media investment management, to defend their incumbent positions.

So why will the client climate remain uncertain? After all, profits as a proportion of GDP remain at record levels, corporates have deleveraged since Lehman and sit on at least $7 trillion of net cash, on solid balance sheets and on record stock market valuations. With deflation the worry, rather than inflation, fears of wage and cost inflation are limited and lessened by commodity price falls, particularly in oil and energy, which is effectively a tax reduction for consumers. All seems benign and rosy. Well, those known flapping grey swans remain and black ones can always surprise.

There are still at least five 'grey swans', although the sixth, in the case of the UK, the Scottish Referendum, seems to have flapped away, at least for the moment.

- Firstly, despite some improvement, the Eurozone remains fragile. True, Spain is improving, but with still unacceptably high levels of unemployment, particularly amongst the young. Italy shows a few signs of life, particularly in the North and Germany some strength, driven by the impact of a weak euro on export prices. Some of the peripheral markets are also in better shape, such as Ireland and Portugal. The European Central Bank is openly embracing quantitative easing and we have the strange counterbalancing forces of the Federal Reserve suggesting a tightening, at the same time as the Europeans, Japanese and Chinese are loosening. However, France remains difficult and shocks to the system, like Greece, could always become contagious, if settlement compromises are made. And there is the possibility of populist progress at the Spanish elections too.
- Second, the litany of woes remain in the Middle East. Concerns around ISIS may have upstaged Syria, Libya, Afghanistan, Palestine and Israel, but those problems have not gone away – although there may be some scope for a nuclear agreement with Iran, thus possibly, opening up an 80 million+ people market and Egyptian prospects may have improved too and re-opened an 80-90 million+ people market.
- Third, there are continuing fears around the BRICs and Next 11, particularly in relation to the larger markets of Brazil, Russia and China. Most, if not all of these markets suffered a slowdown in 2013, which continued into 2014 and looks likely to continue into 2015. This economic pressure has been intensified by the fall in commodity prices, particularly oil, for those countries that are net oil producers and exporters. However, overall, they still remain faster-growth markets than the slower-growth mature markets of the West and will remain a core part of our strategy.

We remain undiminished bulls on China. In only its first two years, the new leadership immediately addressed issues of corruption and its first and second Plenum documents reinforced the strategic directions of the 12th Five Year Plan, with an emphasis on lower-quantum, higher-quality GDP growth, a switch to consumption from savings, a healthcare and social security safety net and a strengthening of the service sector. The 13th Five Year Plan is likely to do the same. There is a consistency and realism in the approach that looks likely to win through, whilst a $10 trillion Chinese GDP growing today at even 5% has an even bigger delta effect on the world's $70 trillion GDP than a $3 trillion Chinese GDP growing at 10% 10 years ago.

We also remain bullish on Russia, but only in the medium to long term. In the short to medium term Russia's GDP growth will be limited or negative, particularly with the oil price south of $80 and sanctions still in place. Perhaps the Minsk agreement and Ukrainian ceasefire will improve the situation, but in 2015, Russian GDP looks as though it will decline by at least 5%. Brazil also remains difficult with flattish GDP and re-elected President Dilma Rousseff only doing half of what markets want her to do. The one BRIC star, at the moment, remains India, with the new Prime Minister Modi having made a fast start. Elsewhere, Indonesia, Vietnam, Mexico, Colombia, Peru, Nigeria and South Africa remain high on the agenda, albeit tempered by geopolitical uncertainties. Iran and Cuba remain economic possibilities.

However, the continued increase of the hundreds of millions in the new middle classes in all these countries seems to be the real economic motive force, particularly for fast-moving consumer goods. On its 25th anniversary, CNBC, together with PwC, took a look at the world in 25 more years. China was projected as the world's biggest economy with GDP of $34 trillion versus $10 trillion now,

The continued increase of the hundreds of millions in the new middle classes in [BRICS, Next 11, CIVETS and MIST] seems to be the real economic motive force, particularly for fast-moving consumer goods

the US second at $28 trillion (but still with markedly higher GDP per capita) versus $17 trillion now, and India third. India would be the most populous nation with 1.6 billion people and China second with 1.4 billion. We continue to significantly focus our future on the growth of these markets.

Fourth, although US GDP is now growing at around 3% and will be one of the world's major economic G2 engines again in 2015, there are still the issues of dealing with both the US deficit and a record level of $16 trillion of debt in the most effective ways. In addition, we have to come off the post-Lehman cheap money drug at some time and the scale and speed of tapering remains the key issue for the continued strength of equity markets. The potential negative impact of Federal Reserve easing and tapering remains the elephant in the room.

Fifth, and finally, the increasingly uncertain result of the UK General Election may crimp the strong UK economic recovery, which equals or even exceeds the strength of the US, albeit at relatively modest levels. If the Conservatives win outright (unlikely?) or lead a coalition or even form a minority government, there will be a Referendum on the EU in 2016 or 2017, which will cause significant uncertainty. If Labour wins outright (also unlikely?), or leads a formal or informal coalition (more likely with the SNP?) or forms a minority government, it will win partly on a 'bashing business' manifesto, which may resonate at the ballot box. All seems a case of 'Morton's Fork'. Either way, the UK economy may slip into the political cycle again, with austerity in the early part of the five-year cycle to deal with the continuing budget deficit and better times around the next election in five years' time (or earlier?) – just like the current Chancellor has done so brilliantly for the Coalition, in its first term.

So all in all, whilst clients may be more confident than they were in September 2008 post-Lehman, with stronger balance sheets, sub-trend global GDP growth at around 3.0-3.5% real and 5.0-5.5% nominal, combined with these levels of uncertainty and strengthened corporate governance scrutiny, make them unwilling to take further risks. They remain focused on a strategy of adding capacity and brand building in both fast-growth geographic markets and functional markets, like digital, and containing or reducing capacity, perhaps with brand building to maintain or increase market share, in the mature, slow growth markets.

This approach also has the apparent virtue of limiting fixed-cost increases and increasing variable costs, although we naturally believe that marketing is an investment not a cost. We see little reason, if any, for this pattern of behaviour to change in 2015, with continued caution being the watchword. There is certainly no evidence to suggest any such change in behaviour so far in 2015, although one or two institutional investors are saying that they are tiring of some companies' total focus on short-term cost-cutting and would favour strategies based more on top-line growth.

Managing our risks

The Board has considered the principal risks and uncertainties affecting the Group as at 31 December 2014 and up to the date of this report. These are described in detail on pages 173 to 177.

Outlook for 2015 continues to be demanding

2015 looks to be another demanding year, although a weaker UK pound against a stronger US dollar might provide a modest currency tailwind and positive impact on profits, unlike the fierce currency headwind in 2014. The pattern for 2015 looks very similar to 2014, but with no maxi- or mini-quadrennial events like the Olympics, or FIFA World Cup or US Presidential Election (as there will be in 2016), to boost marketing investments.

Forecasts of worldwide real GDP growth still hover around 3.0 to 3.5%, with inflation of 2.0% giving nominal GDP growth of around 5.0 to 5.5% for 2015, although they have been reduced recently and may be reduced further in due course. Advertising as a proportion of GDP should at least remain constant overall, although it is still at relatively depressed historical levels, particularly in mature markets, post-Lehman. Advertising should grow at least at a similar rate as GDP, buoyed by incremental branding investments in the under-branded faster-growing markets.

Although both consumers and corporates seem to be increasingly cautious and risk averse, they should continue to purchase or invest in brands in both fast- and slow-growth markets to stimulate top-line sales growth. As the former leading chief investment officer of one of the largest investment institutions said perceptively, companies may be running out of ways of reducing costs and have to focus more on top-line growth. Merger and acquisition activity may be regarded as an alternative way of doing this, particularly funded by cheap long-term debt, but we believe clients may regard this as a more risky way than investing in marketing and brand and hence growing market share.

In 2015, our prime focus will remain on growing revenue and net sales faster than the industry average, driven by our leading position in the new markets, in new media, in Data Investment Management, including data analytics and the application of technology, in creativity and 'horizontality' – the increasing opportunities for coordination and co-operation between activities both nationally and internationally, and at a client and country level. New markets, new media and Data Investment Management account respectively for 30%, 36% and 21% of the Group's revenues of $19.0 billion, demonstrating the success of our strategic focus.

At the same time, we will concentrate on meeting our net sales margin objectives by managing absolute levels of costs and increasing our flexibility in order to adapt our cost structure to significant market changes and by ensuring that the benefits of the restructuring investments taken in 2014 continue to be realised.

The initiatives taken by the parent company in the areas of human resources, property, procurement, IT and practice development continue to improve the flexibility of the Group's cost base, while flexible staff costs (including incentives, freelance and consultants) remain close to historical highs of around 8% of net sales and continue to position the Group extremely well should current market conditions change.

The budgets for 2015 have been prepared on a cautious basis as usual (hopefully), but continue to reflect the faster-growing geographical markets of Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe and faster-growing functional sectors of Advertising, Media Investment Management and direct, digital and interactive to some extent moderated by the slower growth in the mature markets of Western Continental Europe. Our 2015 budgets show like-for-like revenue and net sales growth of over 3% and a target net sales margin improvement of 0.3 margin points before the impact of currency.

In 2015, our prime focus will remain on growing revenue and net sales faster than the industry average, driven by our leading position in the new markets, in new media, in Data Investment Management, including data analytics and the application of technology, in creativity and 'horizontality'

Incentive plans for 2015 will continue to emphasise revenue, net sales and operating profit growth in conjunction with operating margin improvement, although objectives will continue to include qualitative Group objectives, including coordination and co-operation, talent management and succession planning.

At the time of writing, we have revenue and profit data for the first three months of 2015. The Group has had a good start to the year, with like-for-like revenue growth up over 5% in the first quarter and net sales up well over 2% on the same basis, again reflecting the divergence between revenue and net sales in the Group's Media and Data Investment Management businesses.

Net sales were up in all geographic regions on a like-for-like basis, with the UK and Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe up above the average. Advertising and Media Investment Management was the strongest sector, while Data Investment Management showed significant improvement compared with the final quarter of 2014. These trends are in line with our budgets, which also indicate a broadly steady rate of growth throughout the year, albeit with the usual conservatism in quarter four. Operating profits and margins for the first quarter were significantly above budget and last year.

Horizontality

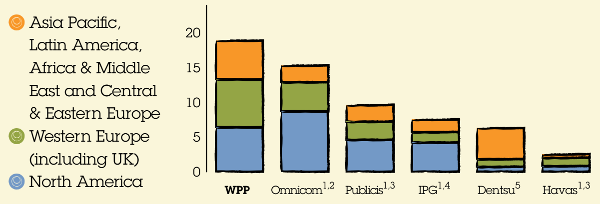
Including associates, the Group currently employs almost 179,000 full-time people (up marginally from the previous year) in over 3,000 offices in 111 countries. It services 355 of the Fortune Global 500 companies, all 30 of the Dow Jones 30, 71 of the NASDAQ 100, and nearly 830 national or multinational clients in three or more disciplines. Over 530 clients are served in four disciplines and these clients account for over 53% of Group revenue. The Group also works with nearly 430 clients in six or more countries.

These statistics reflect the increasing opportunities for horizontality – developing client relationships between activities nationally, internationally and by function. We estimate that well over a third of new assignments in the year were generated through the joint development of opportunities by two or more Group companies. Horizontality is clearly becoming an increasingly important part of our clients' strategies, particularly as they continue to invest in brand in slower-growth markets, and both capacity and brand in faster-growth markets.

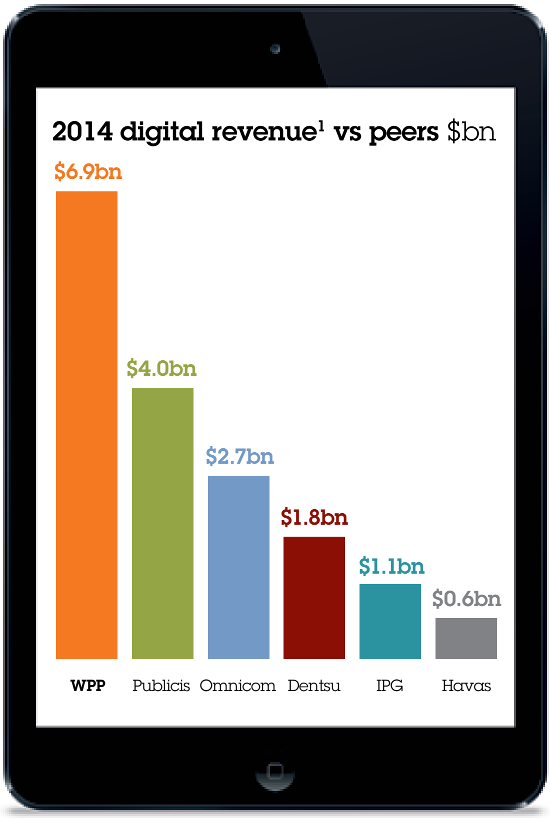
The Group continues to improve co-operation and coordination among its operating companies in order to add value to our clients' businesses and our people's careers, an objective which has been specifically built into short-term incentive plans. We may, in addition, decide that an even more significant proportion of operating company incentive pools are funded and allocated on the basis of Group-wide performance in 2015 and beyond. Last year, this modifier applied to one-sixth of incentive pools. In 2015 it will be one-third and may rise to 50% next year. Horizontality has been accelerated through the appointment of 46 Global Client Leaders for our major clients, accounting for over one-third of total revenue of $19 billion, and 16 Regional, Sub-Regional and Country Managers in a growing number of 'test' markets and sub-regions covering 50 out of 111 countries.

The Group continues to lead the industry in coordinating investment geographically and functionally through parent company initiatives and winning Group pitches. For example, the Group has been very, very successful in the recent wave of consolidation in the pharmaceutical and shopper-marketing industries and the resulting 'Team' pitches.

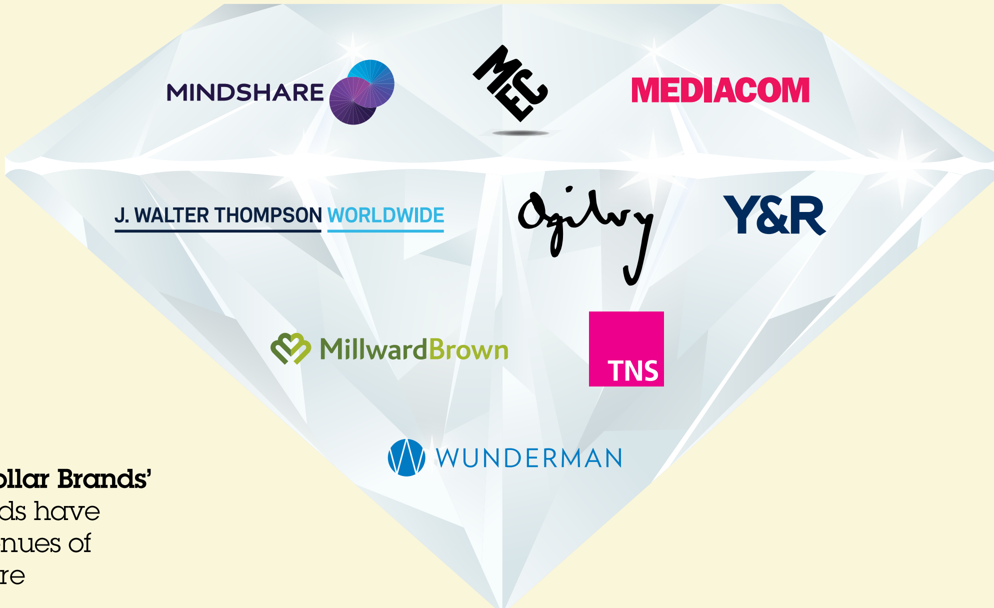
2014 revenue by geography versus peers $bn



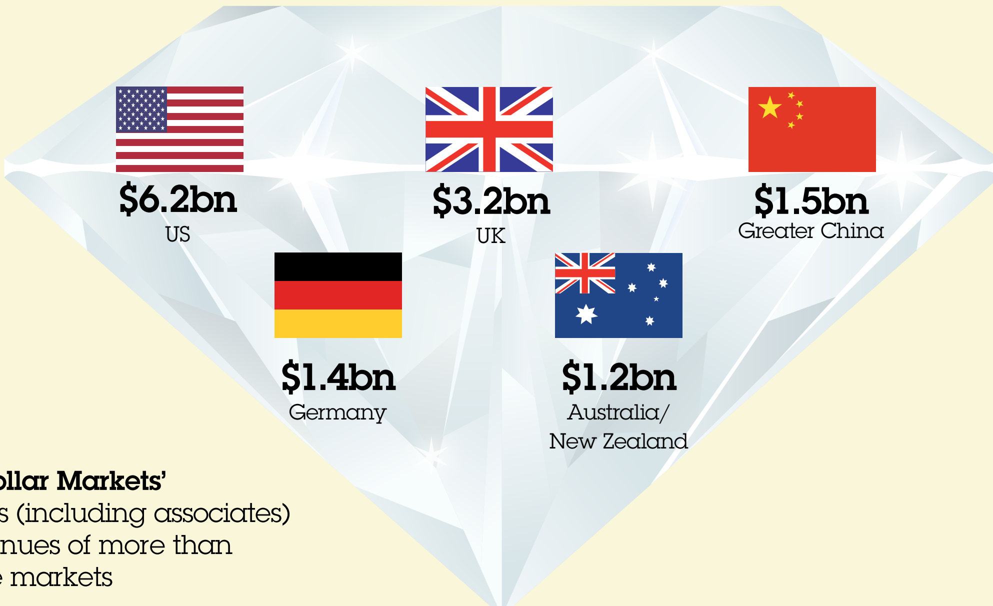
[1] Sourced from 2014 company presentations. Central & Eastern Europe estimated at 3% of revenue.
[2] Assumed non-Euro countries in Europe are 3% of revenue and Canada is 1.5% of revenue.
[3] Assumed $1=€0.754 based on the average for 2014.
[4] Assumed Canada is 1.5% of revenue.
[5] Dentsu based on disclosed pro forma group revenue splits against 2014 reported revenue.



[1] Peer digital revenue according to Sanford Bernstein percentages applied to FY US$ revenue.



Our 9 'Billion Dollar Brands'
Nine WPP brands have generated revenues of $1 billion or more



Our 5 'Billion Dollar Markets'
WPP companies (including associates) generated revenues of more than $1 billion in five markets

Four core strategic priorities

Our reason for being, the justification for WPP's existence, continues to be to add value to our clients' businesses and our people's careers. Our goal remains to be the world's most admired and respected communications services advisor to global, multinational, regional and local companies.

To that end, we have four core strategic priorities, as presented on pages 16 and 17.

1. Increase the combined geographic share of revenues from the faster-growing markets of Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe to 40-45% of revenues.
2. Increase the share of revenues of new media to 40-45% of revenues.
3. Maintain the share of more measurable marketing services – such as Data Investment Management and direct, digital and interactive – at 50% of revenues, with a focus on the application of new technology, big data and content.
4. Advance 'horizontality' by ensuring our people work together for the benefit of clients, primarily through two horizontal integrators: Global Client Leaders and Regional, Sub-Regional and Country Managers.

If we implement this strategy effectively then our business will be geographically and functionally well-positioned to compete successfully and to deliver on our long-term financial targets:

- Revenue and net sales growth greater than the industry average.
- Annual improvement in net sales margin of 0.3 margin points or more, excluding the impact of currency, depending on net sales growth and staff cost-to-net sales ratio improvement of 0.2 margin points or more.
- Annual diluted headline EPS growth of 10% to 15% delivered through revenue and net sales growth, margin expansion, acquisitions and share buy-backs.

Our six specific objectives

Here are six objectives which represent our key performance indicators (KPIs). For an assessment of how we performed against them in 2014, read on.

1. Continue to improve operating margins on net sales.
2. Increase flexibility in the cost structure.
3. Use free cash flow to enhance share owner value and improve return on capital employed.
4. Continue to develop the value added by the parent company.
5. Emphasise revenue and net sales growth more as margins improve.
6. Improve still further the creative capabilities and reputation of all our businesses.

1 First, to continue to improve operating margins. In 2014, we achieved a margin of 16.7% on net sales, the highest-reported level in the industry.

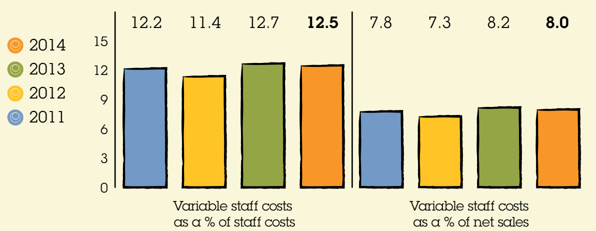
We continue to believe a margin of well over 19% on net sales, is a tough, but realistic, objective given that our best-performing companies in each services sector have already demonstrated they can perform at a combined Group margin of 18% on net sales.

The Group has embarked on a number of programs to improve operational effectiveness including process simplification, shared service centres, offshoring certain tasks to lower-cost markets and, where appropriate, outsourcing. We are consolidating IT infrastructure and services, and centralising systems development and applications to create efficiencies and focus investment.

These programs are projected to deliver a 1.0 margin point benefit (excluding the impact of currency) over the course of the next three to five years, with 2016 being the first year of significant delivery.

Second, to increase flexibility in the cost structure. In 2014, flexible staff costs (including incentives, freelance and consultants) remained close to historical highs of around 8% of net sales and continue to position the Group extremely well should current market conditions deteriorate.

Change in variable costs %

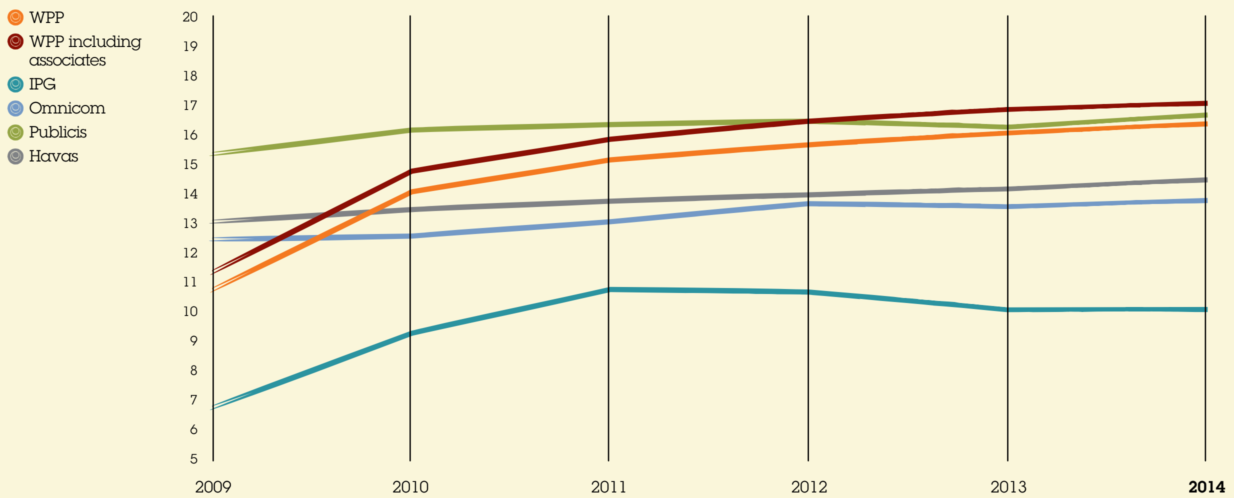


Third, to enhance share owner value and maximise the return on investment on the Company's substantial free cash flow of almost £1.2 billion (or almost $1.9 billion) per annum. As capital expenditure remains relatively stable, there are broadly three alternative uses of funds: acquisitions, share buy-backs and dividends. We have increasingly come to the view, based on co-operative research with leading investment institutions, that, currently, the markets favour consistent increases in dividends and higher sustainable pay-out ratios, along with anti-dilutive progressive buy-backs and, of course, sensibly-priced strategic acquisitions.

Mergers and acquisitions. There is still a very significant pipeline of reasonably priced small- and medium-sized potential acquisitions, with the exception of Brazil and India and digital in the US, where prices seem to have got ahead of themselves because of pressure on our competitors to catch up. This is clearly reflected in some of the operational and governance issues that are starting to surface elsewhere in the industry, particularly in faster-growing markets like Brazil, India and China.

Our acquisition focus in 2014 was again on the triple play of faster-growing geographic markets, new media and data investment management, and the application of new

Headline operating margins[1] vs peers %



[1] Based on headline operating profit as a proportion of net sales as defined on page 238, excluding share of results of associates. As our competitors do not disclose net sales, competitor operating margins have been calculated on a revenue basis, and sourced from relevant public filings.

technology and big data, totally consistent with our strategic priorities in the areas of geography, new communication services and measurability. In 2014, the Group spent over £460 million on initial acquisition payments, net of cash acquired and disposal proceeds.

In addition, and as mentioned above, two important technology partnerships were announced in the second half of 2014, underlining one of the Group's strategic objectives of developing data and applying technology to enhance clients' marketing effectiveness. Firstly, in September with AppNexus to strengthen the technology backbone of Xaxis. Secondly, in October, a similarly structured partnership with Rentrak to develop new techniques for off-line and digital television and film audience measurement. In both cases, the Group contributed technology assets and invested cash for significant minority interests. This approach enables the Group to effectively leverage its existing technology assets, without spending extravagant sums of cash in riskily structured transactions. A trifecta of these more measured partnerships was completed with comScore, the market leader in internet audience measurement, in February 2015. The objective here being to develop comScore's global network to become *the* standard for internet effectiveness measurement.

Whilst talent and creativity (in the broadest sense) remain the key differentiators between us and our competitors, increasingly differentiation can also be achieved in three additional ways: through the application of technology, for example, Xaxis and AppNexus; through integration of data investment management, for example, Kantar, Rentrak and comScore; and investment in content, for example, the Group's minority investments in Imagina, VICE, Media Rights Capital, Fullscreen, Indigenous Media, China Media Capital and, most recently, Bruin Sports Capital.

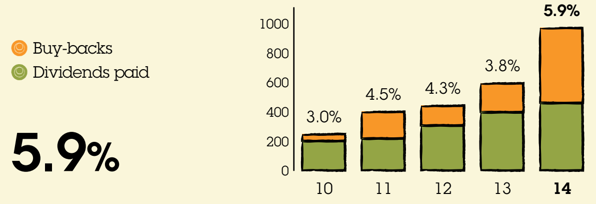
Net acquisition spend is currently targeted at around £300-£400 million per annum, excluding slightly more significant 'one-offs', like the purchase of a controlling stake in IBOPE in Latin America and the comScore transaction mentioned above. We will continue to seize opportunities in line with our strategy.

Dividends. As outlined in the June 2013 AGM statement, the Board gave consideration to the merits of increasing the dividend pay-out ratio from the then current level of around 40% to between 45% and 50%. Following that review, the Board decided to target a further increase in the pay-out ratio to 45% over the next two years and, as a result, declared an increase of 20% in the 2013 final dividend to 23.65p per share, which together with the interim dividend of 10.56p per share, made a total of 34.21p per share for 2013, an overall increase of 20%. This represented a dividend pay-out ratio of 42%, compared to a pay-out ratio of 39% in 2012.

Given your Company's strong progress, your Board has declared an increase of 12.4% in the 2014 final dividend to 26.58p per share, which together with the interim dividend of 11.62p per share, makes a total of 38.20p per share for the year, an overall increase of 11.7%. This represents a dividend pay-out ratio of 45%. Dividends paid in respect of 2014 will total approximately £500 million.

The achievement of the targeted 45% dividend pay-out ratio one year ahead of schedule now raises the question of whether the pay-out ratio should be raised further, a question your Board will be shortly considering.

Distributions to share owners[1] £m



[1] Sum of share buy-backs and dividends paid divided by average shares in issue for the relevant period, as a percentage of the average share price for the relevant period.

Share buy-backs. They continue to be targeted to absorb any share dilution from issues of options or restricted stock. However, given the recently-revised net sales margin target of 0.3 margin points improvement, the targeted level of share buy-backs will be 2-3% of the outstanding share capital. If achieved, the impact on headline diluted EPS would be equivalent to an incremental improvement of 0.2 margin points.

In addition, the Company also has considerable free cash flow to take advantage of any anomalies in market values, particularly as the average 2014 net debt to EBITDA ratio was 1.6 times, at the low end of our market guidance of 1.5-2.0 times. Share buy-backs in 2014 cost £511 million, representing 3.0% of issued share capital.

In 2014, the Company returned almost £1.0 billion to share owners, including share buy-backs, an increase of 63% over 2013. Funds returned to share owners total £2.65 billion over the last five years and £4.3 billion over the last 10 years.

4

Fourth, we will continue to develop the value added by the parent company and build unique integrated marketing approaches for clients. WPP is not just a holding company focused on planning, budgeting, reporting and financial issues, but a parent company that can add value to our clients and our people in the areas of human resources, property, procurement, IT and practice development, including sustainability. We will continue to do this through a limited group of 400 or so people at the centre in London, New York, Tokyo, Hong Kong, Singapore, Shanghai and São Paulo. This does not mean that we seek to diminish the strength of our operating brands, but rather to learn from one another. Our objective is to maximise the added value for our clients in their businesses and our people in their careers.

Many of our initiatives are possible because of the scale on which we now operate. In the optimum use of property, in IT and in procurement generally, we are able to achieve efficiencies that would be beyond the reach of any individual operating company. But it is also clear that there is an increasing requirement for the centre to complement the operating companies in professional development and client coordination. It is a relatively recent development for certain multinational marketing companies, when looking to satisfy their global communications needs, to make their initial approach not to operating companies, but directly to holding or parent companies.

Such assignments present major, and increasingly frequent, opportunities for the few groups of our size. It is absolutely essential that we have the professional resources and the practice development capability to serve such clients comprehensively, actively and creatively. Initiatives involving some of the world's largest marketers continue to gain momentum. The world's largest advertiser is itself integrating its efforts around brands, in the areas of advertising, media investment management, market research, packaging design and public relations. For our largest client, amongst others, we have implemented a seamless model, effectively a one-client agency within our Group. All our clients, whether global, multinational or local, continue to focus on the quality of our thinking, coordination of communications and price. In response, we focus on talent, structure and incentives.

Managing talent is the priority

Talent and its management therefore remain at the heart of our reason to be: that is what our clients pay us for. Development of our people and the way we manage that talent is a critical determinant of performance and on that critical dimension, we continue to make significant progress.

In April 2015, WPP was named one of America's 500 best employers by *Forbes* magazine, the only company in the communications services industry to be placed among the top 500 employers.

In developing highly-competitive incentives combined with extremely attractive working environments, we increasingly differentiate ourselves from our competitors and improve the attractiveness of WPP companies as destinations for talent. Our quarterly reviews with the operating companies have been structured to give more time and attention to talent and to clients. Our recruiting efforts throughout 2014 were especially fruitful as we successfully targeted and recruited top talent within and beyond our industry, often competing with investment banking, management consulting, new media and private equity offers. The war for talent is fierce and will intensify further, with ageing and lower birth rate demographic changes, and there is, therefore, more to be done.

The blueprint for our executive development curriculum has been completed, and our flagship client leadership training program, *Maestro*, now in its 12th year, is being continuously developed. The parent company and each of our operating companies have installed their own approach to performance assessment and succession planning, aimed at developing the careers of their people, improving the quality of feedback, coaching and mentoring they receive and providing for orderly succession. A senior management mentoring and development program, 'The X Factor', run by Charlotte Beers, the former chairman and CEO of Ogilvy & Mather and chairman of J. Walter Thompson, continues to prepare women for the next level of leadership in the Group and has been broadened and deepened.

In 2011, your Company teamed up with the Shanghai Art & Design Academy to establish the WPP School of Marketing and Communications. This jointly run school offers China's first professional marketing and communications three-year diploma program. This initiative continued in 2014, with the fourth intake of 100 students.

And in India, WPP has partnered with the Indian School of Design and Innovation to offer a three-year undergraduate course on marketing communications. The course will open later this year in Mumbai.

After 20 years, the WPP Fellowship program remains (surprisingly) the only multidisciplinary and multi-geographical recruitment and training initiative in the industry, with a lower acceptance rate than Harvard Business School's MBA program.

We continued to scrutinise and modify our compensation practices, both to offer competitive and appropriately based rewards to our people and to attract outstanding talent from elsewhere. This is a key strategic priority for us. Our competition is, sometimes, not so rigorous in evaluating and rewarding performance – for example, taking advantage of sharp falls in share prices to re-price or issue options or giving limited disclosure to investors of compensation plan details. A failure of external, as well as internal, audiences to understand the importance of globally competitive incentive-based compensation will undermine the Company's leadership position. After all, we invest well over $10 billion a year in human capital, as opposed to only $400 million in fixed assets – 25 times more.

Communications

We aim to be a model of excellent external and internal communications, through our websites, social media channels and in print. These include: frequent tweets and regular internal emails; a monthly public news e-bulletin and company *FactFiles*; our multi-awarded quarterly global newspaper and e-book, *The WIRE*; and our annual *Atticus Journal* of original thinking in communications services; as well as the promotion of Group initiatives such as the Atticus Awards and Worldwide Partnership Program, BrandZ studies, and our consistently-awarded Sustainability Reports and Annual Reports.

To support WPP's focus on horizontality, enhancements have been made to the directories and search engines on both our public website and Group intranet, enabling users to find quickly individual experts, client knowledge, company information and office locations via multiple devices. The Group intranet continues to undergo redevelopment and now holds an extensive database of WPP talent, as well as a comprehensive range of business and personal development resources.

In the first quarter of 2015, wpp.com was rated No.1 out of over 500 corporate websites assessed for accessibility by SiteMorse.

Property management

In 2014, we held growth in our core property portfolio to less than 1%, ending the year with 24.1 million square feet while average headcount grew by 3.7%. Cost per square foot rose by just over 4% in constant currency compared with net sales growth of over 6%; as a result, the establishment cost-to-net sales ratio dropped by 0.1 margin points to 7.1%, contributing to the Group's overall margin improvement.

In 2015, we will continue to focus on sustainability in our portfolio looking to achieve BREEAM standard in the UK and LEED standard in the US and similar standards elsewhere. We are also looking to reduce square foot per head as we take on new leases through better design and better use of space by introducing more 'agile working' and technology. Our goal is to continue to deliver excellent work space while reducing the establishment cost-to-net sales ratio to below 7%.

2015 will also see the launch of an internal workspace and design guide for our operating companies, a follow-up to our original award-winning Space Program real estate management resource.

Our operating companies' workplaces are often cited for their creativity and innovation. Recent accolades include Wunderman Sydney, who won the best Commercial Interiors category at the Sydney Design Awards.

Procurement

In procurement, our goal is to make savings, add value and minimise risk across all of WPP's external spend, with particular emphasis on opportunities to leverage our scale to the benefits of our clients and our companies.

In 2014, we continued to implement and develop a spend analytics system, which now provides supplier-level and category visibility of over $5 billion of external spend, across 12 of our largest markets – the US, Canada, the UK, Germany, France, Spain, Italy, China, India, Brazil, Mexico and South Africa. Access to data of this detail is now driving procurement opportunity assessment and new project activities across the Group. Also in 2014, we launched The Bridge Advanced Production Buying, a new initiative in advertising production procurement and the first of its kind in our industry. The procurement team has been re-organised to reflect the major opportunity areas.

For 2015, we will continue our focus on the key drivers of supplier cost. For indirect procurement, our goal remains to have a minimum of 50% supplier spend in each major country covered by WPP preferred suppliers and contracts, and for these preferred suppliers to work with us to deliver year-on-year value improvement.

Information technology

In 2014, we made huge progress in our project to consolidate and upgrade the Group's IT capabilities. We entered a strategic partnership agreement with IBM that will see the transformation of our core IT infrastructure and services, whilst also guaranteeing significant cost reductions over the term of the contract. This project went live in March 2015 with the transfer of service responsibility and approximately 2,000 people (including contractors) to IBM.

2015 will also be a significant year with the creation of a global IT function with an IT shared services organisation that will take over the direction and delivery of IT activity from our individual operating divisions. The creation of our global function and IT shared services will enable us to effectively manage IBM, make more efficient use of IT resources across the Group and improve overall service delivery.

Practice development

In practice development we continue to develop horizontal initiatives in a focused set of high-potential areas across our vertical operating brands: in Media Investment Management, healthcare, sustainability, government, new technologies, new markets, retailing, shopper marketing, internal communications, financial services and media and entertainment. Specifically, we continue to invest in sharing insights and developing initiatives through WPP Digital (in digital marketing and media), The Store (in distribution and retail) and our Government & Public Sector Practice.

In key geographic markets we are increasingly coordinating our activities through WPP Regional, Sub-Regional and Country Managers. We continue to believe that increasing coordination is required between our brands at global and country levels, as the arguments for investment in regional management become weaker, partly because of improved technology. In addition, we have increased the number of WPP Global Client Leaders to coordinate our efforts on behalf of clients and to ensure they receive maximum benefit from their relationships with WPP regional operating brands.

Furthermore, we continue to encourage internal strategic alliances and promote co-operation. Practice development initiatives have therefore been reinforced in such areas as healthcare, retail, internal communications, corporate sustainability and media and entertainment. This has been especially important in developing our portfolio of direct investments in new media under WPP Digital and WPP Ventures and where our investments are working with our agencies and people to bring new technology capabilities and understanding to our clients.

All these initiatives are designed to ensure that we, the parent company, really do (as well as being perceived to) inspire, motivate, coach, encourage, support and incentivise our operating companies to achieve their strategic and operational goals.

5

Fifth, to emphasise revenue and net sales growth more as margins improve. One legitimate criticism of our performance against the best-performing competition has been our comparative level of organic revenue growth, although the methods used to calculate rates of organic growth 'vary' to say the least and we may have put too much emphasis on margin improvement. Encouragingly, our like-for-like revenue growth of 8.2% led the industry in 2014. Net sales growth on the same basis of 3.3% was (we believe) more than respectable, given there is no standard reporting practice and so accurate comparisons with our competitors is not currently possible. Investment analysts – please demand this disclosure! Our net sales margin of 16.7% in 2014 was the highest reported level in the industry. We continue to believe that profitable growth is preferable to sacrificing margins.

Estimated net new business billings of £5.8 billion (over $9 billion) were won in 2014, with the Group placed first in net new business tables for the third year in a row. The Group continues to benefit from consolidation trends in the industry, winning assignments from existing and new clients, including several very large industry-leading advertising, digital, media, pharmaceutical and shopper marketing assignments. These wins partly benefited the second half of 2014, but the full benefit will be seen in 2015.

Our practice development activities are also aimed at helping us position our portfolio in the faster-growing geographic and functional areas. The Group completed 65 acquisitions and investments in 2014: 36 were in new markets; 53 in quantitative and digital; and one in Healthcare Communications in the US. Of these, 25 were in both new markets and quantitative and digital.

Specifically, in 2014, acquisitions and increased equity stakes were completed in Advertising and Media Investment

Management in Canada, the US, the UK, France, the Netherlands, Poland, Russia, Turkey, the Middle East, South Africa, Peru, Australia, China, India and Vietnam; in Data Investment Management in the US, the UK, France, Italy, the Netherlands, Romania, Spain, the Kingdom of Saudi Arabia and the United Arab Emirates; in Public Relations & Public Affairs in China; in direct, digital and interactive in the US, the UK, China and Vietnam; and in Healthcare Communications in the US.

So far in 2015, the Group has made acquisitions or increased equity interests in Data Investment Management in the US; in direct, digital and interactive in Peru, Sweden and the US; in sports marketing in the US; and in Healthcare Communications in Australia.

These acquisitions continue to target our previously-described strategic priorities; expanding the share of revenues of our businesses in Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe to 40-45%; in new media to 40-45%; and in Data Investment Management, direct, digital and interactive, to one-half.

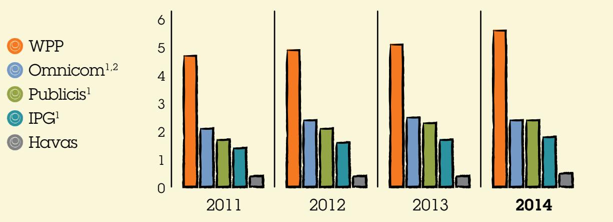
Expansion plans

We intend to expand our strong networks – J. Walter Thompson, Ogilvy & Mather, Y&R, Grey, Bates CHI&Partners, Scangroup, Mindshare, MEC, MediaCom, Maxus, tenthavenue, TNS, Millward Brown, Kantar Media, Kantar Health, Kantar Retail, Kantar Worldpanel, Hill+Knowlton Strategies, Ogilvy Public Relations, Burson-Marsteller, Cohn & Wolfe, Brand Union, Landor, FITCH, Ogilvy CommonHealth Worldwide, Sudler & Hennessey, ghg, OgilvyOne Worldwide, Wunderman, Geometry Global, POSSIBLE and AKQA – in high-growth markets or where their market share is insufficient.

We will also enhance our leadership position in Data Investment Management by further development of our key brands with particular emphasis on North America, Asia Pacific, Latin America and Continental and Eastern Europe. We will continue our growth of research panels and have established a Kantar-wide operational capability. We will reinforce our growing position in media research through Kantar Media, which includes our investments in television and internet audience research and IBOPE, Marktest and CSM/CTR, which, combined, is the market leader outside North America. We currently measure television and/or internet audiences in 49 markets around the world.

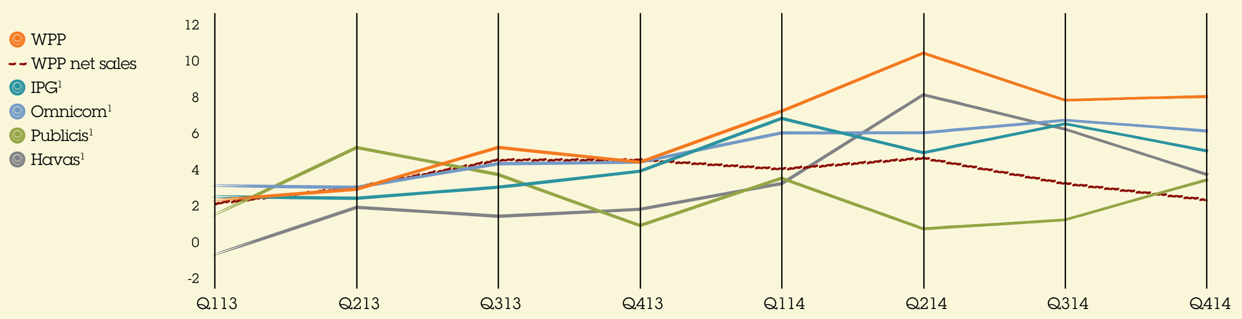
In addition, we intend to reinforce our worldwide strength in direct and interactive marketing and research through our traditional channels such as Wunderman, OgilvyOne Worldwide, Geometry Global, Blanc & Otus and Lightspeed. We will also invest directly in new channels through start-ups, particularly as US and French valuations in search, for example, are still

Revenue in faster-growing markets 2011-2014 $bn



[1] Peer data sourced from annual results translated at average exchange rate for the year.
[2] Assumed non-Euro countries in Europe are 3% of revenue and Canada is 1.5% of revenue.

Organic revenue growth vs peers %



[1] Peer data sourced from company presentations.

prohibitive. Other opportunities will be sought to enhance our online capabilities.

Lastly, we will continue to develop our specialist expertise in areas such as healthcare, retail and interactive and to identify new high-growth areas.

Creativity remains paramount

6 Sixth, to build on, still further, the impressive creative reputation WPP now enjoys globally.

The creative capability of the Group is led by John O'Keeffe, WPP's worldwide creative director. John reminds us constantly that while many issues facing WPP are very important – margin growth, acquisitions, geographical spread and the like – the creative quality of the work will always be priority No.1. We live or die by the ideas we deliver to our thousands of clients: design ideas, media and digital ideas, consumer insights and, of course, Millward Brown's influential BrandZ studies and Y&R's equally influential BrandAsset® Valuator.

Training and development programs remain a key focus, as of course does the judicious use of our M&A skills to identify the best and most like-minded creative businesses to join us.

In 2014, we celebrated our eighth annual internal WPPED Cream awards, showcasing what we consider our very best work. wppedcream.com is a key online destination website for anyone searching for the very best in marketing creative excellence.

For those of us concerned with marketing that actually works, it's common to say that, in order to be effective, you need to be creative. Maybe we should start saying that in order to be creative you need to be effective. Because we do appear to have proven both tenets. For a record fourth time in a row, our peers across the entire industry voted WPP Creative Holding Company of the Year at the Cannes International Festival of Creativity. Meanwhile, a similarly diverse Effies jury has just named WPP the Most Effective Holding Company, again for a fourth consecutive year. Congratulations to all the WPP companies throughout the world for another amazing year.

Sustainability matters

The Group's commitment to, and investment in, sustainability initiatives supports major business wins. We estimate that clients who engaged with WPP on our approach to sustainability were worth £1.35 billion out of our total revenues of £11.5 billion to the Group in 2014.

We are in business for the long term and, like all leading companies today, we recognise our responsibilities to clients, our people and the world at large. Sustainability at WPP cuts across all areas of our business: from the work we do for clients, to the time we donate to causes through pro bono work, the way we run our Company and look after our people, and our commitment to respect human rights. Sustainability issues are ever more important to our clients, and our own track record gives us credibility as advisors on these topics.

> *"Sustainability at WPP cuts across all areas of our business"*

A summary of the Group's approach to sustainability can be found on pages 159 to 165, including our commitment to respect human rights on page 164. Please also see our annual Sustainability Report on the work our clients and our people do in this important area.

Sustainability performance summary

	2014	2013	2012
Value of client business supported by our sustainability credentials[1]	**£1.35bn**	£1.26bn	£0.77bn
Gender diversity (% full-time female employees)	**54%**	54%	54%
Gender diversity (% female executive leaders)	**31%**	32%	32%
Investment in training and welfare	**£73.9m**	£64.4m	£57.8m
Carbon footprint (tonnes of CO_2 per employee)	**2.26**	2.35	2.45
Social contribution[2]	**£46.9m**	£39.4m	£30.5m

[1] Value of clients who requested information on our sustainability policies and performance through their supplier management process.
[2] Includes free media space donations.

And finally...

When WPP advertises for applicants to its annual Fellowship program, the headline reads, *Ambidextrous Brains Required*. Some people say they do not know what that means; but all those in whom WPP would be particularly interested understand immediately.

More than in most occupations, to be successful in marketing communications, you need not only to be able to speculate with unrestrained imagination, but also to scrutinise concepts and ideas with a forensic rigour. The normal shorthand is to say that exceptional marketing is part science and part art: and, as shorthand, that is probably true. It is more and more widely recognised that strong and profitable brands appeal at least as much to the emotions as they do to the reason. Effective brand communicators are those who instinctively understand that truth and delight in working with it.

In a report of this kind, a year's achievements, if only for fiduciary reasons, have to be expressed almost entirely in terms of numbers. But it must never be forgotten that those numbers are the end product of the personal achievements of tens of thousands of individual people; and people, what's more, of unusual talent. They have ambidextrous brains; that is why our clients come to us; and why they deserve our gratitude and very public recognition.

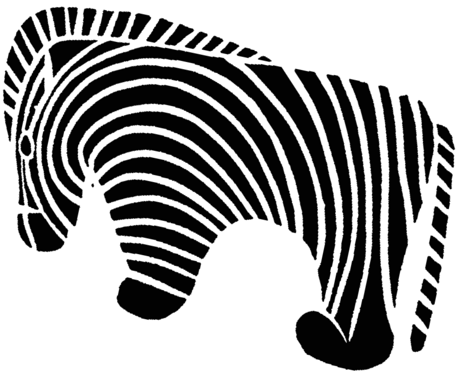
Philip Lader
Chairman

Sir Martin Sorrell
Group chief executive

Paul Richardson
Group finance director

Forward-looking statements

In connection with the provisions of the Private Securities Litigation Reform Act of 1995 (the 'Reform Act'), the Company may include forward-looking statements (as defined in the 'Reform Act') in oral or written public statements issued by or on behalf of the Company. These forward-looking statements may include, among other things, plans, objectives, projections and anticipated future economic performance based on assumptions and the like that are subject to risks and uncertainties. As such, actual results or outcomes may differ materially from those discussed in the forward-looking statements. Important factors which may cause actual results to differ include but are not limited to: the unanticipated loss of a material client or key personnel, delays or reductions in client advertising budgets, shifts in industry rates of compensation, regulatory compliance costs or litigation, natural disasters or acts of terrorism, the Company's exposure to changes in the values of other major currencies (because a substantial portion of its revenues are derived and costs incurred outside of the UK) and the overall level of economic activity in the Company's major markets (which varies depending on, among other things, regional, national and international political and economic conditions and government regulations in the world's advertising markets). In addition, you should consider the risks described under the heading Principal risks and uncertainties on pages 173 to 177, which could also cause actual results to differ from forward-looking information. In light of these and other uncertainties, the forward-looking statements included in this document should not be regarded as a representation by the Company that the Company's plans and objectives will be achieved. The Company undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.



Reports from our company leaders

Our business is best understood through an understanding of its constituent parts. On the following pages, the leaders of our major companies give summary accounts of their performance and progress in 2014.

Advertising

J. Walter Thompson

Report by Gustavo Martinez **(below right)**
Chairman and chief executive officer
with
Matt Eastwood **(below left)**
Chief global creative director

2014 was an historic year for J. Walter Thompson, as we celebrated 150 years of pioneering. We also began a year-long transition in preparation for my official appointment as the incoming 2015 chairman and global CEO – a truly exciting and humbling handover.

After an intense 'listening tour' to meet our many great clients, visit our offices and get to know our employees, I cemented our mission: To create pioneering solutions that build enduring brands and business.

Restoring our creative shine was, and continues to be, a top priority, and hiring a global creative partner was a critical order of business. Within three months of arriving, I appointed Matt Eastwood as chief global creative officer, a role that was vacant in recent years. Matt is a fellow 'global citizen' whose creative ambition and international sensibility are challenging the network to raise its creative bar.

The second priority was to fortify our network with key leadership changes at both the regional and global levels.

Reintegrating Brazil into our LatAm region, we appointed Stefano Zunino as chief executive officer, J. Walter Thompson Latin America, now offering expanded pan-regional solutions.

We welcomed back Tarun Rai as the new chief executive officer of J. Walter Thompson South Asia, succeeding Colvyn Harris.

We also welcomed back Norman Tan as China chairman and North Asia chief creative officer.

In our New York flagship office, we elevated Lynn Power from managing director to president; and appointed Adam Kerj, her creative partner, as chief creative officer.

Claire Capeci was elevated from her role as managing director of J. Walter Thompson New York to global president of retail.

We welcomed a new head of analytics for North America, Amy Avery, to lead our rapidly growing analytics practice.

And driving our consumer insights and trends-focused initiatives, Lucie Greene joined as worldwide director of JWTIntelligence, adding expertise and bench strength to our global trends unit.

These leadership changes gave way to a number of new business wins and organic growth across all regions, including strong performances from the UK and APAC in particular. Build-A-Bear, Tata Sons Limited, Revlon's Almay, Professional Brands and Mitchum, Bayer, HSBC, Kellogg's, Royal Automobile Club of Victoria (RACV), Qatar Airways, Hilti, Treasury Wine Estates, and even the successful re-election campaign for Colombia's President Juan Manuel Santos are just some of our great wins for the year.

With a name inspired by the Latin word for "amazing," Mirum is poised to deliver both the technology and creative solutions that today's global brands demand

Globally, we returned to our full name, J. Walter Thompson, and created the J. Walter Thompson Company – a parent company under which we introduced Mirum, a modern global company composed of 11 digital agencies across 17 countries and 40 offices. With a name inspired by the Latin word for "amazing," Mirum is poised to deliver both the technology and creative solutions that today's global brands demand.

Dan Khabie **(above left)** Chief executive officer, Mirum; **Stefano Zunino** **(above right)** Chief executive officer, J. Walter Thompson Latin America and chairman, Mirum

Led by Dan Khabie as CEO, Mirum unified Digitaria, XM, CASA, Activeark JWT, Twist Image, Lunchbox, i-Cherry, HeathWallace, Quirk, Clarus and X-Prime. Diverse both geographically and in their offerings, the companies shared an entrepreneurial culture, deep understanding of local market needs and leading-edge technical and creative capabilities. Together as a single brand, Mirum represents principles rooted in innovation, design, data and marketing, and has expert capabilities in Strategy & Consulting services, Creative & Content, User Experience & Platforms, Analytics & Insight, and Product Development & Mobile.

Dan's natural entrepreneurial instincts and immeasurable passion foster Mirum's startup mentality, while driving growth forward across the global network in partnership with the many entrepreneurs who comprise Mirum's executive leadership team.

The launch of Mirum was an integral part of our overarching strategy to continue building J. Walter Thompson Company's many assets and capabilities, in order to drive business transformation. And to continue leveraging 'horizontality' within WPP, this year we reinforced our relationship with our JV with Ogilvy & Mather, Geometry Global, in North America and Europe. (See Geometry Global report on page 80.)

With new leadership, new business wins and a new global agency in place, our goal is to reach 5% to 6% growth annually. By 2020, we aim to become a global powerhouse with the industry's best talent and creative work, bringing each office to the top of their market and a portfolio that anticipates and serves our clients' needs.

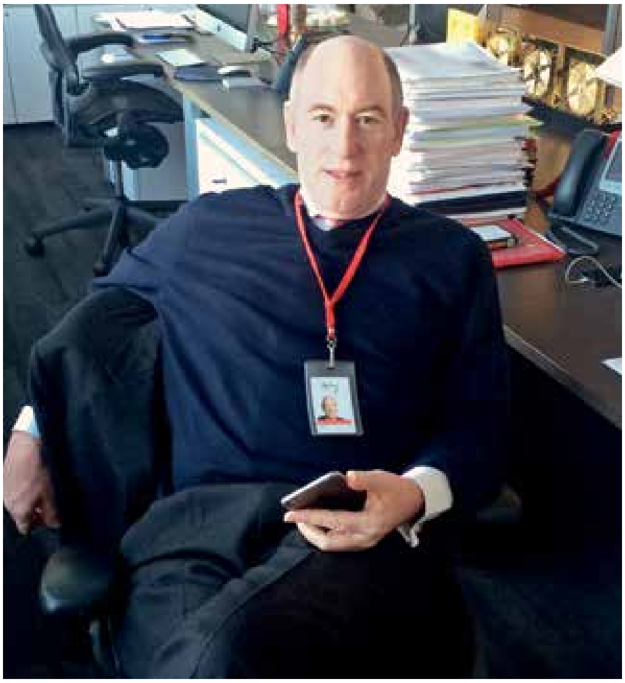
Throughout the year, I have been constantly impressed by J. Walter Thompson's global citizens – a passionate and talented network with a never-ending desire to win. It must also be noted that few agency transitions have been handled so seamlessly for a company our size, and it is with thanks to Bob Jeffrey and his mentorship that it was made possible.

With new leadership, new business wins and a new global agency in place, our goal is to reach 5% to 6% growth annually. By 2020, we aim to become a global powerhouse with the industry's best talent and creative work, bringing each office to the top of their market and a portfolio that anticipates and serves our clients' needs

While 2014 has been an incredible journey, 2015 will be the first chapter of our next 150 years. We will continue to build and implement an aggressive growth strategy for the company, announcing additional structural changes and infusing new leadership to support the evolution of J. Walter Thompson Company. As the new CEO and chairman, I am honored to take the helm and continue polishing the diamond that is J. Walter Thompson.

Ogilvy & Mather

Report by Miles Young (below)
Worldwide chairman and chief executive officer



When we look back at 2014, 10 years on, I believe we will see it as a tipping point, the start of something transformative. The impact of the digital revolution is becoming apparent as some of the hype and misconceptions wear off (though there is plenty of both around, and, on the other side, plenty of denial still in our industry).

For us, it means simply this: the old world of 'packaged communications' (neat 30" spots, tidy direct mailshots, etc.) has been replaced by a new world of seamless content. Content is not a fantastic word, and accretions of meaning in different usages have tended to obscure it. Nonetheless, I have no doubt that content is king. In a self-select world, you live or die by the quality of your content and the deeper narrative or story which binds it together. Content is both wheat and chaff, and it is growing and harvesting the wheat fields that interest us.

When we met as a Board in New Delhi in February 2014, we set off a range of experiments and initiatives. As with most of our major clients, we are now content-driven (for which read digital-centric) and the future will see us becoming more and more a publisher, and less and less the agent of the past.

As we do that, the boundaries between traditional disciplines start to soften, but the fact that we – uniquely for our size – have all those disciplines, gives us a massive advantage. The journey has begun.

> *… the future will see us becoming more and more a publisher, and less and less the agent of the past*

My creative partner, Tham Khai Meng, wrote a great piece on stories, *The Ape, the Adman, and the Astronaut: Rediscovering the power of storytelling*. It puts storytelling at the very heart of brand-building. It was heartening that superlative executions of brand stories led us to success again, as the world's most creative network at the Cannes International Festival of Creativity. This was our 'three-peat': the third year running we won it. It was significant that our clients were as proud of this success as we were – a reminder that superior creativity is a differential success factor in the marketplace.

We were pleased with the financial performance in 2014, with a strong showing in all four regions. In particular, North America surged, and we saw signs of recovery in the Southern European economies. A notable event for us was the acquisition of the majority shareholding of our partner in the Middle East, MEMAC. Led by Eddie Moutran, who joined our Board, this is a network with great strength in depth. It also reaffirms our belief in developing markets, and the importance for us to be leading edge within them.

In our disciplines, Ogilvy Public Relations appointed a new CEO, Stuart Smith; while Chris Graves as chairman will continue to spearhead Ogilvy PR's drive into content. Stuart Smith and Brian Fetherstonhaugh (for OgilvyOne Worldwide) will report separately below; Matt Giegerich (for Ogilvy CommonHealth Worldwide) and Steve Harding (for Geometry Global, our JV with J. Walter Thompson) will report on pages 76 and 80 respectively.

My thanks go to our wonderful people, our clients who put so much trust in us, and the partners, especially our many colleagues at WPP, with whom we work so fruitfully.

OgilvyOne Worldwide

Report by Brian Fetherstonhaugh (below right)
Chairman and chief executive officer

OgilvyOne Worldwide achieved an excellent year in 2014 on all three major fronts – financially, creatively and strategically.

Financially, we set new all-time high levels for both revenue and profit. Our growth was fueled by a healthy combination of expanded assignments from current clients and new business engagements in categories including travel, hotels, fashion, insurance, mobile and beverages.

Creatively, 2014 was OgilvyOne's best-ever performance at the major awards shows, with our work for British Airways leading the charge. The 'Magic of Flying' campaign from OgilvyOne London took home the Cannes Lions Direct Grand Prix plus another eight Lions, and a myriad of local awards. 'A Ticket to Visit Mum' from OgilvyOne New York won the Mike Hughes Creativity Award and Gold at the Direct Marketing Association's ECHO Awards, plus the Grand Prix and Special Prize at the 4A's Jay Chiat Awards. Other stand-out achievements included a Cannes Lions Innovation award for 'Babolat Play,' the world's first connected tennis racket, and a slew of wins for clients including American Express, BlackRock, DuPont, IBM, Kimberly-Clark and Nestlé.

We are separating ourselves from the pack as the one agency that can really deliver sparkling creative solutions that are inspired by data

The reason behind our success is simple: OgilvyOne's global Customer Engagement positioning has been embraced as the strategic heart of the network. Thanks to the hard work and commitment of our Customer Engagement specialists around the world, we are separating ourselves from the pack as the one agency that can really deliver sparkling creative solutions that are inspired by data. There is a strong correlation around the world between each office's financial performance and its adoption of the Customer Engagement approach.

To further drive our strategic differentiation, we made major investments in2014 in three growth areas:

- DAVE: Our D(ata-inspired), A(lways-On), V(aluable), E(xperiences) methodology went online this year with an automated tool that fosters new levels of insight, collaboration and consistency.
- OgilvyAmp: The next evolution of our global data offering is off to a fantastic start. Client response has been outstanding and we plan to launch several exciting new data products this year.
- e-commerce: Our global e-commerce practice continues to develop and grow rapidly and we committed to being a leader in e-commerce strategy and user design. Our Continuous Commerce™ approach is generating excellent client uptake.

To keep us ahead of the pack, we continue to acquire highly-promising businesses in growth sectors. In 2014, we welcomed several high-potential new businesses, including Verticurl (marketing automation), Bottle Rocket (mobile), dnx (business-to-business), Social Lab (social CRM) and three digital specialists: PennyWise (India), Brandigital (Latina) and Gloo (South Africa).

With our positioning as the world's top Customer Engagement agency and continued investments in creativity, content and data, we see a bright future ahead.

Ogilvy Public Relations

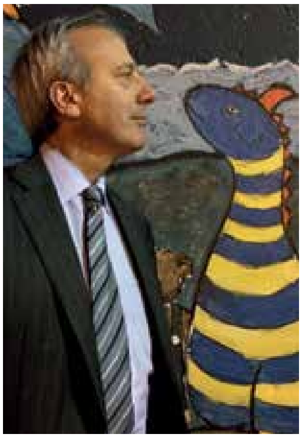
Report by Stuart Smith (right)
Global chief executive officer
and
Christopher Graves (below)
Chairman

The PR industry continues to experience radical change. The winners in this new world will meet the increasing demands of CMOs for earned media campaigns that are integrated, newsworthy and activated with creative, real-time social content. As part of the Ogilvy & Mather network, we are uniquely placed to help corporate and product brands navigate the ever-shifting landscape of paid, owned and earned media in search of influencing the choices of consumers and corporate stakeholders.

2014 was the year that saw us mature our global real-time content offering. For our largest clients, our content hubs generate daily content across multiple countries and in many languages. All of our offices now boast content teams in various stages of development.

It was also the year we started to develop our new five-year global strategy, investing in talent and demonstrating industry leadership in creativity, digital and social. *The Holmes Report*, PR's only global commentator, put us at the top of their Global Creativity Index, named us the Best Global Digital Consultancy – both for the second year running – and awarded us pan-EAME Agency of the Year for the first time in our history.

Ogilvy PR veteran Scott Kronick, served his first full year as Asia Pacific's new CEO, running the largest of the region's international PR agencies. We performed well creatively, with a notable win of the Most Creative Global Campaign from *The Holmes Report* (for Goodyear).



Under Rob Mathias' leadership we navigated changes in our North American portfolio well and diversified our government work to include FEMA and the U.S. Department of Health and Human Services. We communicated complex issues including Obamacare and Ebola and launched the new $100 note globally. We led the industry with ground-breaking creative campaigns for clients American Express, Pfizer, and Darden's Specialty Restaurant Group.

We grew our geographic footprint, adding the Middle East and North Africa to our resurgent EAME region. In South Africa, Kenya and Turkey we went from strength-to-strength. Ogilvy PR UK was named Large Agency of the Year (PRCA) for the second year running. We launched new offers in the UK: paid social, employee engagement and sports marketing.

We continued to structure ourselves for profitable growth, hiring fresh talent to lead our operations, world-class people in the specialist area of social change and across several offices we put new creative talent in place.

2015 is about re-setting expectations of what public relations can achieve in an integrated environment. Ogilvy PR is transforming. Our new role is to help companies and brands optimise their campaign platforms for earned media, building reputation, generating advocacy and ultimately driving sales. Our proposition is simple: we exist to create value through earned influence.

Ogilvy CommonHealth Worldwide

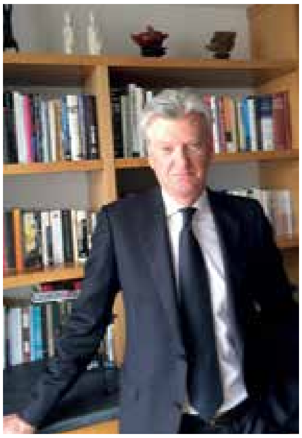
See report on page 76

Geometry Global

See report on page 80

Y&R Group

Report by Peter Stringham (below)
Chairman and chief executive officer



Best Alone. Better Together. For our clients, it means getting some of the smartest people and best resources in all the disciplines of communications around a table figuring out what's best for their brand.

For the partner companies of Y&R Group, it is a strategy that has been proven over nearly half a century, when Y&R made its first acquisition outside of advertising.

We launched INSPIRE, a sustainability practice across all the Y&R Group companies that helps clients craft communications that create commercial value for the brand

Peter Law-Gisiko
Chief operating officer

We constantly reinforce our ability to collaborate. In 2014, Y&R Group initiated cross-company business development training with the Group's New Business Development Council. We continued our proprietary Rubicam University client partnership and cross-disciplinary training program.

We restructured the Global Intelligence Group to give broader and deeper support to the entire network.

And, finally, we launched INSPIRE, a sustainability practice across all the Y&R Group companies that helps clients craft communications that create commercial value for the brand.

On these next pages, the Y&R Group companies share their perspectives, their achievements, and their plans for the future.

Y&R

Report by David Sable (below)
Chairman and chief executive officer

Digital is everything, but not everything is digital.

Nowhere is this more evident than in the world of brands. People like the convenience of ordering online, but pure-play e-commerce companies are actively looking for brick and mortar extensions. We might argue about what TV is or isn't, but what is abundantly clear is that well-written, high-production value content – in many formats and across all channels – is what attracts big and committed audiences. And the Super Bowl still has advertising, as does Google, Facebook and Twitter, to name just a few.

Bottom line, more and more, the enablement of technology enhances our real world lives, creating a converged, multidimensional world where our business needs to be more fluid, more flexible, and far more creative.

Our view of the world is fairly simple. We believe that creativity tells the story of the brand, and storytelling has always been at the core of Y&R's DNA. We believe that innovation is all about how we distribute the story and social applications like Facebook, Twitter, Instagram and Snapchat are important innovations that enhance our ability to tell stories, just as radio and television were to prior generations in our business. And finally, we

believe that technology is the ultimate enabler, allowing us to create stories with true interactivity, transactional capabilities and real consumer-brand dialogue.

Our mission has always been to resist the usual. And we translate that mission into our very powerful strategy of "Digital is everything, but not everything is digital." Ergo, even the most basic and traditional print ad comes from a digital base and probably, most importantly, at the end of the day, everything that we drive for our clients is about real-world experience with their products and services.

In many ways this notion has freed us to do what our clients need, to offer unexpected solutions and help our clients' customers enjoy complete brand experiences. When you combine Y&R Advertising with its siblings VML, Bravo, iconmobile, Labstore and BrandAsset® Valuator, we have a global offering that covers all the bases better than anyone else. And, of course, add our unlimited access to WPP resources.

In 2014, we helped our clients navigate a retail environment that is increasingly global, digital and personalized by consolidating more than 20 shopper and retail marketing capabilities into a single unified global network, Labstore. Out of the gate, Labstore opened new offices in South Africa, Bangkok and Manila, won its first Effie in Chile, and pitched with Y&R Advertising to win new assignments around the world.

We believe that technology is the ultimate enabler, allowing us to create stories with true interactivity, transactional capabilities and real consumer-brand dialogue

We leveraged the enormous proprietary data of BrandAsset Valuator to give our clients solid quantitative data that is both diagnostic and prescriptive. After 20 years and $140 million invested in BAV, we continued to advance both the model and study. We created regional hubs, added local consulting practices, fielded research in more markets than ever before, and integrated this data side more deeply with brand planning and our powerful eXploring capabilities. We also created a new practice of nation-branding with our BAVC group, which will launch this year.

We addressed a key client need to drive both creative excellence and efficiency by creating a global infrastructure for content creation and partnerships, which has gained incredible traction already.

We continued to support VML's growth around the world in order to offer clients a model that gives them a seamless combination of resources from Y&R Advertising and VML when needed, while allowing both agencies the freedom to be the best in their business and utilize on their own, all of the other resources in our group. Four of the top 10 Y&R new business wins in 2014 came from VML.

When you combine Y&R Advertising with its siblings... we have a global offering that covers all the bases

iconmobile gained attention and acclaim at CES in January, where they showcased their consumer product development, particularly products around home life.

We celebrated another year of creative leadership – at Cannes, where we remained the No.4 most creative network in the world and won two coveted Cannes Chimera awards out of Singapore. VML ranked among the top three winners among digital agencies at Cannes. Our performance at Cannes was equally matched by even stronger performances in the regions. Last year we had Agency of the Year recognition in China, Indonesia, Thailand, Yangon, Cambodia, Laos, Myanmar, Pakistan, Chicago, Buenos Aires, Santiago, São Paulo, Hungary and Poland.

All of this added up to brisk new business – with a large surge of wins in North America for Y&R, VML and Bravo. Wins around the entire network included the major Australia Post account for Y&R Australia, a major healthcare brand at Y&R New York (the largest win of the year); AOR assignments with COBRA PUMA Golf, Krispy Kreme and NAPA Auto Parts for VML, and at Bravo, assignments from major brands, including General Mills and MillerCoors. Of the 332 new business wins across the network last year, about a third came from existing clients.

We have added depth to our senior management across all our companies, including Y&R Advertising and VML, strengthening our operations today, as well looking to the future.

Our vision is to be our clients' most important partner. With our depth of resources, geographic spread, creative leadership fueled by our mission to Resist the Usual, we think we are well-positioned for continued success in 2015.

VML

Report by Jon Cook (below)
Chief executive officer and president

Global expansion and increased capabilities have advanced VML's business for several years, and that growth has been amplified by dramatic expansion in North America, which was shaped around major client relationships.

We acquired respected Biggs|Gilmore, with offices in Kalamazoo, Michigan and Chicago, and expanded VML operations in both locations – enabling us to provide enhanced services to three of our largest client partners: Kellogg's, Kimberly-Clark and PepsiCo. Longtime agency partner Studiocom was rebranded as VML in Atlanta and Bogotá, and we launched full-service operations in Nashville, servicing new AOR duties for the Tennessee Department of Tourist Development and global work for Bridgestone.

At the same time, China has become VML's second largest market through organic growth and acquisition. The combination of VML IM2.0 and China's largest social media agency, Teein, has created a major hub with more than 400 VMLers in Beijing and Shanghai.

VML secured new client relationships and AOR responsibilities with COBRA PUMA GOLF, Krispy Kreme and NAPA Auto Parts. Additional new business wins included Crayola, Equinox, J.G. Wentworth, Pernod Ricard, QuikTrip, REI, Sear's Shop Your Way, Toys R Us, Tropicana, U.S. Soccer and more.

2014 was the most awarded year in VML's history. VML received eight Cannes Lions and we were recognized in all the top tier global award competitions. VML was also honored to win the WPPED Cream PR Crème de la Crème award for the MINDDRIVE Social Fuel pro bono campaign.

In September, we extended our annual day of volunteerism to the entire VML global network. VMLers worked in their communities on VML Worldwide Foundation Day to make a tangible difference. Over a 24-hour period, thousands of photos were posted at #wearevml as VMLers shared experiences around the globe. Our employees continue to drive our business and shape our culture in such amazing ways.

Wunderman

Report by Daniel Morel (below left)
Non-executive chairman
and
Mark Read (below right)
Chief executive officer

Wunderman demonstrates a key strength that forward-looking clients are increasingly seeking: the intelligent application of data and creativity. Today, over 100 Fortune 500 brands look to Wunderman to deliver personalized communications to consumers around the world. Our world-class data infrastructure is unrivaled in our industry and plays a central role in why clients choose Wunderman.

While 2014 had its challenges, Wunderman added several new clients, including Charter Communications, Saxo Bank, GSK, Virgin Media, BMW, Lenovo, Deutsche Bahn and Sony Europe, among others. Organic growth from United Airlines, P&G, Best Buy and Shell has also been encouraging.

Advertising Age once again ranked Wunderman among the top digital agency networks in the world. Thanks to Mel Edwards' leadership, Wunderman's London office continued its rise, receiving high marks from *Campaign* magazine, including 8 out of 9 on the *School Report*, *Campaign Media Awards Gold*, and *Campaign Dream Team Top 10 Customer Engagement*. Wunderman's understanding of Land Rover's needs also led to a Silver Agency-Marketer Partnership Award from *Campaign Asia-Pacific*.

Under Becky Chidester's direction, Wunderman Health cracked the $80 million mark. Global brands like Pfizer and GSK sought out Wunderman Health for its customer-centric approach and digital capabilities. At the inaugural Lions Health awards at the Cannes International Festival of Creativity, Wunderman Health picked up its first Gold Lion.

Today, over 100 Fortune 500 brands look to Wunderman to deliver personalized communications to consumers around the world

We continue our commitment to clients by expanding our digital capabilities and reach, adding Phantasia in Peru and taking a majority stake in the UK-based digital technology consultancy Cognifide. Wunderman also acquired UK-based FusePump, specialists in product data and content for digital marketing. Shortly thereafter, FusePump Labs was established for product development, testing ideas and creating new tools for our clients. Aqua, South Africa's largest digital agency and part of Wunderman, acquired Applogix, a marketing and e-commerce technology agency in Johannesburg.

Alongside the Singapore Economic Development Board, Wunderman opened a data-training hub: the Center for Advanced Analytics. It's charged with educating recent grads in how to manage and analyze consumer data – skills that are at the heart of Wunderman.

WPP Digital CEO Mark Read joined Wunderman's team in June 2014. Mark, who has been closely connected to WPP's digital transformation, is the perfect leader to continue Wunderman's development and, indeed, take the company to new heights. On February 1, 2015, I officially handed the reins of leadership to Mark, and he became Wunderman's CEO while I remain as non-executive chairman.

With strong leadership and a focus on innovation, Wunderman is poised for continued success.

Landor

Report by Lois Jacobs (below)
Chief executive officer

In 2014, we repositioned ourselves on a platform of delivering Agile Brands.

The speed of modern-day disruption means brands are being created and managed in an entirely new context. Successful brands are agile brands. Landor has identified six essential characteristics of an Agile Brand together with an understanding of how brand management must change so that brands may act and adapt quickly while remaining embedded in strong principles. It is this interplay between standing for something and yet never standing still that makes agile brands successful. In 2014 our thinking resonated and we gained new clients everywhere including: Barclaycard, HomeAway, Generali, Siemens VAI, Target Australia, and others.

A highlight of the year was winning the first Gold Cannes Lion for Product Design

In the US we combined our four offices into one region under the leadership of our new president for North America, Stuart Sproule. Stuart brings considerable digital expertise to Landor having formerly served as president of TBWA's Digital Arts Network.

We saw good growth within Asia Pacific and we further expanded our network by opening offices in São Paulo and Istanbul.

A highlight of the year was winning the first Gold Cannes Lion for Product Design for our Alcoa trashcan designs in New York City's Central Park.

Burson-Marsteller

Report by Donald A. Baer (below)
Worldwide chair and chief executive officer

Burson-Marsteller marked 2014 by fully integrating our 'Burson-Marsteller, Being More' positioning into everything we do. Our teams around the world approach every opportunity with the determination to be more ideas-driven, results-oriented and evidence-based in delivering strategic communications solutions. We pride ourselves on being among our clients' most trusted advisors, partners who assess their business goals and communications challenges, understand what needs to be done and determine how to bring our Being More spirit to the job at hand.

We brought the most advanced digital, social and analytics tools to bear across all of our markets and raised the level on our creative content development, ensuring our communications have the most meaningful business impact for our clients

This approach led to important achievements in 2014. We brought the most advanced digital, social and analytics tools to bear across all of our markets and raised the level on our creative content development, ensuring our communications have the most meaningful business impact for our clients.

We won global assignments and expanded existing work into new regions with The Rezidor Hotel Group, Pitney Bowes and Sony. High-profile US assignments included helping: Texas Health Resources manage the complexities surrounding the first patient in the US to be diagnosed with Ebola; Target handle a massive data breach crisis; and Comcast NBCUniversal build its reputation among national opinion leaders. In Asia-Pacific, we added the National Basketball Association, Princess Cruises and Rolex to our client roster. Latin America grew with new client engagements with Coca-Cola and the Formula 1 Grand Prix in Mexico, Shell in Peru and McDonald's in Chile. Europe produced outstanding digital work, notably the seventh annual *Twiplomacy* study.

Strategic thinking, exceptional creativity, evidence-based discipline and a commitment to excellent results were the building blocks supporting our work around the world in 2014

The Burson-Marsteller Corporate Perception Indicator launched, in a global partnership with CNBC, underscoring our commitment to being leaders in bringing original thinking to important worldwide conversations. The study, conducted with our sister research firm Penn Schoen Berland, was an unprecedented survey of more than 25,000 people, including 1,800 business executives, across 25 markets on the roles and responsibilities of corporations in society.

Strategic thinking, exceptional creativity, evidence-based discipline and a commitment to excellent results were the building blocks supporting our work around the world in 2014. They form the foundation on which we are building an even stronger Burson-Marsteller in 2015.

Sudler & Hennessey

Report by Jed Beitler (below)
Worldwide chairman and chief executive officer

2014 was a very successful year, full of fast-paced work and challenging, complex client teams. Major new client wins included Amgen, Astellas, Novartis, and Otsuka. Globally, our business continued to grow through WPP team partnerships.

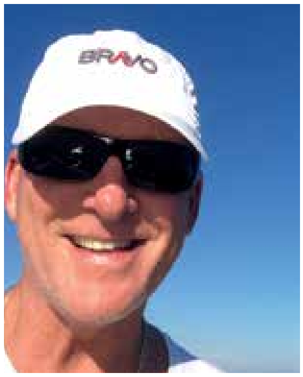
Our internal digital integration not only continued to build digital growth that outpaced the agency growth in the US, but also led to success throughout the network. Our interactive Google Glass experience at the American Society of Clinical Oncology was acknowledged by the WPP WPPED Cream Awards. Our chief digital officer seized an opportunity to develop and publish Rx website standards, saving time and creating consistency for all current and future clients.

We focused on growing our business organically, refining our processes with a new project management team, and further developed our specialized offerings in Primary Source Strategic Consulting and Quality Matters Health Management.

Our Sudler offices throughout our regions were recognized for their creative efforts, winning many awards for both client and pro bono work. In addition, Rob Rogers served as a judge at the Lions Health awards at Cannes in 2014, and has been appointed as jury president in 2015.

Bravo

Report by Eric Hoyt (below)
President and chief operating officer



The US Hispanic market is the best business opportunity in America and Bravo continues to thrive by helping our clients capitalize on this critical growth sector.

New business performance was excellent with major wins: American Express, Coca-Cola, General Mills, MillerCoors and SC Johnson. Each one of these wins was achieved working in tight collaboration with other WPP partners (Ogilvy & Mather, Wunderman, Geometry Global and Cavalry) proving the value and relevance of 'horizontality'.

2015 looks equally promising as our full client roster will benefit from our fully integrated offering that combines brand, digital and retail solutions to drive brand growth and business success.

Cohn & Wolfe

See report on page 71

Grey Group

Grey

Report by Jim Heekin (below)
Chairman and chief executive officer

We began 2014 with the remarkable feat of being named Global Agency of the Year by *Adweek* and Agency of the Year by *Advertising Age* in recognition of our creative and business success. And we ended the year becoming *Campaign*'s Global Advertising Network of the Year. The magazine wrote that "Overall, 2014 was a triumphant year for the Grey network."

2014 marked our seventh year in a row of record financial and creative performance. High-profile new business wins included Volvo, Papa John's Pizza, Symantec Norton, Folger's Coffees, Nestlé Stouffer's Lean Cuisine and Vodafone. Many of our longtime clients awarded us significant assignments including Procter & Gamble, HSBC, Hasbro, Canon, Eli Lilly and Allergan. Revenue from our top 20 clients increased by an average of 14% year-on-year.

Our creative reputation continued to soar with the win of 35 Cannes Lions from 11 countries, including the coveted Titanium Lion. True to our mantra of 'Famously Effective' work, we produced highly-acclaimed campaigns for Gillette, CoverGirl, Pantene, Febreze, NFL, DirecTV, Canon, HSBC and *The Times*.

Grey's flagship agencies in New York and London accelerated their forward momentum. Grey New York was the most-awarded North American agency at Cannes and Grey London won the IPA Effectiveness Agency of the Year and became the most-awarded UK shop at D&AD.

Our creative reputation continued to soar with the win of 35 Cannes Lions from 11 countries, including the coveted Titanium Lion

We continued to invest in the world's developing growth countries. Grey acquired the Volcano Group in South Africa, one of that country's fastest-growing agencies. Grey United was created in Milan via the merger of Grey Italy and 1861, strengthening our presence in Southern Europe. Grey also acquired Circus, the largest independent agency in Peru, enhancing our capabilities in Latin America. In addition, we expanded our global footprint in digital and shopper marketing and added to our healthcare resources.

Each and every office and region has been integral to this renaissance. Our open, collaborative culture, fueled by an ongoing influx of top talent, is helping us to set the pace for our industry as a truly one-of-a-kind global powerhouse.

Thanks to many of the most forward-thinking clients in the world, we are breaking new ground in brand experience across every platform and creating lasting consumer connections. We are bullish on the future as our centennial beckons in 2017.

Bates CHI&Partners

Report by David Mayo **(below left)**
Chief executive officer, Asia
and
Johnny Hornby **(below right)**
Chief executive officer

We launched Bates CHI&Partners in 2013 as a joint venture between Bates Asia and CHI & Partners, the UK's most respected independent agency. It was in answer to a clear need from clients to compete less and collaborate more. We now have 14 offices in nine markets in Asia.

On top of a strong margin performance, 2014 saw the build of our unique open-source collaboration model with growth in three areas: global client development, regional client gains and creativity.

It was a solid year for existing clients with growth across our top 10 clients. And we also started new relationships with Pernod, Ooredoo, Samsung, AXA, BMW, Midea and Eva Air among others.

... our work for Coca-Cola in South Asia was seen over three billion times during the FIFA World Cup

We made key hires in social, data, digital and engagement planning on top of which we acquired Temple – a highly-regarded creative agency in Bangalore – which we integrated into our India business as part of our growth efforts in this key market.

Creatively we had a good year, with work for Pizza Hut in China beating its closest competitor at the peak Chinese New Year selling time. Our client Johnnie Walker recognised us for 'Digital Best Practice' globally and our work for Coca-Cola in South Asia was seen over three billion times during the FIFA World Cup.

In terms of our profile and reputation, 2014 saw us collaborate with the Tisch Film School, Marvel and The Marketing Society among many others, while we continued our work with WARC, Cannes Lions, IAS and Portfolio Night. As part of our CMO outreach, we interviewed Larry Hama, Martina Navratilova and Lord Puttnam for our series 'Creativity through Collaboration'.

In 2015, we will continue to lead the industry discussion in Asia on open source and 'horizontality'. From this we will build our reputation, our product and our portfolio of skills as key pillars of our five-year plan.

Commarco

Report by Christian Tiedemann (below)
Joint chief executive officer

In 2014, our top creative flagship brand **Scholz & Friends** was named Agency of the Year at the prestigious Red Dot Awards which honours top design achievements worldwide. And for its top international client, Opel, the agency developed 'Umparken im Kopf' (Repark your Mind), a mindshift for the brand and the campaign of the year, which generated extensive awareness and coverage across all media. At the most important creative award show in Germany, the Art Directors Club (ADC), Scholz & Friends was ranked No.2 with work for Deutsche Bank, Frankfurter Allgemeine Zeitung and Greenpeace.

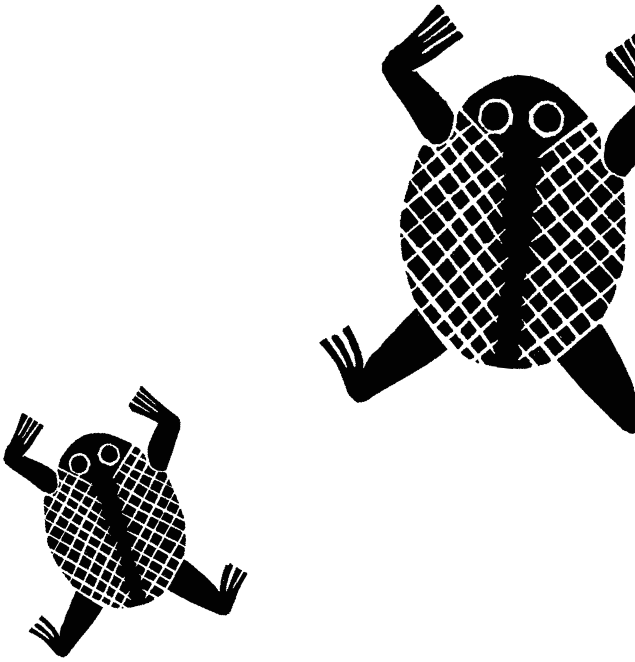
Frank-Michael Schmidt
Joint chief executive officer

Scholz & Friends Zurich won the international USM Haller account and developed a global campaign for its 50th birthday.

Our brands **deepblue networks**, **United Visions** and **iPS** are developing well. **gkk Dialog Group** won Samsung, a further international client for its portfolio. **kkld**, our disruptive digital agency, launched international campaigns for Panasonic and Polaroid and was ranked for the first time amongst the Top 10 agencies in Germany in the ADC's Creative Ranking 2014.

Commarco increasingly benefits from the WPP 'horizontality' approach

Besides its ability to create truly tailor-made solutions for clients, Commarco increasingly benefits from the WPP 'horizontality' approach, co-operating especially closely with Hogarth Germany and Brand Union as well as specialist agencies across the globe.



Media Investment Management

GroupM

Report by Irwin Gotlieb (below)
Global chairman
and
Dominic Proctor (below right)
Global president

Regular readers of this report will know that the primary role and achievement of GroupM has been to empower and support the success of our agencies in the highly competitive media market. Through deep collaboration, we have consolidated the activities which benefit from scale, we have built technology and acquired the companies and talent who have helped us achieve our strategic goals and we have partnered with clients, media, and sister companies to deliver a real advantage.

"Our impartiality enables us to see and deal with the whole media market and thus give our clients a real advantage"

In 2014, our group had another successful year, as described in the following reports from the agencies. Collectively our 25,000 people deserve huge credit and admiration for continuing our success.

We have also taken the time to prepare new strategies and initiatives for 2015 and beyond. By investing in new unified technologies and data management systems, by developing new unified service platforms, by enhancing our specialist businesses and through the acquisition of other specialisms and talent, we expect that we will continue to grow strongly. And we will base this on aggressive anticipation of where we need to go, collaboration, ingenuity and leadership.

Our impartiality enables us to see and deal with the whole media market and thus give our clients a real advantage. With our agencies we have the intelligence to find and create valuable audiences wherever they are, and we have the power to reach and engage them most effectively and efficiently. We will build on this platform and extend the advantage beyond our clients to our people, the media and our other partners within WPP, like Kantar, with whom we are forging a closer alliance.

We are in an extremely competitive sector and we do not underestimate our challenges, but we look forward to our future with great confidence.

Xaxis

Report by Brian Lesser (below)
Chief executive officer

Programmatic is the most significant evolution in the media business since the advent of the media agency. Programmatic is the future.

The magazines on my desk agree. *Adweek* calls it "a hot concept, and it's catching on." *Forbes* emphasizes IDC's report calling it the "fastest-growing segment of digital advertising over the next few years." eMarketer predicts that programmatic display advertising will be a $33 billion market by 2017.

The good news is Xaxis has programmatic media in its DNA.

This explains why, when I think about 2014, one word comes to mind: growth. Xaxis is only four years old. Yet last year alone we've accomplished what I like to call the "grand slam of growth."

More sales. More locations. More clients. More employees.

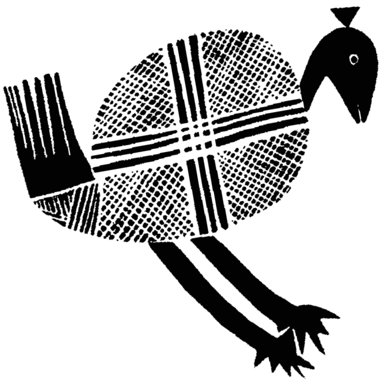
Now we're 1,000 people in 40 markets. Plus, we drafted three new players: 24/7 Media, one of the pioneers of Ad Tech; Bannerconnect, the leading trade desk in Europe; and AppNexus, the industry's largest independent ad technology company. This has energized the Xaxis brand with increased scale. When you combine this scale with our just-launched, proprietary data tool Turbine – I'll call this our 'multi-purpose vehicle' – then you see why our clients are thrilled and the numbers are going up and to the right.

In 2015, we'll continue this growth – and approach $1 billion in sales.

> *Xaxis is only four years old. Yet last year alone we've accomplished what I like to call the "grand slam of growth"*

We'll get there, most importantly, by tapping into our purpose statement, 'Making Advertising Welcome.' So what does that mean? It's all about relevance and the emotional relationship that exists between the viewer and the content, on every screen and in every format. That's why I know we'll be talking a lot about our video and mobile-first products this year.

Here's what else we'll need to get there: more successful audience-targeted advertising campaigns like we did last year, and a new, hard-hitting performance marketing brand launch that will take the industry by storm.



Maxus

Report by Lindsay Pattison (below)
Worldwide chief executive officer

As the newest media agency CEO to contribute to this report, it's a great privilege to update you on our network.

2014 at Maxus was characterised by continued growth and evolution of our capabilities and services to our clients. We are the youngest of the GroupM media agency brands, and we've held onto our hardworking 'challenger' mentality, with lots of fun along the way.

We consolidated our largest account globally – adding the digital brief to our NBCUniversal North America relationship. We extended our multi-market relationship with L'Oréal by winning its Nordics brief and defending our existing Thai business. We helped GroupM reinforce its position on Nestlé by winning the media business in Canada. Overall close to $1 billion of new business billings were added in 2014 across our global network of local agencies.

We are the youngest of the GroupM media agency brands, and we've held onto our hardworking 'challenger' mentality, with lots of fun along the way

We also welcomed some formidable talent to the Maxus family in 2014. Former Omnicom executive, Steve Williams, took the helm of our North American business and has set about creating an agency built around the 'idea' and focused on client growth. Our succession planning is working really well, with Ajit Varghese becoming APAC CEO and Nick Baughan taking over as UK CEO just as Maxus UK was crowned Agency of the Year by *Media Week*.

Media is now much higher up the wider business and political agenda; it can affect mass global attitudes and bring about tangible change. In 2014, we developed communications with purpose, helping Tata Tea India to drive the female empowerment agenda with 'Power of 49' (and win Crème de la Crème in WPP's WPPED Cream awards) and collaborating on a cross-WPP team for the Climate Reality Project campaign, 'Why? Why Not?'.

I'm fiercely proud of Maxus' work and look forward to 2015, which will see us continue to evolve and lean into change for our inspiring clients.

MediaCom

Report by Stephen Allan (below)
Worldwide chairman and chief executive officer

At MediaCom, we believe that everything is connected – and this belief has led us to fundamentally change our business. We don't call ourselves a media agency any more; instead we've re-invented ourselves, becoming The Content + Connections Agency.

This has driven how we optimise our clients' entire communications systems, rather than just focusing within individual channel silos. In short, we've become Systems Thinkers, creating distribution strategies for our clients' content and ensuring there are no consumer dead-ends on their path to purchase.

We don't call ourselves a media agency anymore; instead we've re-invented ourselves, becoming The Content + Connections Agency

Our unique 'Systems Thinking' approach, fuelled by our Content + Connections positioning, is delivering transformative business results for both our clients and us. Last year alone, we won an unparalleled $3.9 billion of new business, +21% versus 2013. Our new Content + Connections positioning and planning process were central to extending relationships with a number of existing clients, including Fonterra, Indeed, Merck, Procter & Gamble, Sony, Mars and The Coca-Cola Company. Mars awarded us their global planning, following a competitive review, while our relationship with The Coca-Cola Company continues to expand, from just one market a few years ago to over 25 today. Additional new business wins included iconic brands such as Anheuser Busch InBev, DOCOMO and eBay. As a result we now work with a third of the world's top 30 advertisers.

Industry recognition has come, in part, from RECMA's global agency measurement criteria. We are ranked No.1 and No.2 for new business and overall agency evaluation, respectively. Additionally, we have won Agency of the Year awards for 2014 in Asia Pacific, Germany, India, Poland, Singapore, the UK and US.

When I took over as worldwide CEO in 2008 I said that we wanted to become the world's No.1 network – a bold objective. With our new Content + Connections positioning, I have every confidence that 2015 will see us move ever closer towards that objective.

MEC

Report by Charles Courtier (below)
Chief executive officer

This year has been a paradox – the commercial context has been tough, but we have made huge progress as a network.

We stuck well to our core priorities: New Business. Digital & Data Shift. Client Centricity. Talent.

In new business we had one of our best years ever, winning $2.3 billion annualised billings. Our focus and approach is paying dividends everywhere. There was Vodafone (the biggest pitch of 2014), Tiffany & Co globally, BGL/Comparethemarket.com in Europe, Nestlé in Australia, Daimler in APAC, El Palacio de Hierro in Mexico and Netflix in multiple markets. Exciting new e-commerce clients continue to multiply in India, with our Bangalore office especially rocketing with growth.

North America was our best-performing region and in new business they had a transformational year. We're seeing a momentum building there which will be very exciting to watch in 2015.

The Digital & Data shift plan is transforming our business for the future, changing the shape and scope of what we do. Today more than 50% of MEC's revenues comes from digital and data activities.

We made important management changes. Renato de Paula joined as CEO for Latin America; our new team in the UK under Jason Dormieux and Stuart Bowden had a fantastic first year at the helm. We named our global chief talent officer, Marie-Claire Barker, who joined from Ogilvy & Mather and we have big plans brewing in how we attract, develop and nurture talent. In the end it's all about our people and giving them the opportunity to thrive at MEC.

> *Today more than 50% of MEC's revenues comes from digital and data activities*

Looking at 2015, we start in a positive place, right around the world. We will need deeper and faster change in our digital and data capabilities as well as capitalising on the momentum we've built in North America, Latin America and in talent management.

The key is to stay true to MEC's core purpose: Growth – of our clients' business, of our people and of our industry.

Mindshare

Report by Nick Emery (right)
Chief executive officer

Our view is that everything begins and ends in media, from equations that would challenge a 'beautiful mind' to Hollywood, from digital shelf space to addressable content. All humankind can be mapped and engaged. At the same time we face the dual pressures of low inflation and a slowdown in the South and East of the world. Mindshare is better served than many of our competitors with a more balanced global footprint. We were born in Asia and continue to lead there as well as a growing presence in Africa and the Middle East.

Our approach in 2014 was based on the twin pillars of Automation and Invention.

Automation is rooted in technology, to drive both efficient reporting and programmatic media, leading to the creation of outcome-based solutions that marry expertise in branding with addressability. A key part of this is working closely with Kantar to create integrated and actionable targeting solutions.

We now have 26 Loop rooms around the world which bring together data and insights for our clients into one actionable arena

In the area of Invention we have created a content partnership with POSSIBLE, Content+, to address the challenge of fast-moving micro-content, as well as Life+ on wearable technology and Audio+ with Shazam. We launched The Loop – the first tool of its kind that enables clients to plan more adaptively and to benefit from more collaborative and adaptive decision-making powered by data, as well as the ability to shift media spend quickly to leverage opportunities uncovered by real-time data during campaigns. We now have 26 Loop rooms around the world, which bring together data and insights for our clients into one actionable arena – one of the many ways we are delivering integrated solutions addressing the complexity of media and plurality of data sources.

Automation and Invention are underpinned by our values of speed, teamwork and provocation. We believe that working quickly as a team with the aim of challenging convention is the key to fulfilling media's potential.

This approach in 2014 saw us win $1.5 billion of new business and Agency of Year and Digital Agency of the year accolades in Canada, China, Hong Kong, Indonesia, Malaysia, Pakistan, Peru, South Africa and Vietnam. We also garnered 20 Effies and, importantly, two WPP Atticus awards!

tenthavenue

Report by Rupert Day (below)
Chief executive officer

In 2014, tenthavenue consolidated its position as a leader in building and delivering content, which aligns brand objectives with consumer need in out-of-home (OOH) environments. From retail to transit – through our specialist companies **Candyspace**, **Forward**, **Joule**, **Kinetic**, **Spafax** and **TMARC**, consumers can engage with that content however they choose, whether via a large digital display or through their personal device.

To deliver on this, we formed additional divisions, such as Kinetic Active, which builds physical, digital screen and hand-held device creative experiences aligned with Kinetic's core media business, bringing together content and media based on our understanding of the consumer 'on the move'.

In 2015, we intend to go further: to build the backbone of consumer-led, advertiser-owned channels. This will enable brands to start to create, versus buying audiences at a much larger scale. We are building on our existing global content relationships, new local content partners and our own technical capability to deliver that content in a multiscreen world across different devices.

Our solutions address the differing demands in mature and growth markets, taking into account consumer need, data cost and device functionality.

The quality of the brand experience relies on bringing data, content, technology and media together, so in 2014 we increased our integration with new and existing partners across all of the above to deliver a seamless offer, as well as bringing additional expertise in house.

> *In 2015, we intend to go further: to build the backbone of consumer-led, advertiser-owned channels. This will enable brands to start to create, versus buying audiences at a much larger scale*

Innovative product development and financial success was achieved across all our businesses in 2014, with additional assignments from Coca-Cola, Unilever, Mazda, Jet Blue, Tesco and Yum! Brands. Many thanks to all our clients, people and partners for a great 2014 and for what I expect to be an even better 2015.

Data Investment Management

Kantar

Report by Eric Salama **(sixth right below)**
Chairman and chief executive officer

Averages hide more than they reveal. Earlier this year I flew from Mumbai (32º) to New York (-20º). The average temperature of six degrees didn't help me plan how to dress or pack!

There is a danger that we discuss our year in generalities and averages. But at a time when our industry is changing so fast, much of what is important is actually on the edges. Our leading indicators are how we are faring with the most innovative clients, with the most technologically-advanced partners and with our most demanding employees, measured against the goals we have set ourselves:

- To be the innovators who are revolutionising our industry, allowing clients to buy both cheaper, faster, more real-time and deeper insights.
- To help our clients deliver with impact in their organisations.
- To deliver the best marketing effectiveness and ROI solutions to our clients.

Against this agenda, how did we do in 2014 and how are we set for 2015?

Innovation

By any measure we have had an outstanding year in innovating our offer and in leading the industry. Our focus has been on revolutionising surveys and fusing data sources.

We launched a range of self-service products (e.g. Millward Brown's *eStatic* and *LinkNow*, which test advertising creative, and TNS's *Evaluate Express*), which give clients the ability to carry out fast turnaround

Our investment and acquisition activity has brought innovative capabilities and world-class engineers, data analysts and management teams into Kantar

research themselves. We introduced end-to-end process automation into the way we collect data through our panel operation Lightspeed GMI and in the delivery of services such as TNS *Conversion Model*.

In addition, we progressed on our path to collecting all our data digitally; partnered with Google Consumer Surveys to enable us to survey specific behavioural segments; launched Twitter TV ratings to enable the industry to understand the interplay between TV viewing and Twitter in the UK and Spain with 58 more markets to come; and worked with WPP's The Data Alliance to incorporate a host of new sources of data.

Our investment and acquisition activity has brought innovative capabilities and world-class engineers, data analysts and management teams into Kantar. The

Left to right: **Lynnette Cooke**, CEO, Kantar Health; **Steve Pattinson**, Joint CEO, Kantar Retail; **Thomas Puliyel**, CEO, IMRB; **David Day**, CEO, Lightspeed GMI; **Joel Benenson**, CEO, Benenson Strategy Group; **Eric Salama**, CEO, Kantar; **Bart Michels**, CEO, Added Value; **Travyn Rhall**, CEO, Millward Brown acquisition of XTEL and investment in Planorama gives Kantar Retail sales planning software and an ability to monitor point-of-sales activity in real-time. The integration of Insight Express into Millward Brown Digital gives us the leading digital marketing effectiveness capability in the US; and the acquisition of Effective Brands and the subsequent creation of Millward Brown Vermeer gives us the best marketing consulting capability around.

The investments in comScore and Rentrak and the acquisitions of IBOPE and Civolution enhance Kantar Media's ability to measure audiences on any device in the US, Latam and the rest of the world. The acquisition of Guardian Digital Agency (now rebranded as Graphic) brought in a team of 25 of the most talented data visualisers in the world; while the acquisitions of Evidencias in Brazil and Precise in the UK give Kantar Health and Kantar Media respectively the leading players in health outcome/management expertise and news monitoring in those markets.

Our focus on innovation is not for its own sake – it is to meet client needs proactively, put us at the heart of marketing decisions in the new world and help our clients be more successful. And it is rewarding to see so many of our newly-developed capabilities driving better work with multinational clients as diverse as Kellogg's (in retail), Unilever (in targeting), Unicredit (in use of social media), Verizon (in strategy), Ford (in digital) and with many big national players across Asia, Africa and Latam.

Above, left to right: Hidehiko Otake, CEO, Kantar Japan; **Phil Smiley**, Joint CEO, Kantar Retail; **Richard Ingleton**, CEO, TNS; **Josep Montserrat**, CEO, Kantar Worldpanel; **Mark Inskip**, CEO, The Futures Company; **Andy Brown**, CEO, Kantar Media

It is rewarding to see so many of our newly-developed capabilities driving better work with multinational clients

Our companies continue to lead the way in thought leadership, with publications such as TNS' *Connected Life*, Millward Brown's *BrandZ*, Kantar Retail's *PoweRankings* and Kantar Worldpanel's *Brand Footprint* garnering a good deal of both media and client interest.

Delivering with impact and helping clients achieve more

Our ambition is to be at the heart of modern-day marketing and to help our clients achieve more. Our innovation agenda is a means to that end. We can see evidence of client success in a number of places:

- **We are attracting new types of clients.** The work that Benenson Strategy Group does with BuzzFeed and Hotwire; our partnerships and client relationships with Facebook, Google, Twitter; our expanding relationships with Microsoft, Apple and Samsung are there for all to see. And it is always satisfying for our talent to be used to help clients in pursuit of social goals – such as Unilever and sustainability, the US Freedom-To-Marry coalition, the Senti Foundation helping mentally disabled people enter the workforce, UNICEF Pakistan on child immunisation, the Gates Foundation on child morbidity in India and a variety of projects across Africa.
- **We have won numerous awards for our client work.** Millward Brown and Added Value won ARF Ogilvy Awards for their work on Coca-Cola, HP, Bank of America, ESPN, Pfizer and J.Jill. Lightspeed's Jon Puleston has won many accolades at Esomar Asia and UK MRS for his work on questionnaire design and predictiveness, Alex

Johnson won at Esomar for his work on wearable devices and Pallavi Dhall was named Esomar Young Researcher of the Year. Kantar Health won ISPOR and AIFMA awards for client work in the US, Spain, the UK and Asia; while TNS Nigeria and IMRB in India took their national Best Agency awards.

We are working well with other WPP agencies, horizontally, to deliver better insights and, crucially, to enable our insights to be used more effectively within client organisations. Some examples: Kantar Worldpanel partnered with GroupM agencies to win pitches for Coca-Cola in Mexico, P&G in Latam and has a range of effectiveness tools in place with them; TNS partnered with Wunderman to enable previously-identified segments be activated for IHG; Kantar Health partnered with Ogilvy CommonHealth to help Pfizer increase awareness of painful diabetic neuropathy; Added Value is working with J. Walter Thompson to help Singapore bring to life the value of its national brand; and Benenson Strategy Group is working with a host of WPP agencies to help Bank of America return to its leadership position.

21st century marketing effectiveness and optimisation

This has never been more important. New media owners such as Google, Facebook and Twitter grow their revenues by being able to demonstrate how spending on their platforms works and the impact it has. At the same time, advertisers are faced with a proliferation of audiences and media channels need to know where and how to engage with their audiences.

Our Kantar Worldpanel panels are the industry standard for understanding purchase behaviour in all key growth markets

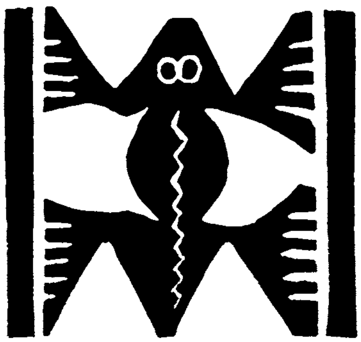
Our approach is pretty simple to describe, harder to do... understanding what people buy and why, for all audiences, all media, globally! In doing so we are building up a unique array of proprietary data and augmenting it with third-party data through partnerships. Our Kantar Worldpanel panels are the industry standard for understanding purchase behaviour in all key growth markets such as China, India, Indonesia, Brazil, Mexico and Nigeria and we augment them with data that Kantar Shopcom and partners, such as i-Behavior, get through loyalty and credit card sources. Kantar Media measures audiences across Latam, the US, Europe, Middle East and Asia and – as we do in markets such as the UK – measures those audiences on TV, tablets, mobile and players.

Clients need and want to understand consumption, audience and brand patterns and drivers. Increasingly, we are fusing these to enable clients to understand how media activity drives a change in perceptions of a brand and its consumption. This work, which has been piloted and rolled out in markets as diverse as the US, the UK, Brazil, Spain, Vietnam, India and China, has been used by clients to understand media effectiveness and optimise their spend.

The profiles we develop – privacy-compliant and at an individual respondent or household level – will increasingly form the basis for the programmatic work we do with agencies as they seek to plan and buy media audiences.

Our contract with our people

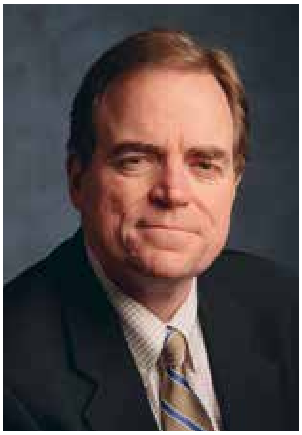
Our ability to have impact is inexorably linked to the quality and capability of our own people and that of our clients. Kantar Health, Kantar Worldpanel and The Futures Company have all won awards around the world as one of the best places to work. For all of the talk of technology, we must make sure that we deliver to those people who make us what we are.



Public Relations & Public Affairs

Hill+Knowlton Strategies

Report by Jack Martin (below top)
Global chairman and chief executive officer
and
Michael Coates (below)
President and chief executive officer, The Americas



For an established company with extensive brand recognition and a legacy of influence, there is always a temptation to rely on what is tried and true. We've actively been challenging ourselves at every step to take a fresh approach – integrating our reputed talent with new investments to adapt to an ever-changing public relations industry.

Traditionally, we have offered masterfully-constructed stories, connecting with key audiences to amplify our messages. We have been taking this methodology further with recent acquisitions of leading boutiques around the world that have been incubating new strategies for achieving our clients' goals.

We acquired Group SJR, a boutique in the US with a Pulitzer Prize-winning team of writers, world-renowned visual storytellers and adept data analytics specialists, to produce a constant stream of content that serves our clients' interests and reaches previously untapped markets. Our purchase of Ascentum in Canada strengthened our offerings in the public engagement space, which emphasizes building consensus before stories are told and working closely with stakeholders. We expanded our digital marketing, storytelling and branded content creation capabilities through the acquisition of China-based Rice5, an award-winning digital creative agency.

Through the lens of digital, data analytics and original content creation, we continue to reinvigorate our clients' approach to marketing and public relations

Other transformations continue to take place inside Hill+Knowlton Strategies. We identified emerging leadership and talent and, over the past year, have reconstructed our global regional network around these leaders. We have developed innovative products that unify digital, content and traditional offerings. Flight School, for instance, offers an immersive crisis simulation experience. Our product Influence Point is a customized approach for our clients to reach influencers through online advertising.

Through the lens of digital, data analytics and original content creation, we continue to reinvigorate our clients' approach to marketing and public relations. The way we're transforming our business merges science with wisdom and innovation with influence. In fact we've titled our business plan 'Innovating Influence.' This is our new narrative.

Cohn & Wolfe

Report by Donna Imperato (right)
Chief executive officer

2014 was a record year for Cohn & Wolfe. We achieved top- and bottom-line double-digit growth, won multiple awards for our integrated work, launched a truly global thought-leadership platform that drove interest from top CEOs and beat our biggest and fiercest competitors in numerous high-profile new business pitches.

Cohn & Wolfe's evolution into an integrated communications agency is driving our growth. Our bold move in mobile made headlines with the launch of a new Mobile Engagement unit, ME-24, in partnership with global mobile marketer Joule, a tenthavenue company. We strengthened our research and insights group, formalized our Paid Media approach and advanced our Digital Healthcare offering to build fully-integrated programming for clients across all practices.

> *Cohn & Wolfe's evolution into an integrated communications agency is driving our growth. Our bold move in mobile made headlines*

To harness the unique way that Cohn & Wolfe fuels the synergy between left- and right-brain thinking, we introduced a proprietary *Dig Deeper. Imagine More.*™ Process. This approach marries science and creativity and has led to more inspired, effective and creative programming for clients and prospects. Our global *Authentic Brands* study led to unprecedented buzz and visibility in the C-suite, which resulted in significant new business opportunities in multiple markets around the world. The study examined corporate behaviors that are valued in an authentic brand, which informed our new service that helps clients build their *own* authentic brands.

And the industry took notice of our achievements. Our groundbreaking work received major recognition, including two Health Lions at Cannes, two WPPED Cream awards, a Global SABRE and *PRWeek*'s Consumer Launch Campaign of the Year. For the second year, we were one of only three large agencies named a *PRWeek* Best Place to Work.

All of this great momentum secured invitations to some of the industry's most lucrative pitches. We had a record year of winning new clients including Sanofi, Alcon, Novartis, Tourism Fiji, Twinings, United Airlines and more.

We continue to grow our presence in high-growth geographic regions, raising our Asia Pacific footprint to 10 markets with the opening of a wholly-owned office in Thailand and we're aggressively exploring new expansion opportunities for 2015. Our global specialty companies, GCI Health (see page 78) and AxiCom, also performed well with significant new wins and strong organic growth.

We expect to deliver another fantastic year in 2015, as we continue to add outstanding talent, deepen our integrated offerings and build our global reputation.

Finsbury

Report by Roland Rudd (below top)
Chairman
and
Michael Gross (below)
Chief executive officer

Our company, previously RLM Finsbury, rebranded in 2014 as Finsbury, underscoring the transformation over the past three years into a global company that provides sophisticated, on-the-ground strategic communications counselling, wherever its clients or their challenges may be.

With offices in the UK, the US, mainland Europe, the Middle East and Asia, Finsbury provides expert strategic advice and execution to clients around the world on multichannel interactions with ever-widening audiences – media, financial markets, employees, customers, governments, policymakers, regulators and other important stakeholders.

In December, *Mergermarket*, an independent mergers and acquisitions intelligence and data service, named Finsbury the European PR Firm of the Year at the organization's annual awards presentation. Winners were chosen based on a thorough analysis of *Mergermarket* league table data and scrutiny by an independent panel of judges. The honor follows a September 2014 announcement that Finsbury was judged Best Financial Consultancy in the World by *The Holmes Report*.

For the year, revenues increased as Finsbury continued to develop its global influence in corporate reputation, financial and transaction communications, public affairs and crisis management, managing complex, high-profile cross-border assignments for companies including AstraZeneca, Walgreens Boots Alliance, and Starbucks, as well as major corporate and M&A assignments for Toyota, Aviva, United Health Group, Sky and Reed Elsevier.

HERING SCHUPPENER

Report by Ralf Hering (below)
Principal partner and chief executive officer

HERING SCHUPPENER is the leading strategic communications consultancy in Germany with 160 consultants specialising in strategic communications solutions for companies in mission-critical situations such as M&A transactions, IPOs, restructuring and change processes, CEO transitions as well as crises. We advise more than 150 clients across all major industries in reinforcing their reputation and managing their corporate brand, in management and controlling of international communications activities, in issues related to corporate and public affairs on national and EU level as well as in long-term media and investor relations activities. We also have a powerful healthcare arm working with the pharmaceutical industry on communications strategies.

In 2014, we remained at the top of the *Mergermarket* rankings for M&A transactions in Germany, now for over a decade, and advised our clients on 30 transactions involving German companies. It was a year of solid growth for us, both in revenues and results.

Branding & Identity

B to D Group

Report by Simon Bolton
Worldwide chief executive officer, Brand Union and FITCH,
Lois Jacobs
Chief executive officer, Landor Associates and
Rob Horjus (below)
Chief finance officer and chief operating officer, B to D Group

Early in 2014, Landor, FITCH and Lambie-Nairn welcomed new leadership, who introduced more relevant ways of going to market.

Landor launched its agile brands platform. FITCH, under common leadership with Brand Union, combined its retail offering with Brand Union's 'experience belief'. Lambie-Nairn refocused its offer around a philosophy of dynamic brands, with motion graphic identity design for screen-based media, and repositioned its brand guardianship to that of brand optimization.

Performance results were mixed, highlighted by revenue and profit growth in Lambie-Nairn, VBAT and The Partners.

Many respected brands added the B to D Group to their rosters, including Azerfon, Siemens, ChevronTexaco, Lowe's, CBRE, Banco Popular, Intercontinental Hotels Group, Tata, Maybelline, Philips, SunGard, British Land and Novartis.

As a group, we are committed to addressing our client's needs by expanding our offer and developing new markets. To do this we will seek out and hire the best talent and supplement our broad base of services by acquiring complementary businesses.

Jim Prior
Chief executive officer, Lambie-Nairn and chief executive officer, The Partners

Addison Group

Addison Group continued to expand its capabilities beyond its core strengths in corporate communications. Projects throughout the year included corporate branding, advertising and promotions, sports marketing and digital publishing.

Lambie-Nairn

With a new CEO and a refocused offer, Lambie-Nairn had strong top- and bottom-line growth. There were several high-profile creative projects, including the award-winning work for Invictus Games, while key client relationships have been strengthened across all markets.

The Partners

The Partners' expansion into South-east Asia is showing dividends with several high-profile pieces of work launching, contributing to the company's growth in 2014. Ranking No.1 in the brand category in the *Design Week* creative survey reaffirms The Partners' market position as the leading creative agency in its space, and was a highlight in the company's second best year ever for creative awards won.

PeclersParis

2014 was another year of top-line growth for Peclers, driven by a double-digit increase in trend books sales, new beauty and cosmetic clients and new consulting business in China. A milestone was reached with the launch of Peclers(+), a unique digital platform providing curated trends and insights online to fuel designers' creativity.

VBAT

VBAT's performance improved in 2014, with steady growth in the second half of the year. The retail business in particular has shown a significant increase, with international projects for ABC (Lebanon) and Woolworths (Australia). Relationships with key clients Heineken Company and Friesland Campina continue to prosper along with significant new business from Philips.

See also reports on: Brand Union, page 74; FITCH, page 75; and Landor Associates, page 54.

Brand Union

Report by Simon Bolton (below)
Worldwide chief executive officer

Experiences form the basis of all kinds of human relationships, with other people and with the world around us. We believe, more than ever, it's just the same for brands. Brand experiences create emotional attachment, building satisfaction and loyalty. Hence our belief: 'the experience of the brand is the brand'.

During 2015, John Shaw, recently appointed worldwide head of strategy and planning, will lead work to enrich our proprietary methodology – the Experience Imprint – with data, analytics and research, in collaboration with Kantar. This will drive deeper insights into brand performance and growth opportunities. The approach will be embedded around our network.

2014 was a challenging year, but we made pleasing progress with key clients and, geographically, Asia Pacific was a highlight. Whilst the overall trading environment remained cautious, we won assignments from major clients around our network: Pernod Ricard, IHG, Banco Popular, ENN Holdings, Oppo China Mobile, Mengnui, Telekom Malaysia, Qatari Diar and Tata/SIA (Vistara).

2014 was an outstanding year for home-grown talent

Brand Union was named Agency of the Year by *Marketing* magazine in Singapore for the second consecutive year. Our Absolut 'Craft' work was recognised in the Euro Red Dot Packaging Design Awards, and was shortlisted at Cannes.

2014 was an outstanding year for home-grown talent. Jonny Westcar stepped up to managing director for our London office. Monica Lee and Graham Hitchmough were promoted to become regional directors in North and South Asia respectively, and Kagiso Musi joined us from The Jupiter Drawing Room as managing director, Johannesburg.

Our regional leadership was further strengthened with the appointment of Majdoleen Till to managing director, Dubai, and Tobias Phleps to CEO, Germany, where we have recently opened a new office in Berlin. We also completed the acquisition of Epigram in São Paulo, extending our presence in the Americas.

FITCH

Report by Simon Bolton (pictured on page 74)
Worldwide chief executive officer

World Cup fever held us in its grip in 2014 and FITCH was at the heart of the action. The dramatic '#allin or nothing' adidas brand campaign embodied what we mean by Experience Signatures – powerful branded interactions, using human rituals empowered physically and digitally.

adidas' World Cup sales success demonstrates the commercial value exceptional omnichannel experiences can bring to business; you'll see more evidence of this from us in 2015.

We have created three distinct regions in North America, EMEIA and Asia Pacific, led by regional CEOs who will work closely with their management teams and each other to continue to build FITCH's reputation and business opportunities

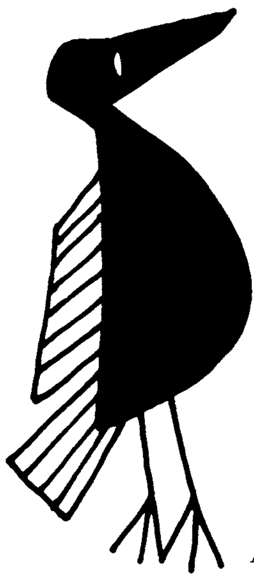
It was an eventful year on many other levels. We were awarded significant new assignments from major clients such as Dixons Carphone, Philips, Procter & Gamble, H&M and Asian Paints.

Both our people and our work were well recognised in major international events and award shows. The responsive identity we created for the Qatar Football Association gave us a Design Lions shortlisting at Cannes.

FITCH was named Design Firm of the Year for the fourth year in a row at the design:retail Portfolio Awards, acknowledging, in particular, the US team's stand-out work for luxury home appliances retailer PIRCH, with whom we're building a flagship store in New York this year.

VIVID Homes, the home renovation brand we created with B&Q in China, continues to pick up awards globally, most recently the RDI International Store of the Year's Toshiba Technology Award for Innovation. With its in-store coaches, online tools and 4-D simulator, VIVID sets the standard for seamless experience across physical, human and digital touchpoints.

Amidst all of this activity, 2014 was also my first full year as CEO of FITCH worldwide. We have consolidated our global studios, creating three distinct regions in North America, Europe, Middle East, India and Africa (EMEIA) and Asia Pacific, led by regional CEOs who will work closely with their management teams and each other to continue to build FITCH's reputation and business opportunities.



Healthcare Communications

Ogilvy CommonHealth Worldwide

Report by Matt Giegerich (below)
Chairman and chief executive officer

The healthcare marketing ecosystem is its own dynamic domain. While daunting for some, Ogilvy CommonHealth Worldwide has been uniquely able to adapt, innovate, lead and thrive in this environment – and the year 2014 was no exception.

We were able to further expand and diversify our global roster, representing a growing portfolio of big pharma, biotech, CPG and specialty-based clientele. We continued to reshape our global network to best match the needs of the marketplace, establishing a new office in Dubai and realigning our healthcare communications practices within the Asia Pacific region.

We made purposeful investments in talent with the addition of vital new leaders in digital strategy, social networking, payer marketing and integrated client service. And in the latter part of the year, we acquired Element Marketing Group, now Ogilvy CommonHealth Market Access, to provide clients with unmatched capabilities in payer data, digital solutions and marketplace pull-through.

We broadened our array of client services with new planning approaches that leverage health behavior insights and economics, and proprietary tools and partnerships in the areas of digital content, social listening, data and analytics. We bolstered our industry prominence with 178 thought leadership publications and speaking engagements, and won over 40 awards for creativity, spanning every discipline and region. These efforts are clearly paying off, as indicated by the nearly 200 new business opportunities engaged around the world.

> *We made purposeful investments in talent with the addition of vital new leaders in digital strategy, social networking, payer marketing and integrated client service*

Looking ahead, as we continue to align our organization behind the dual pillars of creativity and effectiveness, I'm pleased to share that we have formed a global creative council to ensure our organization remains universally focused on achieving the highest creative performance at all times and in all things. And we will maintain the focus of these ideals within our WPP team-based accounts, representing our largest and most important customers.

Finally, with the topic of health and wellness now omnipresent and blossoming to include more and more brands, categories and manufacturers, in tandem with our partners across the Ogilvy & Mather and WPP networks, we look forward to cultivating an even broader range of B2B and B2C health-oriented clients, furthering our unique passion and purpose in the mission-critical realm of health behavior change.

ghg (greyhealth group)

Report by Lynn O'Connor Vos (below)
Chief executive officer




ghg (greyhealth group) achieved significant growth again in 2014 (achieving double-digit levels across three of our US offices) fueled by assignments in oncology, women's health, vaccines, animal health, dermatology and health technology. The agency launched several new pharmaceutical products, and created innovative campaigns in smoking cessation, women's health and vaccines.

We added new multichannel partners and services to meet the demands of the changing health landscape. We are addressing global health legislation changes, including the US's Affordable Care Act, with value-based positioning and health-outcomes models of care. New senior leaders joined us, most notably Ben Ingersoll in the role of chief creative officer, to elevate our creative work around the world.

It's a very exciting time to be in healthcare marketing. Innovation, entrepreneurialism and customer-centricity rule the day, creating tremendous promise for consumers worldwide. The evolution of health IT, exponential growth in wearables, mobile dominance, and consolidation across pharma and health-delivery systems have created unprecedented opportunities for ghg.

We believe *Communication is the Cure*™, and we are actively investing in research and platforms to make this belief a reality. Our leadership team is comprised of change agents, who speak, publish, and establish initiatives (code-a-thons, *Health Spoken Here* forums, etc.) in order to engage health and technology influencers. ghg launched Stream Health with our WPP partners, bringing together 200+ leaders in health, wellness, technology, digital and communications. This first health 'unconference' was a dynamic event. Attendees shared ideas, technology platforms, strategies and business plans that addressed the changing world of health, wellness and healthcare delivery.

The evolution of health IT, exponential growth in wearables, mobile dominance, and consolidation across pharma and health-delivery systems have created unprecedented opportunities for ghg

ghg also continued its strong tradition of philanthropy in 2014. We contributed our strategic guidance and innovative creative to the Jed Foundation, Jericho Project and the Helen Keller Foundation. We formulated a digital strategy for INMED Partnerships for Children, and continued to support *Text4Baby*, the most successful mobile health initiative in the US.

GCI Health

Report by Wendy Lund (below)
Chief executive officer

GCI Health, WPP's award-winning global specialty healthcare PR agency, continued its record growth in 2014, which was fueled primarily through an expansion of key offerings, growing our account base with a number of significant new business wins and regional development. Our global footprint continued to expand with the doubling in size of our London office.

> *GCI Health's expanding media team... has been noted as one of the most prominent in the industry with a superb track record of major news placements*

Building on the growing needs of our clients to 'put patients first,' GCI Health launched *Patients at the Center*, an initiative aimed at uncovering the most innovative, effective ways of putting patients at the forefront of communication strategies. GCI Health also expanded its consumer health specialty – launching *GCI Healthy Living* – to encompass the growing global obsession with wellness. This new specialty focuses on industry trends and how best to communicate the most appropriate wellness paths and solutions to enhance consumers' lives.

In an ever-transforming landscape that makes healthcare innovation complex, GCI Health created *Let's Do Something Different*, a commitment to take time every day to harness our shared passion for healthcare public relations and challenge ourselves to "doing something different" for our customers, community, colleagues and company.

GCI Health's expanding media team, consisting of former reporters and agency professionals who possess critical knowledge on the ins and outs of working with news rooms and an incredible talent to shape meaningful and compelling stories, has been noted as one of the most prominent in the industry with a superb track record of major news placements. Our digital capabilities also grew tremendously in 2014 and have been recognized with numerous digital and social media awards.

In 2015, GCI Health will continue its mission to be the best healthcare PR agency in the world. The top-notch quality of our staff, cutting-edge programming, unparalleled dedication and service to our clients, makes us a leader in healthcare communications.

Direct, Digital, Promotion & Relationship Marketing

AKQA

Report by Ajaz Ahmed (below)
Chief executive officer

At AKQA we believe in the imaginative application of art and science to create beautiful ideas, products and services.

With an entrepreneurial, collaborative approach we design digital services and applications that capture the imagination, delivering impressive returns for our clients. Here are four examples of AKQA's uplifting creativity and ideas in 2014 that inspired people in unexpected ways:

In China, Nike Rise put the next wave of players through their paces on the world's first interactive LED basketball court. Exploiting motion-tracking and reactive visualisation to create a pinnacle experience, teach the fundamentals of basketball and push the boundaries of sports training. Rise captured the imagination of a nation and beyond, inspiring kids across the world to play the game.

The Dyson Link app provides complete control of Dyson's 360 Eye™ robot vacuum to achieve the best automated cleaning. Dyson Link enables owners to start, pause or schedule cleaning sessions from anywhere.

Vodafone Firsts connects people with technology to help realise their dreams. As part of the series, we introduced the world to two ladies in their 70s who had never flown before, documenting their life-changing journey aboard their first flight. Another first saw a young veteran run 31 miles across London in the shape of the world's biggest poppy, guided by a smartphone, on behalf of the Royal British Legion.

... the most powerful force in the universe isn't technology. It's imagination

Attracting talent that is passionate, curious, inventive, that cares about ideas and making a difference for clients remains our priority. Each quarter, multidiscipline makers and thinkers are chosen to spend 12 weeks at AKQA's Future Academy. Their mission: don't just think it – make it. Future Academy helps nurture the next generation by giving them the canvas to create, and the coding tools to realise their creations.

As these examples demonstrate, the most powerful force in the universe isn't technology.

It's imagination.

Geometry Global

Report by Steve Harding (below)
Global chief executive officer

After launching our agency with a proposition to develop highly strategic and creative solutions that drive conversion in the activation and shopper space, 2014 was a year of rolling up our sleeves and delivering on the promise made at launch. In our first full financial year we took significant steps toward enhancing the structure, capabilities and culture of our agency in order to transform our clients' business.

We opened offices in Ecuador and Venezuela and strengthened our presence in Australia and China through joint ventures and an acquisition. We formalized our network footprint in the Middle East with five new offices with Dubai serving as anchor in the region. Internally, we launched our unique strategic methodology – *Leonardo* – and creative philosophy – *Pivotal Ideas* – and have been working to embed these across our 56 markets to bring a unified Geometry approach to our clients' challenges and opportunities.

We are proud to have expanded our relationships with Unilever, Heineken, Volkswagen and Coca-Cola, with whom we will be partnering on key global shopper programs across multiple markets. We are also proud that Geometry led the

2014 was a year of rolling up our sleeves and delivering on the promise made at launch

WPP consortium that won the General Mills business, together with sister companies Rockfish, Barrows, Bravo and Kantar Retail.

Through all this, we haven't lost sight of why we come to work each day – to inspire people to buy well and enable brands to engage with people in meaningful and mutually beneficial ways. The campaigns we create are fuelled by this passion and have won accolades from the industry. In 2014, we won over 550 awards, with excellent performances at Cannes and the Effies.

In 2015, we will continue to build upon all these strengths and fully leverage our tools and approaches so that Geometry becomes irresistible to new clients, indispensable to existing ones, and a magnet for talent across the globe.

Specialist Communications

Report by Mary-Ellen Howe (below)
Chief operating officer, Specialist Communications, North America
and
Laurence Mellman (next page)
Chief operating officer, International Specialist Communications

WPP's Specialist Communications division comprises individual business units with separate and distinct marketing expertise by industry, audience segment or medium. Our clients benefit from the depth of knowledge and strategic focus of these specialists; the Group benefits through the flexibility these companies offer as partners for sister WPP companies, when serving clients' integrated marketing needs. Our role in managing this portfolio is to help these companies grow on their own terms and to support co-operation opportunities across the Group.

Momentum going into 2015 remains positive with good growth forecast across all disciplines and geographies.

Scangroup is the largest marketing and communications group operating a multiagency model across multiple disciplines in sub-Saharan Africa, with majority-owned offices in Ghana, Kenya, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Zambia and minority-owned operations in Burkina Faso, Cameroon, Gabon, Ivory Coast, Namibia, Senegal and Zimbabwe. The group also has affiliate partners in Botswana, DRC, Congo (Brazzaville), Madagascar, Malawi, Mauritius, Mozambique, Niger, Reunion and Sierra Leone. The group operates a blend of local and WPP brands in the region and is listed on the Nairobi Securities Exchange.

Following WPP's increased investment in late 2013, 2014 was a year of even greater collaboration with each of the WPP agencies aligned with Scangroup. New offices were opened in Uganda (J. Walter Thompson), and Zambia (Ogilvy & Mather), and we had the first full-year benefit of H+K Strategies in South Africa.

Scangroup's agencies continued to be the most awarded across the region. Ogilvy & Mather won *Financial Mail Ad Focus* Agency Network of the Year for an unprecedented sixth time, besides sweeping the Africa Cristal Awards with 18 awards including the festival's Grand Cristal and Network Agency of the Year. Scanad Uganda was the flagship agency in the South African Loeries, winning five awards, and Scanad Ghana dominated the Ghana Gong awards with 22 medals including one Platinum Award.

> *Our role in managing this portfolio is to help these companies grow on their own terms and to support co-operation opportunities across the Group*

Alongside collaboration with sister agencies, Scangroup will continue to assess acquisition opportunities to broaden both its service and geographical offerings.

At **Berlin Cameron**, Capitol One continued its enthusiasm for the agency with new assignments from the home equity and retail bank divisions. The agency launched highly successful campaigns for new clients, including IAC's Vimeo and the Gilt Groupe as well as for retail client QuickChek and pet food brand Stella & Chewy's. With their WPP partners at BAV it was hired by Toyota Motor Company to develop a new global positioning for luxury brand Lexus. Berlin Cameron also continues to play a core role in some of WPP's Client Team activity. The agency looks forward to future growth and a return to the high-profile creative that defined it.

Seattle-based **Cole & Weber** started 2014 with its creative work for the International Olympic Committee being featured throughout the venues in Sochi. In addition, the agency deepened its ties with long-term client Washington State Lottery and continued its global digital work for Hawaiian Airlines.

Spanish advertising agency **Senora Rushmore** had another strong year in 2014. Once again it was voted the most creative agency in Spain in the annual Grupo Consultores agency rankings. Client developments in 2014 included the significant expansion of the agency's relationships with key clients Vodafone and Coca-Cola, including being awarded responsibility for managing the latter's campaign around the UEFA EURO 2016 Football Championship.

The **Farm Group** had another busy and successful year providing facilities and creative staff for many of the UK's and international broadcasters' most important event television. Notable off-site projects in 2014 included providing the creative and technical staff from the Salford-based team for the BBC's coverage of the Rio FIFA World Cup, the Sochi Winter Olympics and The Commonwealth Games. Meanwhile the Soho facilities worked on high-profile shows such as *The Honourable Woman*, *Downton Abbey* and *Grayson Perry: Who Are You* as well as ITV's Saturday night blockbusters such as *The X Factor*, *Britain's Got Talent*, *Stars in Their Eyes* and *Splash*. Activity in Los Angeles included the post production on *People's Couch* (US's *Gogglebox*) and *Gypsy Sisters*.

US-based corporate events company **MJM** created inspiration and impact for top-tier clients including Deloitte, Billie Jean King, NAPA and AstraZeneca. MJM took talent development and corporate assembly to the next level with creative strategy and production for its clients' most significant internal-facing events.

Metro Broadcast continued to inspire clients by coupling creativity with technical event production services for long-term clients Deloitte, Citi, RBS, Shell, Roche and Allergan across the UK and internationally.

Risk management experts **Mando** continued to expand its business in 2014 with growth in new offices in Australia and South Africa coming through clients such as Coca-Cola and McDonald's. There was also strong growth in Germany, with new clients including Mars, L'Oréal and Mondelēz. The UK office saw increased involvement in the administration of all McDonald's promotions.

Both **Pace Communications** and **Green Advertising** are continuing to build their real estate practices and expanding into other areas, particularly the educational, gaming, hospitality and healthcare sectors, with noteworthy accounts such as Mardi Gras and Broward College.

The **Food Group** has continued to expand its food and beverage marketing business with significant growth from their Shopper Marketing, Brand Engagement and Culinary Consultation practices.

At UK CRM agency, **EWA**, new services designed around polling and surveys saw the business getting involved in local and European elections, the Scottish Independence referendum and the build-up to this year's UK General Election. Core services focused on improving relationships between clients and their customers, generating new business from JET, Affinity Sutton and Taylor Wimpey.

2014 was a strong year for **BDG architecture + design** as its market regained momentum. It also saw its relocation to Sea Containers, Blackfriars to join the 'Creative Mile' on the South Bank of London. Additionally, BDG saw growth in its European reach with projects starting in Germany, Spain and France.

Production agency **Pointblank** enjoyed a year of significant progress in 2014 as it continued to produce an array of work in the world of TV commercials, branded content and print for both WPP and non-WPP clients. Highlights included producing a global TV spot for Procter & Gamble, teaming up with Grey New York to help pitch and win the Papa John's pizza business, Ogilvy & Mather's first campaign for Pizza Hut in the UK and highly-commended content pieces for Avis and H. Moser. It also increased the depth and quality of its roster of award-winning directors and established a new stills division.

WPP Digital

Report by Mark Read **(below left)**
Chief executive officer
and
Mark Povey **(below right)**
Chief operating officer

In 2014, WPP Digital expanded the depth and breadth of its digital offer, focusing on five key areas – mobile, e-commerce, data and technology, content development and social media marketing. It has grown both organically and by acquisition and investment; and the WPP Digital companies continued to win new business, build capability, and receive awards and recognition from partners and industry organisations.

POSSIBLE, a leading digital agency network, cemented its position as a results-oriented creative agency. The agency enhanced its mobile capabilities with the acquisition of Double Encore, a leading mobile specialist, and extended its digital content expertise with the acquisition of Swift, a leading creative agency. POSSIBLE's strong culture was recognised by *Advertising Age* and named as a Best Place to Work.

Digital marketing agency **Rockfish** continued its strong growth. The development of innovative capabilities in e-commerce, shopper marketing and retail operations led to new business wins and multiple awards. Accolades included OMMA Agency of the Year for Design, an MMA Smarties Finalist, a Digiday Retail Awards Winner and a member of Agency Post's 10 Fastest-Growing Mobile Agencies.

Blue State Digital strengthened its market position as one of the world's top agencies for mobilizing communities of supporters of global brands. BSD mobilised millions of people around the biggest moments in 2014. Ten billion targeted emails were sent, $169 million was raised for causes and campaigns and 40 web platforms were launched for brands, nonprofits and campaigns including Google, Starbucks, Climate Reality Project, UK Labour Party and EMILY's List. The agency was honoured with the Digital Campaign of the Year and the Social Campaign of the Year in the Healthcare Marketing IMPACT Awards for its work with the Coalition to Protect America's Health Care, as well as several Webbys for its work with Freedom to Marry, NAACP, Malaria No More and A World At School's 'We Stand with Malala' campaign.

Johannes Leonardo, a creative-led digital agency, strengthened its creative solutions in line with the agency's 'Consumer is the Medium' philosophy, which prioritises deep connections with consumers. JL's approach resonated with clients which led to new business wins with leading brands including adidas Originals, Mondelēz, TTI Floor Care and TripAdvisor.

Interlude, a digital media company that designs and develops interactive video technology, received four Gold Lions and one Bronze Cyber Lion at Cannes for its interactive music video 'Like a Rolling Stone', the first-ever music video for Bob Dylan's classic hit. The video generated an incredible response from consumers and fans alike.

Hogarth, a marketing implementation agency, added new business and new assignments from existing clients. Hogarth's innovative production and technology capability has delivered significant savings for multinational clients. The demand for efficiency of digital production is expected to continue to grow, providing further opportunity for Hogarth to increase its client base. →

Shane Atchison
Global chief executive officer, POSSIBLE

Acceleration, a marketing technology consulting and systems integration company, enjoyed a record growth year in 2014. The company benefited by the expansion of relationships with major clients including Royal Caribbean, SABMiller, AARP, Emirates Airlines and Sky. Acceleration continues to expand its footprint globally with offices in London, Barcelona, South Africa, Buenos Aires, Denver, Dubai, Miami and New York.

Salmon, a highly innovative e-commerce consultancy, continued to grow and expand its capabilities. In September, Salmon acquired Neoworks, which specialises in the implementation of e-commerce sites using SAP's hybris technology. The acquisition complements Salmon's existing technology skills, offering clients greater flexibility to work with the most appropriate platform for their needs.

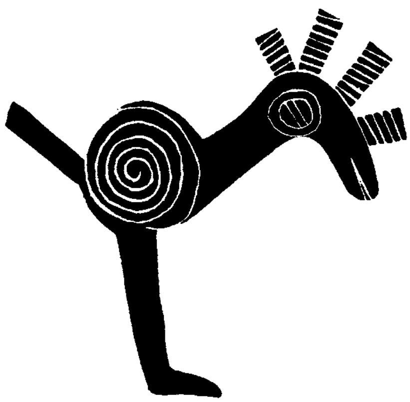
The Data Alliance, a horizontal team that helps WPP companies access and leverage data, made excellent progress in 2014. The group signed partnerships with Factual, DataSift, Weather Analytics, SAP and Facebook that will provide WPP companies with access to valuable insights, which will in turn benefit their clients.

Our investments have contributed meaningfully to performance in 2014. Consistent with our strategic priorities, we made investments in content-focused technology companies. In February, WPP invested in **Percolate**, a leading technology platform that helps brands manage and distribute content across social channels at scale. In March, WPP Digital acquired **Cognifide**, a digital technology and experience management consultancy that specialises in content management and digital asset management. Cognifide's client roster includes Ford, Telegraph Media Group, Penguin Random House, RBS,

Our investments have contributed meaningfully to performance in 2014. Consistent with our strategic priorities, we made investments in content-focused technology companies

Virgin Media, GSK, John Lewis, Investec, Shell, Novo Nordisk, Oticon and Coutts. Founded in 2005, Cognifide has offices in London, New York and Poznan, Poland.

We are pleased with our progress in 2014 and, looking ahead to 2015, see tremendous opportunity for growth. As the world becomes more connected, the demand for WPP Digital's services will only increase. We look forward to helping brands digitise their businesses and shape their strategies for the future.




E.S. TINGATINGA

What we think

In praise of the long view

WPP CEO Sir Martin Sorrell reports

Thirty years ago WPP began its transformation from a maker of shopping baskets and teapots into the world leader in advertising and marketing services. The traditional gift for a 30th anniversary is a pearl – an object with particular significance for our Group.

In 1996, I gave the D&AD (Design and Art Direction) President's Lecture in London. D&AD is the association and charity that promotes excellence in commercial creativity, and a yellow, white or black pencil at its annual awards is one of the highest honours our industry can bestow.

In that speech I said: "What we sell are pearls (of wisdom, of beauty, of desire, of wonder). Whether we are designers or planners or writers or art directors or corporate strategists, our raw material is knowledge. We turn that knowledge into ideas, insights, and objects that have a material, quantifiable value to our clients." →

The pearls we produce have created rather a lot of quantifiable value for our share owners, too. And the longer you've been a share owner, the greater that value is likely to be.

Warren Buffett famously warned Berkshire Hathaway shareholders of the dangers of short-term thinking. "If you aren't willing to own a stock for 10 years," he said, "don't even think about owning it for 10 minutes."

Sadly, champions of the long view are becoming harder to find – in the investment community and in the boardroom.

BlackRock's Larry Fink, the world's most influential institutional investor, was concerned enough to write to every company in the S&P 500 last year.

This is what he had to say: "Many commentators lament the short-term demands of the capital markets. We share those concerns, and believe it is part of our collective role as actors in the global capital markets to challenge that trend… It concerns us that, in the wake of the financial crisis, many companies have shied away from investing in the future growth of their companies."

Fink hits the nail on the head. Executives are still haunted by the collapse of Lehman Brothers and the events that followed.

Boardrooms (in the West at least) are more likely to be inhabited by the ghosts of Lehman than John Maynard Keynes' animal spirits.

Investment has become more closely associated with risk than opportunity, and firms are sitting on an estimated cash pile of $7 trillion worldwide as a result, together with unleveraged balance sheets.

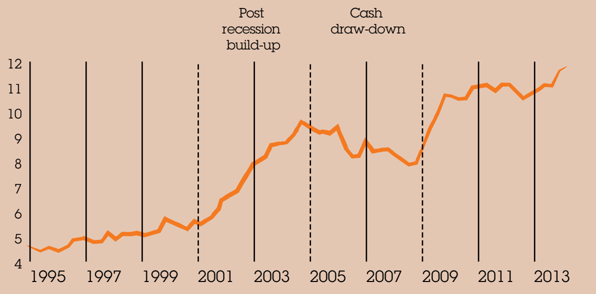
Compounding the problem is a widespread and confidence-sapping sense of uncertainty – the result of a stuttering global economic recovery and an ever-growing number of geopolitical flashpoints.

In this world of caution and conservatism, the departments whose job is to drive a company's growth (like marketing and product development) have lost influence to those whose job is to keep a close eye on expenditure (like finance and procurement).

Consequently, targets are often reached not by maximising revenues, but by minimising costs – including marketing spend.

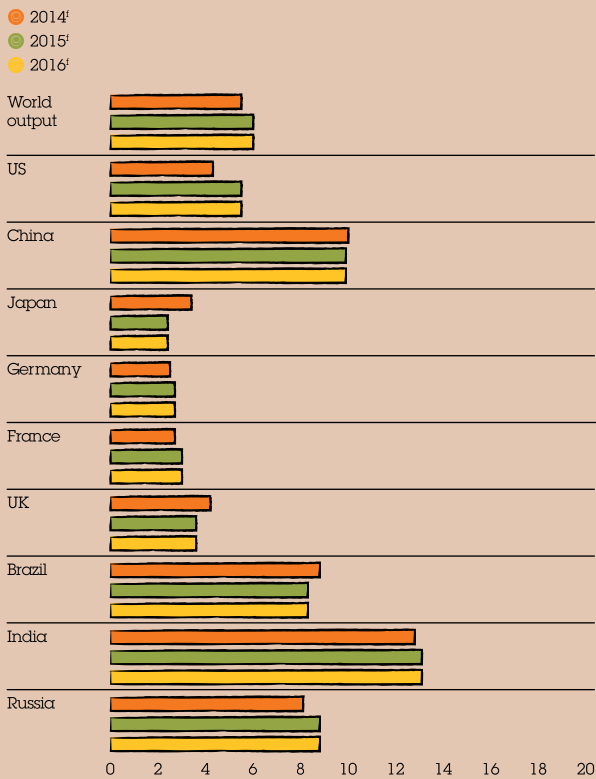
This is entirely understandable, but entirely counter-productive. Sustained investment (for that is what it is) in marketing communications is essential for the enduring success and profitability of brands.

Cash as % of total assets
S&P 500 non-financial companies



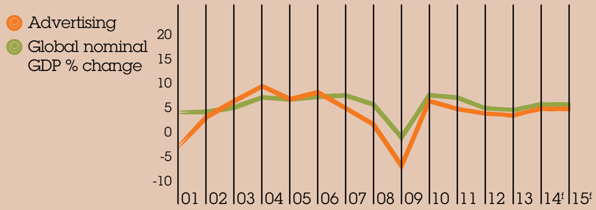
Source: S&P, Compustat, FactSet and RBC Capital Markets; Business Insider
Note: S&P 500 ex-financials.

Nominal GDP projections 2014-2016f
% change



Source: GroupM
f: Forecast.

Shape of global recovery % growth



Source: GroupM
f: Forecast.

US advertising spend by company
2014 $m

2014 rank	2013 rank	Company	2014	2013	% change
1	1	Procter & Gamble	$2,642.2	$3,081.1	-14.2%
2	2	General Motors	$1,648.9	$1,795.7	-8.2%
3	3	AT&T	$1,637.8	$1,868.7	-12.4%
4	4	Comcast	$1,550.2	$1,648.0	-5.9%
5	7	Berkshire Hathaway	$1,431.3	$1,258.3	13.7%
6	5	L'Oréal	$1,425.2	$1,554.8	-8.3%
7	9	Pfizer	$1,400.6	$1,138.9	23.0%
8	8	Verizon Communications	$1,284.4	$1,224.6	4.9%
9	6	Toyota	$1,198.3	$1,268.8	-5.6%
10	–	Fiat Chrysler Automobiles	$1,133.3	$1,169.0	-3.1%
11	13	Johnson & Johnson	$1,041.0	$976.6	6.6%
12	10	Time Warner	$999.3	$883.4	13.1%
13	14	McDonald's	$951.3	$993.8	-4.3%
14	15	Softbank	$919.2	$930.7	-1.2%
15	16	Wal-Mart	$900.2	$898.4	0.2%
16	18	Nissan	$865.9	$870.2	-0.5%
17	–	Deutsche Telekom	$863.2	$800.3	7.9%
18	17	Walt Disney	$848.2	$876.5	-3.2%
19	20	Yum! Brands	$836.1	$859.4	-2.7%
20	11	Ford Motor Co	$835.8	$1,127.9	-25.9%

Source: Kantar Media

The engine of commerce

Clearly, I am not exactly a disinterested observer, so don't take my word for it. In January 2015, analysts from Credit Suisse published a research note on consumer staples (food, drinks, household items, etc.) that vividly illustrated the power of brand communications.

The report highlights the direct correlation between the growth rates of various firms and their spending on advertising, and reveals that those cutting spending most severely have suffered most in terms of their financial performance.

According to the analysts, "The importance of brand investment should not be underestimated. Higher spend can translate into higher growth and market share as well as improved gross margins and return on invested capital (ROIC). In turn, higher ROIC has historically led to higher stock market valuations. Cutting media spend often has the inverse effect."

They do not stop there. Advertising spend is not just important – it's the single most important thing a company can do to grab a bigger slice of the pie: "In our opinion, the importance of spending on advertising is critical to long-term sustainable growth, and therefore, shareholder value… the sustained and steady rise in media spend is, in our opinion, the dominant influence in growing market share."

None of this, as the report says, should come as a surprise. There are countless industry, academic and client-approved case studies that make the same point: marketing (along with its associated services) is the engine of commerce.

Rejecting the economics and politics of laissez-faire, and the faith in unfettered markets to solve all problems in the fullness of time, Keynes the interventionist noted drily that "in the long run, we are all dead."

As the Credit Suisse analysis makes abundantly clear, an obsessive corporate focus on the short run poses a more immediate health risk.

Worldwide communications services expenditure 2014 $m

	Advertising	Market research	Public relations	Direct & specialist communications	Sponsorship	Total
North America	181,719	16,200	4,140	98,075	20,600	**320,734**
Latin America	29,876	2,050	455	35,571	4,200	**72,152**
Europe	115,714	16,150	2,550	106,713	14,800	**255,927**
Asia Pacific	167,604	6,300	4,550	52,848	13,300	**244,602**
Africa & Middle East	17,776	700	155	2,033	2,300	**22,964**
Total	**512,689**	**41,400**	**11,850**	**295,240**	**55,200**	**916,379**

Source: GroupM
Note: Healthcare communications ($4.8 billion) is distributed pro-rata in Direct & specialist communications.

Worldwide communications expenditure 2010-2015f

Source: GroupM
f: Forecast.

Challenging year, record year

Despite the challenges, our business performed well in 2014, which was another record year in terms of revenues and profitability.

We expect the pattern for 2015 to be much the same: a bit of a slog, but a satisfactory result at the end of it, ahead of last year's record performance.

Spending on advertising and marketing services closely tracks GDP and if this trend continues throughout 2015, as we anticipate it will, it should be a reasonable year for the industry.

Current forecasts indicate a growth rate of around 5.0% in nominal worldwide GDP and, risk-aversion notwithstanding, corporates will continue to invest in brands, both in mature and fast-growing economies.

Brand investment is generally boosted by major four-yearly events (typically global sporting competitions and US elections).

2014 was a 'mini-quadrennial' year with the Sochi Winter Olympics, the FIFA World Cup in Brazil and the mid-term Congressional elections, and while 2015 is without such events, we are gearing up towards a 'maxi-quadrennial' 2016 featuring the Rio Olympics, the UEFA European Football Championship and the US Presidential Election.

BrandZ™ Top 10 most valuable global brands 2014

Rank	Brand	Category	Brand value 2014 $m	Year-on-year change
1	Google	Technology	158,843	40%
2	Apple	Technology	147,880	-20%
3	IBM	Technology	107,541	-4%
4	Microsoft	Technology	90,185	29%
5	McDonald's	Fast food	85,706	-5%
6	Coca-Cola	Soft drinks	80,683	3%
7	Visa	Credit card	79,197	41%
8	AT&T	Telecoms	77,883	3%
9	Marlboro	Tobacco	67,341	-3%
10	Amazon	Retail	64,255	41%

Source: BrandZ/Millward Brown Vermeer
Note: 2015 global rankings available after 27 May 2015.

Grey swans gathering

These positive stimuli to corporate and consumer confidence have to compete with a bewildering array of largely geopolitical risks.

The already sizeable flock of grey swans (known unknowns), including the Eurozone's continued fragility, the prospects for the Middle East, the slowdown in the BRICs economies and the US deficit, has been swelled further by the arrival of several black swans (unknown unknowns) in the form of ISIS, Ebola, Ukraine, the demonstrations in Hong Kong and the Sino-Japanese territorial dispute over the Diaoyu/Senkaku islands.

More parochially, the threat of Britain leaving the European Union after a possible referendum in 2016 or 2017 is a dark cloud on the horizon for UK business.

A G2 world

Our home market of the UK (WPP's second largest after the US) has been a star performer in recent years, to some extent reflecting the relative strength of the British economy in comparison with other European nations.

> *Conversations with clients suggest they are very focused on the two giants [the US and China], and expect them to drive much of their companies' growth in 2015*

However, the weakness of Western Continental Europe, alongside slower growth in some of the BRICs markets, has left us with a global economy increasingly dominated by the 'G2' of the US and China – in the short term at least.

Conversations with clients suggest they are very focused on the two giants, and expect them to drive much of their companies' growth in 2015.

We have been a bull on China for more than 25 years. The People's Republic is now WPP's third largest market, with revenues of $1.5 billion and 15,000 people. While its rate of expansion has decreased, its re-emergence as a global superpower is no longer in question.

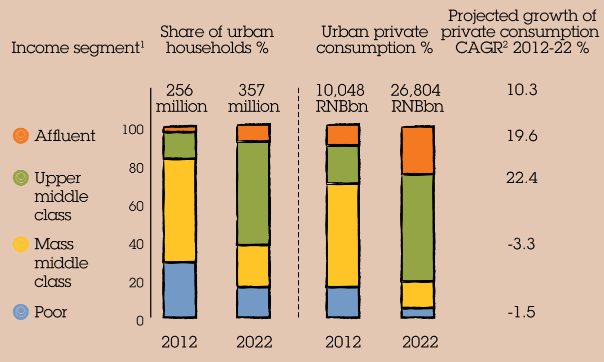
The flotation of Alibaba, which made it one of the most valuable companies on the planet, has forced Chinese business into the Western public consciousness.

Although Chinese companies have traditionally (and rightly) concentrated on their enormous domestic market, an increasing number – including Xiaomi, the innovative handset maker that has taken on and beaten Apple and Samsung – are getting the itch to expand internationally. We expect this trend to continue.

Meanwhile, despite its seemingly endless wrangling with the deficit, the US has enjoyed a good financial press recently. Employment figures, retail sales and manufacturing production are all moving in the right direction.

Expectations of long-term energy self-sufficiency and a burgeoning high-value manufacturing sector (in particular driven by capital-intensive robotics and 3D printing) mean the prospects for the US are good.

Growth in China's middle class 2012-2022



[1] Defined by annual disposable income per urban household, in 2010 real terms; Affluent, >229,000 renminbi (equivalent to >$34,000); Upper middle class, 106,000 to 229,000 renminbi (equivalent to $16,000 to $34,000); Mass middle class, 60,000 to 106,000 renminbi (equivalent to $9,000 to $16,000); Poor, <60,000 renminbi (equivalent to <$9,000).
[2] Compound annual growth.
Source: Mckinsey & Company

Four strategic priorities

In a changing and uncertain world, some things remain constant. Our steady strategic focus on four principal themes – new markets, new media, data investment management and the application of technology, and 'horizontality' – has served the Group well.

111 countries and still counting… !

In 2014, WPP entered its 111th country with an acquisition in Mongolia. Although many of the so-called BRICs, Next 11 and other 'new' markets are out of fashion within the financial community, having seen growth slacken, we are less fickle.

The middle class will continue to expand in non-Western economies, leading to greater consumption of goods and services, and greater spending on marketing services by brands.

> *… we lead the industry in the application of technology to marketing – both through our wholly-owned businesses and a growing number of strategic investments in innovative tech companies*

For businesses like ours, therefore, these markets are essential to future development and exposure to them continues to be a strength, not a weakness.

We expect such territories to account for between 40-45% of our business within the next five years.

Digital marches on

According to WPP's Media Investment Management arm, GroupM, digital accounted for about a quarter of global advertising budgets in 2014, which they expect to rise to nearly 28% this year.

The relentless growth of new media has been accompanied by an equivalent decline in traditional print (newspapers and magazines, involving felling trees and distributing newsprint), now at roughly 20%. Free-to-air or linear TV is relatively solid at around 40%, although there are hints it could finally be weakening.

At WPP we pinned our colours to the digital mast at an early stage, and continue to reap the benefits. Digital now stands at 36% of all revenues, which we aim to increase to 40-45% within five years.

> *Digital technologies have created an explosion in demand for high-quality content, and here, too, we are ahead of the pack*

As this year's Consumer Electronics Show in Las Vegas demonstrated, technology – and how we use it – is changing faster than ever. Our default position is to be as paranoid as possible about what this means for our business.

As a result, we lead the industry in the application of technology to marketing – both through our wholly-owned businesses and a growing number of strategic investments in innovative tech companies.

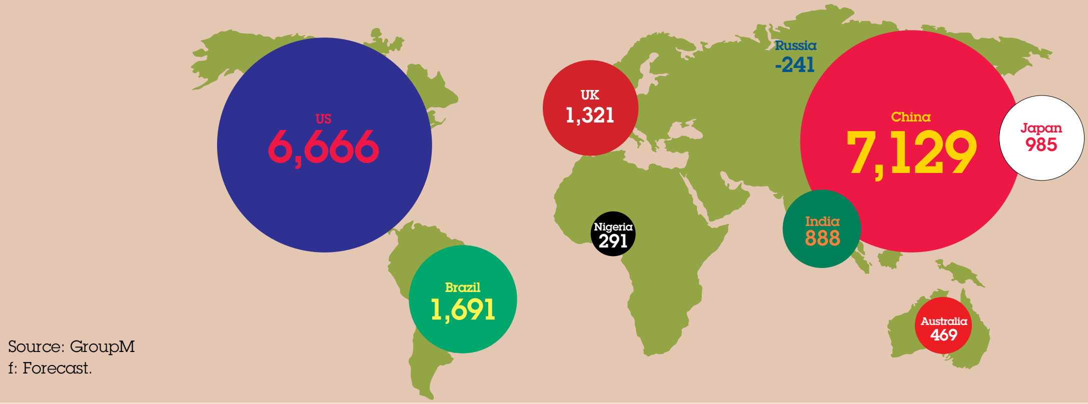
Xaxis is the world's largest programmatic media and technology platform, directing more than $770 million of audience-targeted media buys across 40 markets in North America, Europe, Asia Pacific, Latin America and the Middle East, and managing over two trillion impressions annually. It's a wholly owned business that, on the basis of current market valuations, would be worth over $4 billion by itself.

Cementing our leadership position in ad tech, last year we injected part of Xaxis into AppNexus, the world's largest independent platform in the field, and took a significant stake in the business. With Google selling Google via DoubleClick and Facebook selling Facebook via Atlas, clients need an agnostic, independent platform and little can compete with AppNexus and Xaxis in that respect.

Digital technologies have created an explosion in demand for high-quality content, and here, too, we are ahead of the pack. In 2014, we invested in next-generation digital content studio Indigenous Media – a new venture founded by award-winning film-makers Jon Avnet, Rodrigo Garcia and Jake Avnet.

It joins other investments including Media Rights Capital, which (among many other things) developed the *House of Cards* series for Netflix; youth-focused online content company VICE, in which we have a stake valued at approximately $300 million; and Fullscreen, the leading YouTube network with 375 million subscribers.

Contributions to 2015 media growth by country[f] $m



Source: GroupM
f: Forecast.

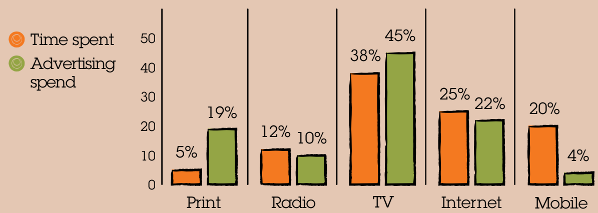
Principal sources of annual media growth 2015[f]

	Contribution $m	Contribution %
Asia Pacific (all)	11,390	45.3
North Asia	7,625	30.4
China	7,129	28.4
North America	6,963	27.7
US	6,666	26.5
Latin America	2,886	11.5
Western Europe	2,428	9.7
Brazil	1,691	6.7
Middle East & Africa	1,436	5.7
UK	1,321	5.3
ASEAN	1,289	5.1
Japan	985	3.9
India	888	3.5
Australia	469	1.9
Israel	461	1.8
Colombia	376	1.5
Hong Kong	375	1.5
Argentina	363	1.4
Indonesia	309	1.2
Vietnam	300	1.2
Canada	297	1.2
Nigeria	291	1.2
Spain	286	1.1
Philippines	280	1.1
Mexico	276	1.1
Germany	258	1.0
South Africa	253	1.0
GCC and Pan Arab	201	0.8
South Korea	25	0.1

Source: GroupM
f: Forecast.

Media time spent vs ad spend US 2013

% of time spent in media vs % of advertising spending

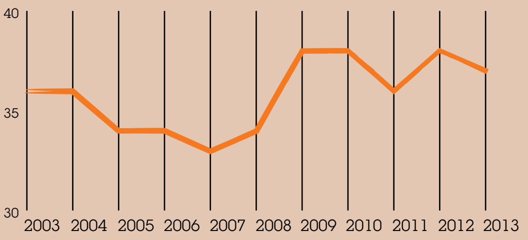


Source: KPCB 2014

UK newspaper brands vs Google

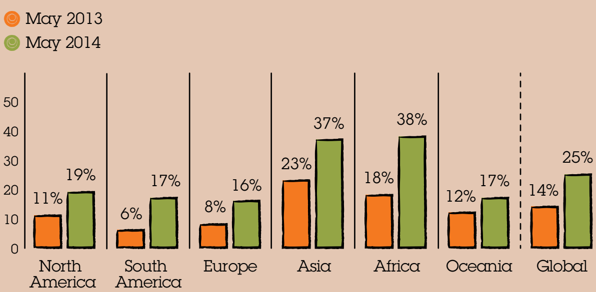
Source: Newsbrands – NRS PADD January 2014 to December 2014 + comScore November 2014; Google – comScore November 2014

TV spend as % of total advertising spend 2003-2013
US largest 100 advertisers median %



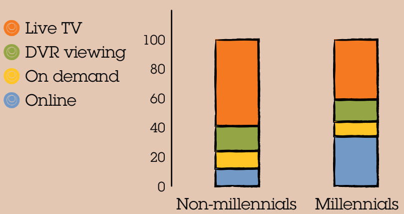
Source: Pivotal Research Group

Mobile usage as % of web usage by region
Page views coming from mobile devices %



Source: StatCounter, 5/14; KPCB

Distribution of total TV time
Millennials vs non-millennials US



Source: Verizon Digital Media Study, 3/14; KPCB

Not so dim

Last year we renamed our Consumer Insight or market research business as Data Investment Management (yes, DIM for short). The point of the rebrand was more accurately to represent what the Kantar family of businesses does for its clients – namely investing in data collection and analysis on their behalf (and achieving the best possible returns).

It was also a reflection of Kantar's ever-closer relationship with our Media Investment Management business, under the umbrella of GroupM. None of our competitors has its own data business, which gives us a huge advantage in terms of what we can offer clients.

Our recent partnership with Rentrak, the fast-growing, US-based film and TV measurement company, is a perfect illustration of how intertwined our media and data investment functions have become.

Both Kantar Media, our media research and analytics business, and GroupM entered into the agreement. Rentrak integrated its national and local TV measurement with a number of Kantar's US-based services that focus on digital

> *None of our competitors has its own data business, which gives us a huge advantage in terms of what we can offer clients*

media and purchasing data, providing advertisers, agencies and TV networks with even more powerful tools to understand consumer behaviour.

GroupM and its agencies gained full access to Rentrak's TV viewing information, allowing them to further refine TV targeting and increase the medium's effectiveness and value to our clients.

Worldwide, our Data Investment Management arm (including associates) now employs over 34,000 people, and in revenue terms it's just under a quarter of our business. Collectively, quantitative disciplines (data and digital) account for 51% of WPP's overall turnover. These proportions are about right strategically at current levels.

Growth of media in major markets 2010-2015 %

Internet	2010	2011	2012	2013	2014f	2015f
North America	11.1	12.5	10.4	9.8	12.1	16.2
Latin America	35.1	33.8	23.3	8.0	16.7	24.1
Western Europe	16.6	14.6	9.7	11.2	10.5	9.8
Central & Eastern Europe	49.0	31.0	28.5	20.4	12.0	7.0
Asia Pacific (all)	24.1	26.9	26.8	28.8	25.2	24.0
North Asia[1]	45.3	47.3	38.8	40.2	31.2	29.9
ASEAN[2]	47.2	7.6	59.9	54.0	45.9	40.0
Middle East & Africa	8.9	5.7	56.7	6.9	4.8	20.3
World	**16.4**	**17.1**	**15.4**	**15.7**	**15.7**	**17.2**

Television	2010	2011	2012	2013	2014f	2015f
North America	4.4	3.6	3.8	0.9	3.3	1.2
Latin America	20.4	5.0	11.1	6.0	11.2	9.5
Western Europe	8.6	0.5	-6.1	0.3	2.6	2.6
Central & Eastern Europe	10.9	11.2	3.0	4.0	2.0	0.4
Asia Pacific (all)	8.2	8.3	5.8	4.4	2.7	1.9
North Asia[1]	9.3	11.2	6.0	3.0	0.6	-1.4
ASEAN[2]	14.6	14.3	13.7	16.3	8.2	10.7
Middle East & Africa	21.7	5.8	14.0	7.3	0.3	7.2
World	**8.2**	**5.1**	**3.9**	**2.8**	**3.5**	**2.6**

Outdoor	2010	2011	2012	2013	2014f	2015f
North America	1.4	2.7	3.6	3.3	-0.7	0.9
Latin America	13.4	12.8	14.5	0.1	10.2	17.1
Western Europe	2.1	-1.9	-4.4	0.5	0.5	1.5
Central & Eastern Europe	7.6	8.8	3.8	3.5	-4.1	-5.4
Asia Pacific (all)	7.8	11.5	12.5	5.4	5.3	2.9
North Asia[1]	17.2	23.5	18.4	6.5	7.5	4.5
ASEAN[2]	8.9	9.1	17.7	5.6	0.8	6.6
Middle East & Africa	19.9	44.6	22.9	1.9	2.0	13.4
World	**5.6**	**7.3**	**7.0**	**3.6**	**3.0**	**3.0**

Magazines	2010	2011	2012	2013	2014f	2015f
North America	-3.2	-0.1	1.9	0.0	-3.9	-2.9
Latin America	10.4	7.0	-0.4	-10.8	-6.6	3.2
Western Europe	-2.6	-5.1	-11.6	-9.3	-5.6	-3.6
Central & Eastern Europe	-2.6	1.3	-3.7	-11.4	-11.2	-11.2
Asia Pacific (all)	2.8	2.0	0.6	-2.3	-8.3	-6.3
North Asia[1]	17.4	13.1	5.5	-1.3	-11.2	-7.7
ASEAN[2]	11.6	4.2	-1.8	-5.6	-7.2	-2.0
Middle East & Africa	5.5	2.4	-11.8	9.9	-0.6	7.5
World	**-1.8**	**-0.9**	**-2.1**	**-3.0**	**-5.1**	**-3.4**

Radio	2010	2011	2012	2013	2014f	2015f
North America	-3.0	2.3	4.3	0.1	-3.1	-3.1
Latin America	12.3	8.5	-5.2	1.1	5.7	8.6
Western Europe	1.1	0.3	-3.5	-2.6	2.8	1.7
Central & Eastern Europe	3.5	6.4	7.1	2.9	1.2	-3.4
Asia Pacific (all)	11.9	3.3	4.6	-2.1	2.4	2.7
North Asia[1]	23.8	7.9	7.0	2.0	3.4	2.4
ASEAN[2]	15.7	1.8	9.2	-25.2	5.5	7.2
Middle East & Africa	20.0	14.8	35.3	5.3	-2.7	12.1
World	**3.4**	**3.2**	**3.3**	**-0.5**	**0.3**	**1.2**

Cinema	2010	2011	2012	2013	2014f	2015f
North America	10.5	4.8	4.5	4.3	-16.7	15.0
Latin America	-5.6	26.3	9.9	8.2	5.9	11.9
Western Europe	5.8	-0.6	3.1	-9.7	0.2	3.2
Central & Eastern Europe	22.5	11.9	9.6	10.5	0.6	-0.9
Asia Pacific (all)	15.8	1.4	11.4	-7.5	0.0	8.5
North Asia[1]	5.0	3.9	0.0	4.2	4.0	4.6
ASEAN[2]	18.1	15.4	10.8	-25.7	1.8	5.8
Middle East & Africa	7.4	41.8	-0.7	1.4	21.2	9.0
World	**7.7**	**4.6**	**5.6**	**-5.3**	**1.8**	**5.6**

Newspapers	2010	2011	2012	2013	2014f	2015f
North America	-10.4	-6.5	-4.7	-4.3	-4.5	-3.6
Latin America	14.4	4.6	14.7	-11.5	0.6	2.9
Western Europe	-2.1	-3.4	-10.3	-9.9	-7.9	-6.7
Central & Eastern Europe	1.3	2.4	-1.4	-8.6	-10.8	-5.3
Asia Pacific (all)	9.9	0.4	-2.6	-2.5	-6.7	-2.4
North Asia[1]	17.2	4.1	-4.1	-3.7	-9.8	-4.7
ASEAN[2]	20.3	6.3	1.3	8.2	-5.2	3.1
Middle East & Africa	-1.3	-1.2	-4.5	1.3	-3.5	3.4
World	**-0.8**	**-2.6**	**-4.8**	**-5.5**	**-6.0**	**-3.3**

Source: GroupM
f: Forecast.
[1] China, Hong Kong, South Korea, Taiwan.
[2] Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam.
(Figures rounded up.)

Team WPP

We are fortunate to have some of the most celebrated agencies in the industry, all of which continue to be successful in their own right.

At the same time we have pioneered a more collaborative and integrated approach to servicing clients through our 'Team' model, in which people from different WPP agencies work together on an ever-growing number of accounts.

This model is a response to client demand: a desire to access the best talent, regardless of where it sits within the Group, and to work through a single point of contact in the form of a global client leader – in essence, effectiveness and efficiency.

WPP is the only communications services group that makes horizontality a core part of its strategy. As our new business record shows, this is a source of real differentiation and competitive advantage

Integrated teams now advise more than 40 clients worldwide (accounting for over a third of WPP's revenues). Among them are Ford, Colgate, Mazda, Bank of America, MillerCoors, Pfizer, GlaxoSmithKline, Huawei and Chanel. We estimate that well over a third of new assignments in 2014 were generated through the joint development of opportunities by two or more Group companies.

WPP Regional, Sub-Regional and Country Managers

Covering 50 out of 111 countries

The individual companies, networks and disciplines are the verticals of our business, so we call cross-Group working 'horizontality' – an approach that doesn't stop with client teams.

We have an increasing number of Regional, Sub-Regional and Country Managers whose job is to marshal resources and foster collaboration for the benefit of clients, to help identify local new business opportunities and potential acquisitions and investments, and to support efforts to attract and retain the best talent.

WPP is the only communications services group that makes horizontality a core part of its strategy. As our new business record shows, this is a source of real differentiation and competitive advantage.

Pitch perfect

If new business wins are a barometer of corporate well-being, then we enjoyed robust health in 2014. The performance of our agencies kept WPP consistently at the top of the 'pitches won' tables.

Far too numerous to list in full, the most significant included Mars (MediaCom), Vodafone (MEC), Papa John's (Grey), Anheuser-Busch InBev (MediaCom), Burger King (David), Pepsi China (Mindshare), NBC (Maxus), Tiffany (Ogilvy), Miller Lite (Cavalry), GSK (Wunderman), Bayer (JWT), L'Oréal (MEC), Estée Lauder (Johannes Leonardo) and the UK Government (RKCR/Y&R).

This record is no accident. We believe that our firms – whether in advertising, media investment management, digital, branding, PR, healthcare or data – are the places where the best people in our industry (and beyond) want to work. I'd like to thank every one of them for their individual contribution to our collective success.

Magic not just metrics

When we win a piece of business, what exactly is the client buying from us? In practical terms it differs every time, of course, but in essence what we offer is applied creativity.

Creativity (insight, imagination, wit, ingenuity, vision, inventiveness – call it what you like) applied in a business setting to achieve commercial goals. And creativity in the broadest sense, not just the traditional crafts of 'art and copy'. The successful practice of every one of our marketing services disciplines requires creative thought and talent.

There are dangers in defining yourself as a creative business, not least at a time when – as I say in my introduction – the finance director has disproportionate influence in client boardrooms. All too often, spending on intangibles (and what greater intangible than creativity?) falls squarely into the risk category.

This approach is a huge brake on innovation, and the world's leading business thinkers are lining up to say so.

Investment in intangible assets like design, branding, marketing, research, training and software development is widely regarded as a proxy for a company's or a nation's investment in innovation, because it is these things that drive experimentation, invention and, ultimately, growth.

Clay Christensen, the influential author and Harvard Business School Professor, recently highlighted the folly of a one-eyed focus on metrics like internal rate of return.

He estimates that 50-90% of managers' time is spent on "the assembly of numbers" and believes that "because we focus on that rather than focus on innovations, growth slows." He points to decades of Japanese stagnation as an example of what happens when an economy decides to worship in "the church of new finance."

> *While we are very proud to have won four consecutive awards for most creative holding company at the Cannes International Festival of Creativity, we are equally – if not more – pleased to have won four consecutive Effies for being the most effective group, too*

The Rotman School of Management's Roger Martin, another celebrated commentator, has a similar view. He makes the case for the "appreciation of qualities" as well as quantities, the need to find room in business decisions for subjectivity, intuition and judgement – things more generally associated with creative endeavours. You don't, as he puts it, "go into the Museum of Fine Arts and say 'I saw 800 square feet of paintings today'."

Creatively effective

In fact, we don't define ourselves as a creative business, but a creatively effective business. As the iconic David Ogilvy (a real Mad Man), espoused, "If it doesn't sell, it's not creative."

The measurable effectiveness of a campaign (in whatever form that takes, from increased sales, protected profit margins and improved brand recognition to charity funds raised and better health outcomes) is the ultimate proof of worth for marketing communications.

In last year's Annual General Meeting statement we said: "There are still businesses that see creativity as little more than a cosmetic: a final touch of lipstick to make a product look more appealing. They are profoundly wrong: and the world is full of case studies to prove them wrong. Applied creativity can be as central, as integral and as functional as any operating system; and should be expected to be so… This is creativity with a clear commercial purpose: if it fails in that purpose, however beautiful it may seem, it will have failed."

While we are very proud to have won four consecutive awards for most creative holding company at the Cannes International Festival of Creativity, we are equally – if not more – pleased to have won four consecutive Effies for being the most effective group, too.

In other words, where great creativity leads, effectiveness (success for clients) follows.

Back to the future

Like the 12 months before it, 2015 will be tough going, but we expect a satisfactory outcome to the year. The pearls we make continue to be in demand.

Looking further ahead, corporate minds will eventually turn from retrenchment to investment and growth, and marketing services will be one of the principal beneficiaries. Moreover, we have the right strategy to take advantage of the fundamental shifts – both technological and geographical – shaping our industry.

Throughout our three decades of existence, taking the long view has worked well for WPP and its stakeholders. We continue to be guided by that philosophy. →

10 key trends

1. Power is shifting South, East and South-East
New York is still the centre of the world, but power (economic, political and social) is becoming more widely distributed, marching South, East and South-East: to Latin America, India, China, Russia, Africa & Middle East and Central & Eastern Europe. Although growth rates in these markets have slowed, the underlying trends persist as economic development lifts millions into lives of greater prosperity, aspiration and consumption.

BrandZ™ Top 10 most valuable Latin American brands 2014

Rank	Brand	Category	Brand value 2014 $m	Year-on-year change
1	Corona	Beer	8,025	21%
2	Skol	Beer	7,055	8%
3	Falabella	Retail	6,084	8%
4	Telcel	Communications providers	5,308	-19%
5	Bradesco	Financial institutions	4,177	-24%
6	Sodimac	Retail	4,107	16%
7	Televisa	Communications providers	3,625	11%
8	Brahma	Beer	3,585	-6%
9	Aguila	Beer	3,585	-9%
10	Modelo	Beer	3,477	51%

Source: BrandZ/Millward Brown Vermeer

BrandZ™ Top 10 most valuable Indian brands 2014

Rank	Brand	Category	Brand value 2014 $m
1	HDFC Bank	Banks	9,425
2	Airtel	Telecoms	8,217
3	State Bank of India	Banks	6,828
4	ICICI Bank	Banks	3,034
5	Bajaj Auto	Automobiles	3,034
6	Asian Paints	Paints	2,812
7	Hero	Automobiles	2,164
8	Idea	Telecoms	1,882
9	Kotak Mahindra Bank	Banks	1,721
10	Reliance Communications	Telecoms	1,636

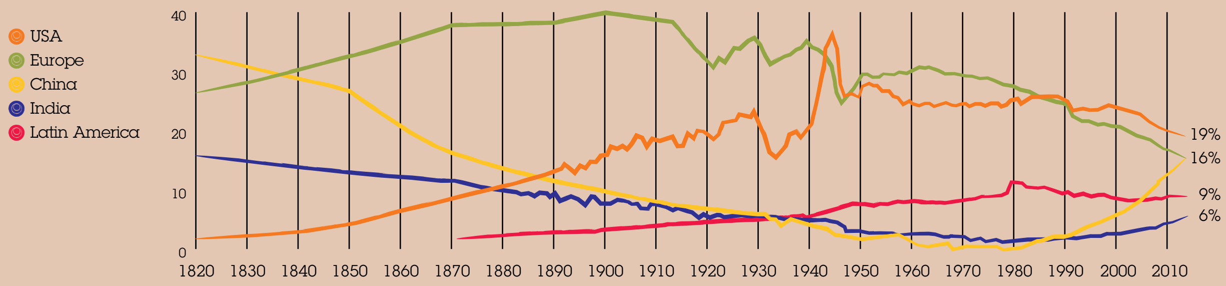
Source: BrandZ/Millward Brown Vermeer

BrandZ™ Top 10 most valuable Chinese brands 2015

Rank	Brand	Category	Brand value 2015 $m	Year-on-year change
1	Tencent	Technology	66,077	95%
2	Alibaba	Retail	59,684	
3	China Mobile	Telecoms	55,927	-9%
4	ICBC	Banks	34,521	-13%
5	Baidu	Technology	30,897	55%
6	China Construction Bank	Banks	21,005	-18%
7	Sinopec	Oil & gas	15,493	18%
8	Agricultural Bank of China	Banks	15,427	-20%
9	PetroChina	Oil & gas	12,022	-11%
10	Bank of China	Banks	11,861	-13%

Source: BrandZ/Millward Brown Vermeer

Global GDP 1820-2013
USA vs Europe vs China vs India vs Latin America %



Source: Angus Maddison, University of Groningen, OECD, data post 1980 based on IMF data (GDP adjusted for purchasing power parity); KPCB

2. Supply exceeds demand – except in talent

Despite the global financial crisis, manufacturing production still generally outstrips consumer demand. This is good news for marketing companies, because manufacturers require to invest in branding in order to differentiate their products from the competition.

Meanwhile, the war for talent, particularly in traditional Western companies, has only just begun. The squeeze is coming from two directions: declining birth rates and smaller family sizes; and the relentless rise of the web and associated digital technologies. Simply, there will be fewer entrants to the jobs market and, when they do enter it, young people expect to work for tech-focused, more networked, less bureaucratic companies. It is hard to recruit the right talent now; it will be harder in 20 years.

3. Disintermediation

An ugly word, with even uglier consequences for those who fail to manage it. It's the name of the game for web giants like Apple, Google, Amazon and Alibaba, which have removed large chunks of the supply chain (think music retailers, business directories and bookshops) in order to deliver goods and services to consumers more simply and at lower cost.

Take our 'frienemy' Google: our biggest media trading partner at almost $3 billion out of over $70 billion of billings in 2014 and, at the same time, one of our main rivals, too. Xaxis and AppNexus face off against Google and DoubleClick. It's a formidable competitor that has grown very big indeed by – some say – eating everyone else's lunch, but marketing services businesses have a crucial advantage.

Google (like Facebook, Twitter, LinkedIn and others) is not a neutral intermediary, but a media owner. It sells its own platform. We, however, are independent, meaning we can give disinterested, platform-agnostic advice to clients. You wouldn't hand your media plan to News Corporation or Viacom and let them tell you where to spend your advertising dollars and pounds, so why hand it to Google, Facebook and co?

4. Changing dynamics in retail

For the last 20 years or so the big retailers like Walmart, Tesco and Carrefour have had a lot more power than manufacturers, because they deal directly with consumers at the point of sale and who are accustomed to visiting their often big box stores. This won't change overnight, but manufacturers can now have direct relationships with consumers via the web and e-commerce platforms in particular, at the same time as city dwellers (already 50% of the population, soon to be 70%), demand proximity retailing – smaller, more convenient stores. However, unless manufacturers move quickly, there is a danger that Amazon or Alibaba or Flipkart will become the new Walmart or Tesco.

5. Internal communications has grown up

Once an unloved adjunct to the HR department, internal communications has moved up the food chain and enlightened leaders now see it as critical to business success. One of the biggest challenges facing any chairman or CEO is how to communicate strategic and structural change within their own organisations. The prestige has traditionally been attached to external communications, but aligning internal constituencies is at least as important, and arguably more than half of our business.

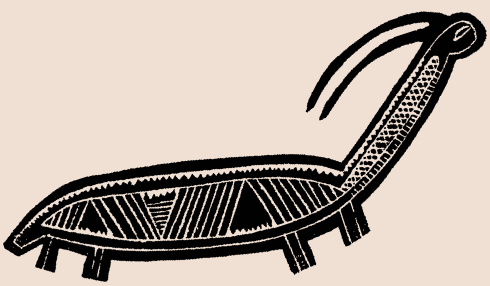
6. Global and local up, regional down

The way our clients structure and organise their businesses is changing. Globalisation continues apace, making the need for a strong corporate centre even more important. Increasingly, though, what CEOs want is a nimble, much more networked centre, with direct connections to local markets – how can the centre know what is really going on in more than 100 or 200 countries? This also hands greater responsibility and accountability to local managers, and puts pressure on regional management layers that act as a buffer, preventing information from flowing upwards or downwards and stopping things from happening. →

The world's 20 largest companies*

Rank	Company	Market cap $m	Country
1	Apple Inc.	$718,106	US
2	Google Inc.	$379,481	US
3	Berkshire Hathaway Inc.	$356,523	US
4	Exxon Mobil Corporation	$350,592	US
5	PetroChina Co Ltd	$344,837	China
6	Microsoft Corporation	$336,691	US
7	Johnson & Johnson	$279,001	US
8	Wells Fargo & Company	$278,479	US
9	Industrial And Commercial Bank Of China Ltd	$266,389	China
10	China Mobile Limited	$263,887	Hong Kong
11	Wal-Mart Stores, Inc.	$262,516	US
12	General Electric Company	$250,278	US
13	Nestlé S.A.	$241,766	Switzerland
14	China Construction Bank Corp	$241,273	China
15	Novartis AG	$240,864	Switzerland
16	Roche Holding Aktiengesellschaft	$233,457	Switzerland
17	Facebook Incorporation	$233,158	US
18	Toyota Motor Corporation	$224,092	Japan
19	Procter & Gamble Co	$222,279	US
20	JPMorgan Chase & Co.	$221,216	US

Source: Corporateinformation.com
* Market values as at 2 April 2015.



7. Number-crunchers have too much clout

Some companies seem to think they can cost-cut their way to growth. This misconception is a post-Lehman phenomenon: corporates still bear the mental scars of the crash, and conservatism rules. But there's hope: the accountants will only hold sway over the chief marketing officers in the short term. There's a limit to how much you can cut, but top-line growth (driven by investment in marketing) is infinite, at least until you reach 100% market share.

8. Bigger government

Governments are becoming ever more important – as regulators, investors and clients. Following the global financial crisis and ensuing recession, governments have had to step in and assert themselves – just as they did during and after the Great Depression in the 1930s and 1940s. And they are not going to retreat any time soon.

Administrations need to communicate public policy to citizens, drive health initiatives, recruit people, promote their countries abroad, encourage tourism and foreign investment, and build their digital government capabilities. All of which require the services of our industry.

9. Sustainability is no longer 'soft'

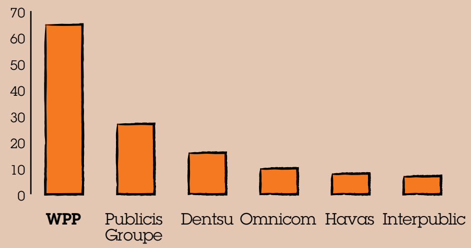
The days when companies regarded sustainability as a bit of window-dressing (or, worse, a profit-sapping distraction) are long gone. Today's business leaders understand that social responsibility goes hand-in-hand with sustained growth and profitability. Doing good is good business. Business needs permission from society to operate, and virtually every CEO recognises that you ignore stakeholders at your peril – if you're trying to build brands for the long term.

10. Merger flops won't put others off

Despite the failure of one or two recent high-profile mega-mergers, particularly the so-called mergers of equals, we expect consolidation to continue – among clients, media owners and marketing services agencies. Bigger companies will have the advantages of scale, technology and investment, while those that remain small will have flexibility and a more entrepreneurial spirit on their side.

FMCG and pharmaceuticals (driven by companies like 3G and Valeant) are where we anticipate the greatest consolidation. The acquisition of Kraft by Heinz, facilitated by 3G and Warren Buffet, has already sent shivers around the packaged-goods industry. Where will the juggernaut strike next? Our own industry is also likely to see some activity – with IPG and Havas the subject of constant takeover or consolidation rumours. Havas, unusually, is already effectively consolidated with a media owner. Bolloré Investissement controls both Vivendi, a media owner of Canal Plus, and Havas, a media buyer and planner. At WPP, we'll continue to play our part by focusing on small- and medium-sized strategic acquisitions and investments (65 of them in all in 2014).

Number of M&A deals in marketing services sector 2014



Source: Clarity

Pharma industry consolidation 1980-2014

Merck	Hoffman	Hoechst Roussel	Squibb	Sandoz	Glaxo	Pfizer	**1980**
Schering-Plough	Roche	Marion	Meyers	Geigy	Wellcome	Parke-Davis	
Organon	Genentech	Merrill Dow	Bristol	Ciba	French	Warner Lambert	
		RhonePoulenc	DuPont Pharma		Kline	Monsanto	
		Sanofi			Smith	Upjohn	
		Synthelabo			Beecham PLC	Pharmacia	
						A.H. Robbins	
						Amer. Cyanamid	
						AHP	

34 companies

	La Roche Syntex	Hoechst	Squibb	Sandoz	French	Pfizer	
	Genentech	Sanofi-Synthelabo	Bristol-Meyers	Ciba-Geigy	Beecham PLC	Warner Lambert	
		RhonePoulenc & Fissons	DuPont Pharma		SmithKline	Monsanto	
		Marion Merrill Dow				Pharma Upjohn	
						Amer. Cyanamid	
						AHP	
		Hoechst	BMS		Beecham PLC	Pfizer	
		RhonePoulenc & Fissons			GlaxoWellcome	Pharmacia	
		Sanofi-Synthelabo			SmithKlineFrench	AHP (Wyeth)	
Merck	Hoffman LaRoche	Aventis			GlaxoWellcome	Wyeth	
Schering-Plough	Genentech	Sanofi-Synthelabo			SmithKlineBeecham	Pfizer	
Merck	**Roche**	**Sanofi**	**BMS**	**Novartis**	**GSK**	**Pfizer**	

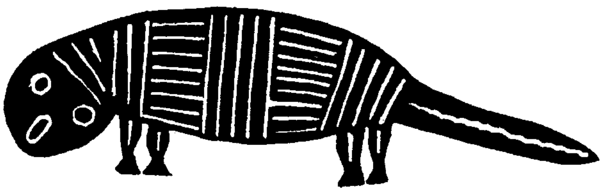
7 companies **2014**

Source: Ogilvy CommonHealth Worldwide

You May Not Know Where You're Going Until You've Got There

(Which is why The Best Brief may be The Brand)

By Jeremy Bullmore



Here's a story that may or may not be true. But even if it isn't, it contains an important truth.

Just over two thousand years ago, King Hiero II, tyrant of Syracuse, delivered a quantity of gold to his resident goldsmith with instructions that it be turned into a votive crown to be used in a temple. Months later, when the crown was duly delivered, Hiero was distrustful. He suspected the goldsmith of having adulterated the gold with substantial quantities of silver, while keeping the rest of the gold for his own purposes. So he turned to Archimedes, his in-house consultant, and charged him with the task of establishing the truth.

Archimedes, of course, knew the specific weight of gold but in order to determine whether the crown was indeed of pure gold, he needed one other piece of information: he needed to ascertain the crown's volume.

Approached logically, this presented no problem. He could simply melt the crown down and form it into a brick – in which configuration its volume could readily be determined. "Good news, Your Majesty. It *was* pure gold. Sorry about the crown, though."

Wisely, Archimedes rejected this solution and instead bent his exceptional mind to the challenge of how to measure the volume of a complicated solid while protecting its original form.

The problem preoccupied him. At some level of awareness, it never left his mind. Meanwhile, Hiero was beginning to let his impatience show.

For all his adult life, Archimedes had been accustomed to take a bath. So on many hundreds of occasions, he would have observed that, as he lowered his body into the bath, the water level rose; and as he began to leave the bath, the water level fell. And so it did on this particular occasion. But this occasion was different; not because of circumstances but because of his preoccupation: absolutely everything he observed or encountered was potentially relevant to that insistent problem. And so, in a flash moment of discovery, he linked the rise and fall of his bathwater with his pressing need to establish the volume of his patron's intricate crown. No wonder he sprang from his bath and into the street while crying, "Eureka!" He knew, with an intuitive certainty, that he'd discovered a way to measure the volume of complicated solids; but he still didn't know how he knew and he still didn't know why he knew.

For reasons that would seem to be more to do with appearances than veracity, those who openly admit their debt to intuition are frequently frowned upon. It seems somehow a bit flaky, regrettably unscientific. Scientists, certainly, even when they're aware of how they came to think of things, often go to great lengths to keep that knowledge to themselves. Sir Peter Medawar, himself a Nobel-winning scientist, once wrote: "Scientific papers in the form in which they are communicated to learned journals are notorious for misrepresenting the processes of thought that led to whatever discoveries they describe."

Once Archimedes had worked out, after the event, the nature of his discovery, and decided to submit it in the form of a paper to a learned journal, this, in part, is how it might have read:

"*I approached this problem rationally. Since volume by definition implies space occupied, I reasoned that space occupied within a liquid allowed for the measurement of the volume of that liquid both before and after the immersion of a solid. It follows that the difference between the two, which I shall call 'displacement', must precisely equal the volume of the solid immersed. Thereafter, the only requirement was the choice of a vessel of the requisite size and of a shape that was readily susceptible to conventional linear measurement.*"

In the search for the validation of an idea, in the putting of hypotheses to the test, all that is excellent, utterly necessary stuff. But as an explanation of how that idea came about in the first place, it's utterly false. And because it's false, it misleads others and discourages brakes-off speculation. In business, particularly in marketing, we seem to be at least as reluctant as scientists to come clean about our processes of thought.

Sir Peter Medawar's perceptive comment about papers submitted to learned journals could just as well have been made about marketing case-histories. To reach a conclusion or a recommendation as a result of logical, step-by-step, inductive thought is seen to be highly responsible – whereas to allow that you had the inspiration first and tested it empirically only afterwards is to risk being accused of post-rationalisation. And in a business meeting, to accuse someone of post-rationalisation is tantamount to accusing them of cheating.

An unashamed understanding of how good thoughts often happen helps explain one of the undiscussed paradoxes of brand strategy.

Brands, by their very nature, are slippery, elusive entities; in part physical, in part the virtual creation of their users. Responsible brand managers and agency account planners strive valiantly to pin down the essence of a brand – in lengthy documents, in PowerPoint® presentations and in imaginative visual mood boards.

Yet even the best of briefs never leads in a direct and relentless line to the creation of a brand. A brief acts as the springboard for some intuitive speculations about the possible nature of a brand; one or more of which may lead to an inspired representation of that brand; which in turn should trigger an immediate recognition that, *Yes! That's the brand!*

"In business, particularly in marketing, we seem to be at least as reluctant as scientists to come clean about our processes of thought"

Back in the 1950s, in New York, two advertising agencies would have been struggling to understand and express the nature of two very different brands: the VW Beetle and the Hathaway Shirt. Only when *Think Small* and the Hathaway man with the eye patch appeared, apparently from nowhere, was a full understanding of those brands instantly and fully available for everyone to share. In the end, paradoxically, when you get it right, the only perfect brief is the brand itself. When you get it right, a new member of the brand team should have only to look at its advertising – or its packaging – to know most of what they need to know about that brand. (But by all means show them the documentation afterwards.)

We don't talk about all this much because it sounds extremely imprecise, unprofessional and unbusinesslike. Yet if we start by being honest with ourselves, we should happily concede that just about everything we've ever done of real originality and merit has contained some element of apparent accident – whose use and value became explicably apparent only after its unexpected emergence.

And we should take courage from the honesty of others. Even mathematicians, it seems, embrace intuition. Cédric Villani, age 41, is the holder of a Fields medal, often described as the highest honour a mathematician can receive. He won his medal "For his proofs of nonlinear Landau damping and convergence to equilibrium for the Boltzmann equation." And he has this to say: "There are two key steps that a mathematician uses. He uses intuition to guess the right problem and the right solution and then logic to prove it."

What Villani's quotation usefully reminds us is that there are two distinct phases in any creative process and they need to be kept scrupulously apart. There is *discovery* – and there is *proof* or *justification*. Discovery can be as joyous and undisciplined as the wildest of games, and probably should be. But the act of discovery can never be its own justification. "This is a very good idea because I thought of it" will always and entirely properly fail to win budget approval.

> *Discovery can be as joyous and undisciplined as the wildest of games, and probably should be*

Post-rationalisation (or more respectably, 'retrospective sense-making') is absolutely essential. Retrospectively justifying a brand idea will never be as easy or as clear-cut as retrospectively justifying a method of accurately measuring the volume of a complicated solid. But the same rigour needs to be applied, the same challenges need to be welcomed: and the same open acknowledgment of the intermediate role of intuition needs to be made. That way, good ideas will be shown to be good – and so are much more likely to be adopted and multiply.


Wawi...

Who runs WPP

Board of Directors

Non-executive chairman

Philip Lader
Chairman of the Nomination and Governance Committee

Roberto Quarta
Chairman designate
Member of the Compensation Committee and Nomination and Governance Committee

Executive directors

Sir Martin Sorrell
Chief executive

Paul Richardson
Finance director
Chairman of the Sustainability Committee

Non-executive directors

Roger Agnelli
Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee

Jacques Aigrain
Member of the Audit Committee and Compensation Committee

Charlene Begley
Member of the Audit Committee and Nomination and Governance Committee

Colin Day
Chairman of the Audit Committee and member of the Compensation Committee

Sir John Hood
Chairman of the Compensation Committee

Ruigang Li
Member of the Compensation Committee and Nomination and Governance Committee

Daniela Riccardi
Member of the Compensation Committee

Jeffrey Rosen
Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee
Senior independent director

Nicole Seligman
Member of the Compensation Committee

Hugo Shong
Member of the Audit Committee, Compensation Committee and Nomination and Governance Committee

Timothy Shriver
Member of the Compensation Committee and Nomination and Governance Committee

Sally Susman
Member of the Nomination and Governance Committee

Sol Trujillo
Member of the Audit Committee and Compensation Committee

Members of the Advisory Board

Jeremy Bullmore

John Jackson

Bud Morten

Koichiro Naganuma

John Quelch

Richard Rivers

Cuneyd Zapsu

Company Secretary

Marie Capes

Board of Directors

Philip Lader Non-executive chairman Age 69

Philip Lader was appointed chairman of WPP in 2001. The US Ambassador to the Court of St James's from 1997 to 2001, he previously served as a member of the US President's Cabinet, White House Deputy Chief of Staff and Deputy Director of the Office of Management & Budget. Before entering government service, he was executive vice president of the late Sir James Goldsmith's US holdings and president of both a prominent American real estate company and universities in the US and Australia. A lawyer, he is also a senior advisor to Morgan Stanley, a director of Marathon Oil, Rusal and AES Corporations, a trustee of RAND Corporation, the Smithsonian Museum of American History and the Atlantic Council, and a member of the Council on Foreign Relations.

Roberto Quarta Non-executive director and chairman designate Age 65

Roberto Quarta was appointed as a director with effect from 1 January 2015. He is Chairman of IMI plc, a FTSE 100 listed engineering business (from which he will be stepping down following the company's AGM on 7 May 2015), as well as Chairman of Smith & Nephew plc, a FTSE 100 listed global medical devices company and Partner of Clayton, Dubilier & Rice and Chairman of Clayton, Dubilier & Rice Europe, a private equity firm. Previously, he was Chief Executive and then Chairman of BBA Group plc, Chairman of Rexel SA and a Non-Executive Director at BAE Systems plc, Equant NV, Foster Wheeler AG and PowerGen plc.

Sir Martin Sorrell Chief executive Age 70

Sir Martin Sorrell joined WPP in 1986 as a director, becoming Group chief executive in the same year. He is a non-executive director of Formula One and Alcoa Inc.
sirmartinsorrell@wpp.com

Paul Richardson Finance director Age 57

Paul Richardson became Group finance director of WPP in 1996 after four years with the Company as director of treasury. He is responsible for the Group's worldwide functions in finance, information technology, procurement, property, treasury, taxation, internal audit and sustainability. He is a chartered accountant and fellow of the Association of Corporate Treasurers. He is a non-executive director of STW Communications Group Limited in Australia, which is a company associated with the Group.
paul.richardson@wpp.com

Roger Agnelli Non-executive director Age 54

Roger Agnelli was appointed a non-executive director of WPP on 13 May 2013. He is the founding partner and CEO of AGN Holding, a Brazilian company focused on mining, logistics and bioenergy in Brazil, Latin America and Africa. He is also the chairman of B&A, a joint venture between BTG Pactual and AGN, focused on the exploration and development of fertilizer, iron ore and copper assets. He was CEO and president of VALE from July 2001 to May 2011. He was vice president of ANBID (Brazil's National Association of Investment Banks) and member of the International Advisory Committee of the New York Stock Exchange (NYSE). He has served on the board of directors of CPFL, Rio Grande Energia, Serra da Mesa Energia and VCB Energia in Brazil and Duke Energy in the US; in oil and gas, Petrobras and Suzano Petroquímica in Brazil and Spectra Energy in the US; in steel, CSN and LATASA; in automotive and auto parts, Mahle Metal Leve; in home appliances, Brasmotor and in cable TV, UGB Participações. In September 2010, he joined the International Business Leaders Advisory Council (IBLAC) to the Mayor of Shanghai. He has served on the International Advisory Councils of South Africa to the President Thabo Mbeki and of Mozambique to the President Dr Armando Guebuza. He was member of Anadarko's Global Advisory Board and in Brazil, he was member of the Economic and Social Development Council of President Lula and of the Strategic Advisory Council of FIESP (Federation of Industries of the State of São Paulo). He has been a member of the board of directors of ABB Ltd since 2002. In addition, he is a member of the International Expert Advisory Board of the Sultanate of Oman and of McKinsey International Advisory Council. In Brazil, he is honorary director of ACRJ (Commercial Association of Rio de Janeiro).

Jacques Aigrain Non-executive director Age 60

Jacques Aigrain was appointed a non-executive director of WPP on 13 May 2013. He is currently a partner at Warburg Pincus LLP. He was CEO of Swiss Re AG from 2006 to 2009, and prior to that, he spent 20 years with JPMorgan Chase in New York, London and Paris. In addition, he is a non-executive director of London Stock Exchange Group Plc and a Supervisory Board Member of LyondellBassell NV, Deutsche Lufthansa AG and its subsidiary, Swiss International Airlines AG. He was Chairman of LCH Clearnet Group Ltd from 2010 to March 2015, and also was a Director of the Qatar Financial Center Authorities until March 2015. He is a dual French and Swiss citizen. He holds a PhD in Economics from Sorbonne University, and a MA degree in Economics from Paris Dauphine University.

Charlene Begley Non-executive director Age 48

Charlene T Begley was appointed a non-executive director of WPP on 1 December 2013. Most recently, Ms Begley served as a Senior Vice President of General Electric Company and the Chief Executive Officer and President of GE Home & Business Solutions at General Electric Company. In this role, she had responsibility for $9 billion of revenue with the GE Appliances, Lighting and Intelligent Platforms businesses, as well as served as the company's Chief Information Officer and led the Sourcing Council and Corporate Leadership Staff. As CIO, she managed a budget of $3.7 billion and led 10,000 IT professionals with a strong focus on business process excellence, simplification, collaboration and security and compliance. Over her career at GE, she served as President and Chief Executive Officer of GE Enterprise Solutions, GE Plastics, and GE Transportation. In addition, she led GE's Corporate Audit Staff and served as the Chief Financial Officer for GE Transportation and GE Plastics Europe and India. Ms Begley currently serves as a non-executive director and member of the Audit Committee of NASDAQ OMX and non-executive director and member of the Audit and Nominating Committees of Red Hat. Ms Begley was a director of Morpho Detection, Inc. and GE Fanuc JV. She was recognized as a Young Global leader on the World Economic Forum and *Fortune*'s "Most Powerful Women in Business". Ms Begley graduated Magna Cum Laude from the University of Vermont in 1988 with a BS Degree in Business Administration.

Colin Day Non-executive director Age 60

Colin Day was appointed a non-executive director of WPP in July 2005. He is the Chief Executive of Essentra plc and a non-executive director of AMEC Foster Wheeler and FM Global. He was the group finance director of Reckitt Benckiser plc until April 2011, having been appointed to its board in September 2000. Previously he has been group finance director of Aegis Group plc and held a number of senior finance positions with the ABB Group plc and De La Rue Group plc. He was a non-executive director of Vero Group plc until 1998, Bell Group plc until 2004, Imperial Tobacco plc until February 2007, easyJet plc until September 2005 and Cadbury plc until 2010.

Sir John Hood Non-executive director Age 63

Sir John Hood was appointed a director on 1 January 2014. An international education and business leader, he was formerly Vice-Chancellor of the University of Oxford and of the University of Auckland. In his native New Zealand, he served as Chairman of Tonkin & Taylor Ltd and as non-executive director of Fonterra Co-operative Group, ASB Bank Ltd, and other companies. Sir John currently serves as President & CEO of the Robertson Foundation, and as Chairman of Urenco Limited, Matakina Limited, and Study Group Limited. He also serves as Chair of the Rhodes Trust and Teach For All. Sir John earned his PhD in Civil Engineering from the University of Auckland and then won a Rhodes Scholarship to Oxford, where he was awarded an MPhil in Management Studies. Sir John has been appointed a Knight Companion to the New Zealand Order of Merit.

Ruigang Li Non-executive director Age 45

Ruigang Li was appointed a director of WPP in October 2010. He is the Founding Chairman of CMC Capital Partners (CMC), China's most prestigious brand for media and entertainment investment and operation with a most extensive coverage across the entire spectrum of traditional and internet space. Under the leadership of Ruigang Li, CMC has created a number of champions in key industry areas such as television, film, animation and location-based entertainment; and has invested in both established and emerging leaders in financial media, advertising, sports, home shopping, e-commerce, online ticketing, talent agency, mobile video social network, online game and other subsectors. Ruigang Li is also the Chairman of SMG (Shanghai Media Group), which he has successfully transformed into the media conglomerate with the highest market capitalisation in China from a Shanghai-based provincial broadcaster over his two terms of leadership of the company.

Daniela Riccardi Non-executive director Age 55

Daniela Riccardi was appointed a director on 12 September 2013. A prominent FMCG, retail-and-fashion products executive, she is Chief Executive Officer of Baccarat, the international luxury goods company, and was Chief Executive Officer of Diesel Group, the innovative fashion business. She was an executive at Procter & Gamble for 25 years, including service as President of Procter & Gamble Greater China, with 7,000 employees, and Vice President-General Manager for Eastern Europe & Russia. Ms Riccardi also sits on the Board of Kering. Ms Riccardi is a Magna Cum Laude graduate in Political Science and International Studies at Sapienza University of Rome and completed a Fellowship in Marketing at Yale University.

Jeffrey A. Rosen Non-executive director Age 67

Jeffrey Rosen was appointed a director of WPP in December 2004. He is a deputy chairman and managing director of Lazard with over 40 years' experience in international investment banking and corporate finance. He is a member of the Council on Foreign Relations and is President of the Board of Trustees of the International Center of Photography in New York.

Nicole Seligman Non-executive director Age 58

Nicole Seligman was appointed a director on 1 January 2014. A senior Sony executive since 2001, she is President of Sony Entertainment, Inc. and Sony Corporation of America and Sony Group Senior Legal Counsel. Until 2014, she was Executive Vice President and General Counsel of Sony Corporation. Previously, as a partner in the Washington law firm of Williams & Connolly, she counselled a wide range of clients, including major media companies, on complex litigation and commercial matters. She was a law clerk for US Supreme Court Justice Thurgood Marshall and was associate editorial page editor for the *Asian Wall Street Journal*. She was a Magna Cum Laude graduate of both Harvard College and Harvard Law School.

Hugo Shong Non-executive director Age 59

Hugo Shong was appointed a director on 13 May 2013. He is the executive vice president of International Data Group (IDG), a private technology media, research and events company, and president of IDG Asia/China. He joined IDG in 1991 as an associate to IDG's founder and chairman, Patrick J. McGovern, for Asian business development after working for three years as a reporter and editor at *Electronic Business and Electronic Business Asia* magazine, where he launched over 40 magazines and newspapers in Asian countries, such as *PC World Vietnam*, the Chinese editions of *NetworkWorld*, *Electronic Products*, *Cosmopolitan*, *Harper's Bazaar*, *National Geographic*, *FHM* and *Men's Health*. In 1993, he helped IDG to set up China's first technology venture fund, IDG Capital Partners, which now has $5 billion under management and an investment portfolio including Baidu, Tencent (QQ), Sohu, Ctrip, Soufun and Xiaomi. He currently serves on the boards of China Jiuhao Health Industry Corp, which focuses on health maintenance and retirement community projects in China, and Mei Ah Entertainment Group, an entertainment company with interests in television, film and theatre listed on the Hong Kong Stock Exchange. Hugo has been a member of the board of trustees of Boston University since 2005. After completing his undergraduate studies at Hunan University, he attended the Chinese Academy of Social Sciences and earned a Master of Science from Boston University in 1987. He conducted graduate studies at the Fletcher School of Law and Diplomacy and has also completed the Advanced Management Program at Harvard Business School.

Timothy P. Shriver Non-executive director Age 55

Tim Shriver was appointed a director of WPP in August 2007. He is Chairman of Special Olympics and in that capacity, he happily serves together with over 4 million Special Olympics athletes in 170 countries, all working to promote health, education, and a more unified world through the joy of sports. Before joining Special Olympics in 1996, Shriver was and remains a leading educator focusing on the social and emotional factors in learning. He co-founded and currently chairs the Collaborative for Academic, Social, and Emotional Learning (CASEL), the leading school reform organization in the field of social and emotional learning. He is a member of the Council on Foreign Relations. Shriver earned his undergraduate degree from Yale University, a Master's degree from The Catholic University of America, and a Doctorate in Education from the University of Connecticut. He has produced four films, written for dozens of newspapers and magazines, founded an ice cream company, and been rewarded with degrees and honors which he didn't deserve but happily accepted on behalf of others.

Sally Susman Non-executive director Age 53

Sally Susman was appointed a director on 13 May 2013. She is currently executive vice president, Corporate Affairs for Pfizer, the world's largest biopharmaceutical company. Sally also heads the firm's corporate responsibility group and plays a key role in shaping policy initiatives. Before joining Pfizer in 2007, she was EVP of Global Communications at Estée Lauder, where she directed global corporate affairs strategy and served as a member of the Executive Committee. She also held several senior corporate affairs posts at American Express, working in both London and the US. She started her career in government service focused on international trade issues and her positions included Deputy Assistant Secretary for Legislative and Intergovernmental Affairs in the US Department of Commerce. She serves on the board of the International Rescue Committee and is a Trustee at the Library of Congress. Sally holds a BA in Government from Connecticut College in the US and has studied at the London School of Economics.

Sol Trujillo Non-executive director Age 63

Solomon D. (Sol) Trujillo was appointed a director of WPP in October 2010. He is an international business executive with three decades' experience as CEO of high-cap global companies in the US, EU, and Australia. A digital pioneer and long-time practitioner of market-based management, Sol was an early champion of high-speed broadband and the mobile internet to stimulate productivity and innovation across all sectors of the economy. Sol currently sits on corporate boards in the US, EU, and China and has managed operations in more than 25 countries around the world – including developed as well as emerging markets from the EU and North America to China, Australasia, Africa and the Middle East.


ATAba

How we behave and how we’re rewarded

Directors’ report

Report by Philip Lader
Chairman of the Company and chairman of the Nomination and Governance Committee

Dear share owner

“Another record year for WPP.” Fellow share owners, I suspect, do not tire of such repetition in these Annual Reports. And all our people across the globe should take justifiable pride in 2014’s robust financial performance, impressive client wins and – for yet another straight year – the very top international creative and effectiveness awards.

Another thought, however, preoccupies me this year.

“Nothing is different, but everything’s changed.” Hackneyed, certainly; but a poignant refrain in the lyrics of a Paul Simon song. And as my 14-year-period as chairman of this Company concludes, that notion prompts several central questions for me. Transition of a non-executive chairman warrants minor note, but might be, for some share owners, a punctuation point that stirs the same reflection.

A cynic, hastily reviewing our business from 2001 through today, might edit the phrase to “Everything’s different, but *nothing* has changed.” Admittedly, the communications services industry, as well as its geopolitical and economic context, are *extraordinarily* different. And WPP may appear to remain a small central administration overseeing legions of far-flung corporate tribes and associates. With the same chief executive.

But that view massively misses the mark. Having had the privilege of serving as your Company's chairman for almost half of its life, I find today's WPP to be a vastly different business. Strikingly, however, some fundamentals have not changed.

The differences since 2001 are stunning:
- billings have more than doubled to £46 billion;
- revenues have grown from £4.0 billion to £11.5 billion;
- headline profit before tax has trebled, from £500 million to £1.5 billion;
- our market capitalisation has increased from £8.7 billion, and from the 2008 low of £5.0 billion, to £20.5 billion;
- the size of our workforce (including associates), has grown from 65,000 to 179,000;
- the number of offices is up from 1,400 to 3,000; and countries in which they are located, from 103 to 111;
- the number and breadth of our environmental, corporate social responsibility and employee training and welfare programs now overflow their own, thick annual report;
- our dividend per share has increased from 4.50p to 38.20p; and our dividend payout ratio, then 15%, now stands at 45%;
- Data Investment Management and direct, digital and interactive services have grown from 35% to 50% of revenues;
- digital-related services, then 5%, are now 36% of total revenues;
- over this 14-year period, WPP has invested some £8 billion in 700 acquisitions; and
- WPP was honored to be included (and the only advertising or marketing services company listed) in *Forbes*' 2015 list of The Best Companies to Work For.

"Different," indeed. In fact, led in these years by a singularly tireless and entrepreneurial chief executive, this enterprise has been literally transformed: a transformation resulting from prescient evolution of strategy and painstaking management execution. WPP's value, to clients and investors alike, has thereby been enhanced beyond even these numbers.

'New markets,' 'new technologies,' as well as 'media and data investment management' are now fixtures of the industry lexicon. Yet amidst the earliest mentions of 'BRICs' and long before general recognition of 'the digital age,' your Company's investments and hires pioneered the embrace of fast-developing economies, emerging technologies and innovative services.

In 2001, operations in Mongolia and Myanmar – where WPP now operates – were improbable. Fourteen years ago, an automated media trading platform – our Xaxis today – and high-tech partnerships – like ours with AppNexus, Rentrak and comScore – would have been regarded as futuristic fiction. Back then, some 65 acquisitions or strategic investments in one year – as we accomplished in 2014 – would have seemed preposterous. Rendering no fewer than four of our marketing and communications services to more than 500 clients was an ambitious dream until our recent years' focus on 'horizontality.' Even only a few years ago, the magnitude of, and insights from, 'big data' – today's WPP's capacity to integrate our substantial proprietary data with voluminous market and consumer data from other sources – were fanciful notions.

Amidst the earliest mentions of 'BRICs' and long before general recognition of 'the digital age,' your Company's investments and hires pioneered the embrace of fast-developing economies, emerging technologies and innovative services

These landmark differences illustrate the continuous, consistent evolution of WPP's strategy. They evidence current industry leadership. They represent an unparalleled reservoir of competencies to assist clients in communicating their messages and marketing their products. They, and hundreds of similar examples, constitute the core of your Company's unique positioning for continued growth and profitability.

Just as new technologies, new media, new markets and new players have transformed WPP's business, your Board's composition is significantly different. A mandatory retirement policy for non-executive directors instituted; appointment of 10 new directors, including my successor, completed; and the phased retirement of nine long-serving directors underway: your Board – global, independent and experienced in highly relevant commercial arenas – has been refreshed for a new era.

Although my intent, as I stated in the 2013 Annual Report, had been to retire from this post in December

2014, I agreed, at the Board's request, to continue through the appointment of my successor. In Roberto Quarta, it has selected a seasoned non-executive chairman of FTSE companies, successful investor and respected, former chief executive. Subject to share owner approval, he will assume the chairmanship at the conclusion of the 2015 Annual General Meeting.

> *Your Board – global, independent and experienced in highly relevant commercial arenas – has been refreshed for a new era*

What's *not changed*? WPP's most recent achievements reflect several enduring commitments. Foremost is to serve clients creatively and effectively. And by those standards, our fourth consecutive top Cannes prize for advertising holding companies and yet another Effie as Most Effective Holding Company best illustrate how the industry itself ranks your Company.

In the provision of such client services, there has been not the slightest easing of WPP's intense management discipline. That principally explains how – buffeted by economic winds, a currency roller-coaster and fierce competition – your Company has continued this string of record years' financial performance. And for enhancement of both our services and our controls, we have undertaken a seven-year, £1.25 billion IT initiative to modernise back-office operations and expand our capabilities in the use of 'big data' and analytics.

Has the Company's commitment to its share owners changed?

Like Domino's, WPP continues to 'deliver.' Your Board has boosted dividend growth by hitting our 45% dividend payout ratio target one year ahead of schedule. In the past five years, share owners' aggregate return – taking into account share price appreciation, dividends and share buy-backs – has totalled £12.8 billion.

What's not changed about your Company's governance?

The full Board of Directors, not merely the Audit Committee, is still deeply engaged in risk management. Meeting over two days, six times each year, the entire group – beyond fiduciary requirements, finance and treasury responsibilities, and customary practices – examines, at each session, the list of WPP's top 100 clients, evaluates the business environment for dozens of the major WPP businesses, reviews scores of personnel changes and succession plans, and challenges management on potential torpedoes or side-swipes.

From every evidence, there has been no change, except possibly for even the better, in the experience and independence of your Board. Our share owners will find in these relatively new non-executive directors the wisdom, discipline, diversity, and vision necessary to challenge and support management, seize opportunities, make tough choices, honour commitments to our people and the clients and places WPP serves, and act in your best interests.

A noteworthy change over these 14 years, since none of our leadership is getting any younger, has been the emphasis on succession-planning. All business leaders named in this report, other senior talent, and 'rising stars,' and the relevant succession options for each of their roles, are reviewed by the full Board. As to this process, we insist on confidentiality; yet it has become, especially in the past seven years, steadily more rigorous and comprehensive.

If so much is different, why has there not been a change of CEO?

My last two years' letters summarised the issue of WPP CEO succession with reference to another well-worn phrase: "'[There's] no elephant in this room.' Our veteran and more recently-appointed non-executive directors alike are unanimous in the view that… 'Martin Sorrell is the best chief executive officer in this industry – and the person who can best serve the interests of share owners in this role at this time.'"

As I am soon to depart, let me take the liberty of a personal, up-close aside.

Some observers might prefer a CEO to opine less on politics, to be less available to media and conference rostrums, and to resist requests to comment on compensation. WPP, however, is a marketing business, and few can match Sir Martin Sorrell in capturing media attention, coining a substantive phrase, or promoting their companies. He is indefatigable: nary a trip or day without client meetings, keynotes at major forums, and social events to secure or strengthen client relationships. His insights are sought in countless quarters, benefitting WPP's and its constituent companies' brands and bottom lines.

Meticulous about corporate governance and compliance issues (okay, with occasional grumbles), he does not manage WPP as a 'personal fiefdom.' This mythology is as much the product of journalists' repetition of 'Sir Martin Sorrell's WPP' as his own energy and influence.

An unwelcome, but understandable spring ritual for this chairman has been the media attention to our CEO's compensation. Given the quantum, little surprise. Yet several misunderstandings persist.

These long-term awards were performance-based, contractual obligations, approved by more than 80% vote of share owners, and not in the Board's discretion. Under the plan, the cadre of senior executives, including the CEO, had the opportunity – rather than a grant of options or other long-term incentives – to make substantial, personal investments in WPP shares and to receive, potentially, multiples of their share purchases based on WPP's comparative record, measured against competitors over a five-year period.

> *Led by a singularly tireless and entrepreneurial chief executive, this enterprise has been transformed: a transformation resulting from prescient evolution of strategy and painstaking management execution*

Two years ago, when the formula's arithmetic computation and our shares' exceptional performance, in both absolute and relative terms, yielded pay-outs beyond UK custom, your Board proposed, and share owners approved, a new *prospective* long-term incentive program with three separate, even tougher criteria for future, potential five-year pay-outs. The existing plan, in which these participants – all highly sought-after by our competition – had made substantial long-term personal investments, however, still had several years to run.

Few would deny a certain 'Sorrellcentricity' to the Group; pronounced even among founders. This CEO, at heart and in practice, acts as an owner-entrepreneur, within the governance requirements of public ownership. Without excess, there is merit to this approach. Indeed, several years ago, the editor of *Fortune*'s list of The World's Most Admired Companies noted that 'one-man phenomena' accounted for seven of the list's top 10.

Yet as enormous as Martin's impact has been over nearly three decades – and as much as he merits principal credit for extraordinary leadership in strategy and execution – WPP is, I can attest, far more than one individual.

Notwithstanding Martin's high profile and incessant emails, it is more than a dozen group and functional heads who run all WPP businesses day-to-day, with far more authority than occasional observers suggest. Martin's friendship and insights certainly are highly valued by clients; but on marketing matters, these business leaders look principally to those more directly responsible for WPP's services.

Future chairmen, directors and share owners will determine not only how well this CEO continues to perform on their behalf, but also what kind of management will then best serve their, clients', and employees' interests. Whoever follows Martin, whenever, will inevitably have a different style, different strengths and different organizational structure requirements. As I have said, ultimately confronting the 'succession elephant' will be part science, part art. Your Board, I trust, will continue to be prepared for this transition.

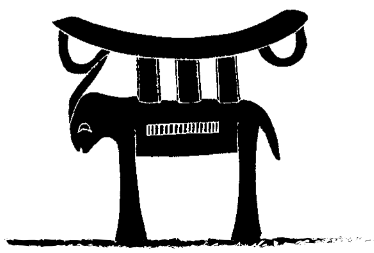
Meanwhile, there may have been no change *of* CEO; but – measured by early discernment of emerging trends and opportunities, continuous calibration of strategy, openness to course correction, rigorous financial discipline, navigation in distant markets and fluency in new media and technologies – there has been remarkable change *in*, and *because of*, this CEO.

So, much is different with WPP since I came aboard in 2001; but also much not changed, particularly in core values of integrity, client focus, creativity, ambition and stewardship. I have great confidence in your Board's profound sense of responsibility for the future of this Company, the clients we serve, the welfare of our people and the investment of our share owners.

As I depart, "Exit, Stage Left" especially resonates with me. This idiom is defined as "the direction in theatrical scripts, marking the disappearance of a character from the stage in the normal manner; an orderly departure, timed so as not to detract or distract, making way for more interesting events."

What has, perhaps most of all, not changed about WPP? "More interesting events," with the prospect of ever greater achievements, undoubtedly lie ahead.

Philip Lader
20 April 2015



Review of the Company's governance and the Nomination and Governance Committee

Report by Philip Lader
Chairman of the Nomination and Governance Committee

Nomination and Governance Committee members

	Meetings
Philip Lader (Chairman)	5
Charlene Begley[1]	2
Esther Dyson[2]	3
Orit Gadiesh[2]	2
Roger Agnelli	4
Ruigang Li	4
Jeffrey Rosen	5
Hugo Shong	4
Tim Shriver	5
Sally Susman	5

[1] Appointed to the committee on 19 February 2014.
[2] Retired from the committee in June 2014.

Dear share owner

Committee responsibilities and how they were discharged in 2014

Throughout 2014, succession planning – not only for senior management, but also for a new chairman – and Board performance were the principal focus of the Nomination and Governance Committee's five formal meetings and frequent informal exchanges between committee members and our fellow directors.

All non-executive directors were invited to participate in most of these sessions, with the committee's recommendations to the Board generally reflecting the consensus of such larger number of opinions.

Board refreshment

The continued refreshment of the Board's composition and leadership has dominated this committee's past year's activity. To this end, we reaffirmed our policy that requires all WPP directors to stand for annual re-election by share owners and our tenure policy for non-executive directors:

- Newly-elected non-executive directors shall not stand for re-election after having served for the period of their 'independence' under applicable US and UK governance authority, that presently being 'the nine-year rule' (i.e., under current general governance policy, a non-executive director will not stand for re-election at the Annual General Meeting (AGM) that follows the completion of nine full years' service after the first AGM at which he or she was first elected by share owners; nor will such non-executive directors subsequently stand for election to this Board).

Applying this policy to currently-serving non-executive directors results in the retirement of three non-executive directors including me:

- Jeffrey Rosen, the deputy chairman and managing director of Lazard, who has served on this Board since 2004 as a member of the Audit Committee and Nomination and Governance Committee, as chairman of the Compensation Committee until December 2014 and as senior independent director since April 2010;
- Colin Day, the chief executive of Essentra plc who has served on this Board and its Compensation and Audit Committees since 2005 and as chairman of the Audit Committee since June 2013; and
- Philip Lader, a senior advisor to Morgan Stanley and a director of Marathon Oil, Rusal and AES Corporation was appointed chairman of WPP in 2001 and has served as chairman of the Nomination and Governance Committee since that date and as a member of the Compensation Committee until December 2013.

Neither they nor I will stand for re-election to the Board.

New chairman

The Board worked with the executive recruitment firm, Egon Zehnder International, to identify my successor as chairman and utilised its consultants to identify, evaluate, and screen a number of high-calibre candidates.

The Board announced the appointment of Roberto Quarta as a non-executive director and chairman-designate on 17 December 2014. Roberto brings to the Group extensive and diverse experience in corporate governance and global commerce. He is chairman of Smith & Nephew plc and of IMI plc and is a partner at the private equity firm Clayton Dubilier & Rice. As previously announced, Roberto will succeed me as chairman of the Company and as chairman of this committee, subject to his election by share owners at the AGM and on his retirement from the Board of IMI plc following the company's AGM on 7 May 2015. He joined the Board on 1 January 2015 and has been undergoing a thorough induction process which has provided him with a good basis to make an early contribution to our Board discussions and to have a good grounding of our businesses and the Group strategy before he becomes chairman.

Committee leadership and service

Pursuant to our non-executive director tenure policy, WPP's senior independent director, Jeffrey Rosen, will retire at this year's AGM. His successor as senior independent director will be announced later in the year.

Colin Day will be succeeded by Jacques Aigrain as chairman of the Audit Committee. Jacques Aigrain has been a member of the committee since joining the Board in May 2013.

Subject to their appointment and reappointment at the AGM, the composition of our three main committees will be as follows:

Committee composition 2015	Audit Committee	Compensation Committee	Nomination and Governance Committee
Roberto Quarta		•	Chair •
Roger Agnelli	•	•	•
Jacques Aigrain	Chair •	•	
Charlene Begley	•		•
Sir John Hood		Chair •	
Ruigang Li		•	•
Daniela Riccardi		•	
Nicole Seligman		•	
Hugo Shong	•	•	•
Tim Shriver		•	•
Sally Susman			•
Sol Trujillo	•	•	

With the institution of term limits for non-executive directors, phased retirement of long-serving directors, and appointment of new non-executive directors, the Board and its committees were purposely larger than custom to provide the sharing of knowledge about the Company's businesses and people. With the retirement of veteran directors, the Board will resume the more typical size, but with the benefit of enhanced institutional memory. Similarly, while assignments of new directors to committees resulted in the swelling of their rosters, this was to provide additional orientation for relatively new directors to deepen their insight into the Company; and it has been intended that, in the coming year, committee memberships will be re-aligned to reflect the skills and interests of respective directors and simultaneously reduce their size.

Board and committee evaluation

The annual evaluation of the Board's and all committees' effectiveness was conducted, internally. Each director completed a confidential questionnaire and identified opportunities for improvement. Separate conversations were then held between each director and either me or the senior independent director, who also led the non-executive directors' assessment of my performance. Observations from these discussions and presentations will be intensely reviewed by this committee in upcoming meetings, with proposals to the full Board as to improving Board effectiveness. Overall the results of the evaluation were positive, confirming the Board was operating well as it continues to manage an orderly refreshment of its membership and a number of planned retirements.

UK Corporate Governance Code

During the year, the Board was briefed on regulatory and corporate governance developments. This principally included the anticipated impact of the new UK and EU rules on auditing market reform and the changes to the UK Corporate Governance Code. The review focused especially on the changes related to remuneration, ongoing risk management and internal control and the requirement for directors to provide a going concern statement in respect of the financial year ended 2015 taking into account the Group's current position and principal risks.

Sustainability

Paul Richardson, chairman of the Company's Sustainability Committee, presented a comprehensive assessment of the Group's sustainability performance and risks to the committee for 2014. Particularly noteworthy was WPP's CDP score of 98B and our inclusion in the CDP FTSE 350 Climate Disclosure Leadership Index, the Dow Jones Sustainability Index and the FTSE4 Good Index. WPP continued to help its operating companies by providing a series of webinars and briefings on sustainability issues.

A more detailed review of our sustainability performance and activities can be read on pages 159 to 165 and in our 2014/2015 Sustainability Report and *Pro Bono Book* to be published in June 2015.

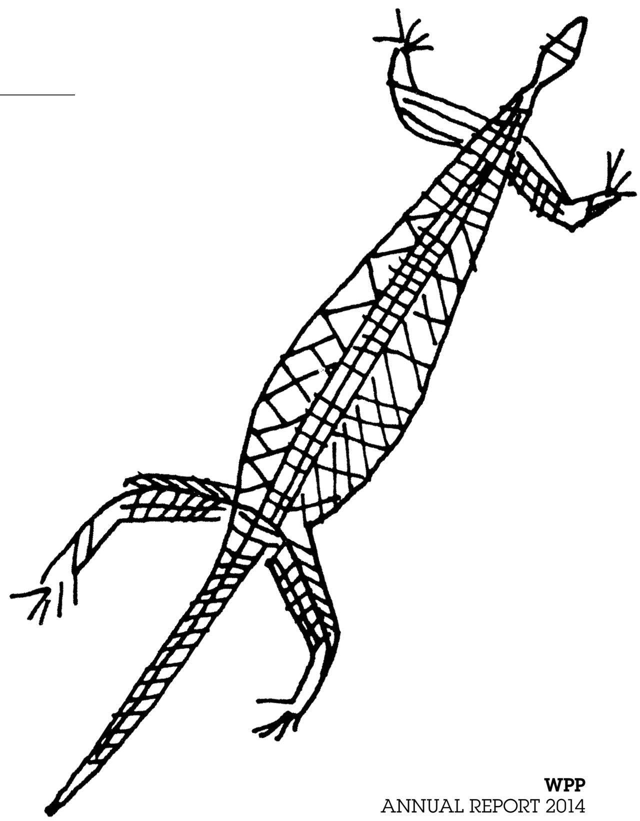
Terms of reference

The committee's terms of reference, which are reviewed with the Board annually and most recently in July 2014, are on the Company's website at wpp.com/investor.

Chairman's role

As I announced in the 2013 Annual Report, it had been my intention to retire from the chairmanship of both the Board and this committee in December 2014. At the Board's request, I have continued to assist with the transition of such leadership to my successor in both roles, Roberto Quarta. Assuming his relinquishment of the chairmanship of IMI plc and election by WPP share owners to the WPP Board at the 2015 Annual General Meeting, I shall step down immediately thereafter; and it is the Board's intent to elect him as my successor in both roles.

Philip Lader
20 April 2015



Review of the Audit Committee

Report by Colin Day
Chairman of the Audit Committee

Audit Committee members

	Meetings
Colin Day	9
Sol Trujillo	9
Jeffrey Rosen	9
Roger Agnelli	8
Jacques Aigrain	9
Charlene Begley	9
Hugo Shong	8

Dear share owner

We held nine meetings during the year, which were attended by Deloitte (the external auditors), the Company's chairman, the Group finance director, the director of internal audit, the Group chief counsel and the Company Secretary.

Preparatory meetings were also held with the internal and external auditors as well as members of the Company's senior management. The committee received presentations from the heads of internal audit, finance, tax, compliance, IT, digital, compensation and benefits and legal. The committee also received reports from the Disclosure Committee on financial reports. The Board received regular reports on key issues arising at the committee meetings.

The committee's terms of reference, are reviewed annually and most recently in June 2014, and can be viewed on the Company's website at wpp.com/investor.

The committee and its members were formally assessed by the chairman of the Company as part of the annual evaluation process described on page 118 for their technical suitability to be members and also for its overall effectiveness. The Board has designated me as the committee's financial expert for Sarbanes-Oxley Act (SOX) purposes and as having recent and relevant financial experience for the purposes of the UK Corporate Governance Code. The members of the committee have financial and/or financial services experience as set out in their biographies on pages 108 to 111.

Committee responsibilities and how they were discharged in 2014

The main matters we dealt with during 2014 were as follows:

- monitoring the integrity of the Company's financial statements and reviewing significant financial reporting judgements;
- reviewing internal financial control and internal audit activities;
- assisting the Board in meeting its responsibilities in respect of reviewing and reporting on the systems and key elements of risk management as they affect the Group;
- reviewing the Group Treasury policy with particular focus on debtors, funding foreign exchange and cash management and the continued ability of the Group to adopt the going concern basis in preparing financial statements;
- reviewing reports on any material litigation or regulatory reviews involving Group companies;
- reviewing the Group's mergers and acquisitions strategy, any significant acquisitions, due diligence procedures and integration processes and the debt financing by the Group;
- reviewing GroupM's trading model and its risk assessment processes;
- reviewing the Group's tax strategy;
- monitoring the accounting and legal reporting requirements, including all relevant regulations of the UK Listing Authority, the SEC and NASDAQ and the Jersey Financial Services Commission and changes to the UK Corporate Governance Code;
- overseeing continued compliance with Section 404 of SOX, through regular status reports submitted by the internal and external auditors;
- reviewing the Group's reporting systems and shared services and IT integration initiatives;
- reviewing issues raised on our Right to Speak helpline and the actions taken in response to those calls; and
- reviewing the Group's initiatives and policies on data privacy and internet security.

The committee examined whether the Annual Report and Accounts for 2014 was fair, balanced and understandable and provided the information necessary for share owners to assess the Group's performance, business model and strategy. The committee received an early final draft of the report for review and comment, as well as a report from the Disclosure Committee as to the governance relating to compilation of the report. The Board subsequently considered the report as a whole and discussed the report's tone, balance and language for compliance with these standards. The Board's statement on the report is on page 179.

Financial reporting and significant financial judgements

The management team make key decisions and judgements in the process of applying the Group's accounting policies. These key judgements were detailed in reports to the committee in respect of 2014 which were then examined by the committee and discussed with management.

Deloitte also reported to and discussed with the committee whether suitable accounting policies had been adopted in the financial statements for the year ended 2014 and whether management had made appropriate estimates and judgements. The areas of significant judgement considered by the committee and how these were addressed are set out below and reflect a number of the principal risk areas identified by the Board on pages 173 to 177:

- the assessments made for goodwill impairment. The committee confirmed, based on management's expectations of future performance of certain businesses, the level of goodwill impairment charges required in 2014;
- the restructuring charges to be incurred as part of a restructuring program commenced in the last quarter of 2014, including the IT transformation project and whether these are exceptional. The committee supported management's analysis of the nature of the restructuring charges;
- the judgements made in determining the fair value of shares received as consideration and the gains made in 2014 on investments. The committee agreed that the approach adopted by management is appropriate;
- the judgements made in respect of revenue recognition, particularly as these relate to media volume income and media trading income. The committee received briefings from Deloitte and management on the appropriateness of the policies adopted and the controls in place and challenged management to demonstrate the effectiveness of such controls;
- the valuations of non-controlled investments, which are based on local management forecasts, recent third-party investment and other supporting information such as industry valuation multiples. The committee examined the valuations with management and considered the sample testing of the investments performed by Deloitte and agreed that the valuations were appropriate;
- the accuracy of forecasting the potential future payments due under earnout agreements in respect of acquired businesses. The committee considered the forecasting with management and the testing undertaken by Deloitte and agreed that earnouts have been accounted for on a consistent basis to previous periods;
- the approach taken to calculating fair value adjustments in respect of acquired businesses and specifically provisions for non-corporate tax, property and legal exposures, which the committee considered was appropriate;
- the valuation of year-end provisions in respect of working capital. The committee received briefings on the approach taken by management in assessing the level of exposure across the Group and agreed it was consistent and appropriate;
- accounting for the judgemental elements of remuneration, including pensions, bonus accruals, severances and share-based payments. The committee agreed that the assumptions applied by management are reasonable;
- the judgements made in respect of tax, in particular deferred tax assets including their recoverability and the level of tax provisioning. The committee supported management's assumptions in both these areas and believe the current level of provisions is reasonable; and
- the going concern assessment and key forecast assumptions. The committee concur with management's going concern assumptions as set out on page 178.

External audit

Deloitte have been WPP's auditors since 2002. The lead partner rotates every five years and the latest rotation will take effect during 2015. In 2014, the effectiveness of the audit process was evaluated through a committee review of the audit planning process and discussions with key members of the Group's finance function. The 2014 evaluations concluded that there continued to be a good quality audit process and constructive challenge where necessary to ensure balanced reporting. The committee held private meetings with the external auditors and the committee chair met privately with the external auditors before meetings. The committee continues to be satisfied with the performance of Deloitte and confirmed that Deloitte continues to be objective and independent and noted the principal findings of the FRC 2014 Audit Quality Report which overall was good with limited improvements required. The committee recommends the reappointment of Deloitte at the AGM on 9 June 2015.

The committee considered the Group's position on its audit services contract in the context of the recent changes in regulations concerning the audit market. There is no immediate intention to tender the audit contract but the committee regularly reviews the position.

Internal audit

The annual internal audit plan is approved by the committee at the beginning of the financial year. Progress against the plan is monitored through the year and any changes require committee approval. Significant issues identified within audit reports are considered in detail along with the mitigation plans to resolve those issues. The committee also considers the level of internal audit resource to ensure it is appropriate to provide the right level of assurance over the key risks and controls throughout the Group.

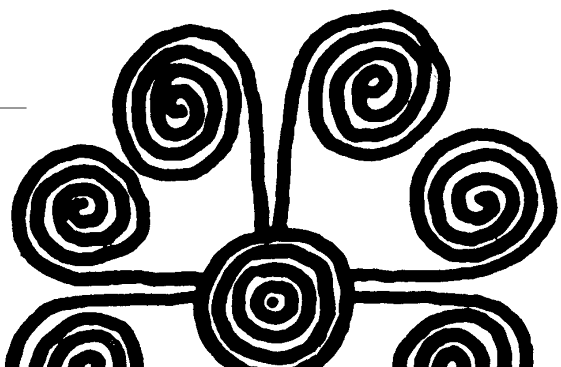
Non-audit fees

The committee has established a policy regarding non-audit services that may be provided by Deloitte, which prohibits certain categories of work in line with relevant guidance on independence, such as ethical standards issued by the Auditing Practices Board and SEC. The policy was reviewed by the committee in 2014 and advice on remuneration has also been included in the prohibited category with effect from the beginning of 2015 allowing for a transition period. Other categories of work may be provided by the auditors if appropriate and if pre-approved by the committee, either as individual assignments or as aggregate amounts for specified categories of services. All fees are summarised periodically for the committee to assess the aggregate value of non-audit fees against audit fees. The level of fees for 2014 is shown in note 3 on page 199.

Committee membership

This will be my final report as chairman of the committee as I transition to Jacques Aigrain who will be my successor following the AGM. I would like to thank Jeffrey Rosen for his hard work over many years as a member of the committee, as he will also be retiring at the AGM. Thank you also to my colleagues on the committee, the parent company executives and the external advisors for their endeavours in 2014.

Colin Day
20 April 2015



Letter from the chairman of the Compensation Committee

Dear share owner

On behalf of the Compensation Committee, I am pleased to present the Compensation Committee report for 2014. This is my first report as chairman of WPP's Compensation Committee, having succeeded Jeffrey Rosen at the AGM in July 2014.

The committee believes it is our duty to set and implement compensation policies that support the Group strategy, that are in the best interests of share owners and that are aligned with UK corporate governance requirements.

In 2014, the committee presented its report and policy in compliance with the new reporting standards introduced in 2013. In its first year, the Executive Remuneration Policy received a supportive vote of 81.93%. The committee carefully considered the outcome and the reasons for opposition, most of which had been previously raised in discussions with share owners and taken into account when finalising the policy. The committee remains satisfied that the approved policy is in the best interests of share owners.

On taking over as chairman of the committee, I wanted to continue the established practice of engaging with WPP's share owners, to listen to and discuss their views on our remuneration policy. So far I have met with some of our largest share owners and plan to meet more during the remainder of 2015.

The committee expect the primary area of focus for share owners and the broader media in 2015 to be the single figure for Sir Martin Sorrell. This is largely the product of exceptional performance delivered over the last five years, driving the vesting of the 2010 long-term incentive award and the increase in your Company's share price.

Pay for performance 2014

WPP currently has two very different long-term incentive plans in operation: the legacy Leadership Equity Acquisition Plan III (LEAP) used for awards until the end of 2012, and the replacement Executive Performance Share Plan (EPSP) under which awards have been made since 2013. The legacy LEAP program was a co-investment plan, requiring executives to pledge shares, which would be matched to the extent that WPP's total shareholder return (share price growth plus reinvestment of dividends) out-performed competitors over a five-year investment and performance period.

2010 LEAP awards, which vested on 12 March 2015, were based on TSR performance over the five financial years ending 31 December 2014. Over the performance period, WPP achieved a TSR of 172.5%. This was underpinned by sustained five-year performance evidenced by a number of metrics:

- Out-performed over 90% of the comparator group's market capitalisation.
- Ranked in the top three of WPP's comparator group.
- TSR in the upper quintile of the FTSE 100, out-performing over 90% of the constituents' market capitalisation.
- Share price increased by 114% from £7.25 at grant (120% of our five- and 10-year average share price at the time, and close to our then five-year high of £7.875) to £15.49 on vesting.
- Strong ongoing underlying financial and operational performance.
- WPP headcount increased by over 20,000.

This strong performance resulted in the LEAP 2010 awards vesting with a maximum match of five-times the shares invested by the executives and other senior leaders invited to participate in 2010.

The value of Sir Martin's award, while large by any standard, equates to approximately one-third of 1% of the increase in value for share owners.

The 2014 operational performance of the Group was strong with 7.2% headline like-for-like PBT growth, a like-for-like 3.3% increase in net sales and a constant currency improvement in net sales margin of 0.3%. The annual bonus performance review for the executive directors took into account both the financial performance of the Group, together with an assessment of their achievement against individual measures based on areas of strategic importance. Outcomes ranged from 109% to 144% of target. Full details of the annual plan, including enhanced disclosure of the measures, performance ranges and achievements is set out in the short-term incentive section of the Implementation report.

Compensation and policy considerations for 2015

Base pay review

In accordance with the Executive Remuneration Policy, the base pay (base salary and fees) of executive directors is reviewed every 24 months. Sir Martin Sorrell's base pay was due to be reviewed with effect from 1 January 2015. The committee undertook a review and decided that no change would be made. Paul Richardson's base pay review will be undertaken during 2015.

Performance targets

In preparation for the 2015 EPSP grants, the committee has undertaken a full review of the performance measures and ranges that will determine vesting of these awards. The committee remained satisfied with the TSR and EPS performance measures' and ranges' alignment with the Group's long-term strategic plans. While there was agreement that ROE remained an appropriate measure, the committee determined the performance range should increase from 10% to 14%, to 15% to 18%, measured as the average annual achievement over the five-year performance period, given the recent improvement in the Company's ROE to 15%.

Clawback

In response to developments in corporate governance best practice, the Compensation Committee intends to adopt clawback provisions during 2015 to take effect in 2016. These provisions will apply to the executive-level incentive plans and complement the existing malus provisions adopted in 2010. The combination of these provisions will enable the Compensation Committee to reduce or cancel awards prior to vesting (malus) and/or to seek to reclaim awards that have actually vested and been paid (clawback). We believe that this, in conjunction with the five-year performance period under our long-term incentive plans, the deferral of at least half the annual bonus into WPP shares and the personal shareholdings of our executive directors will afford considerable protection of share owner interests over the long-term.

Share plan approval

A new share option plan is being submitted for approval at the 2015 AGM. This new plan will replace two existing plans that will expire in 2015: the WPP Worldwide Ownership Plan and the WPP Executive Share Option Plan. The primary purpose of the new plan is to provide the ability to operate an all-employee share option plan for Group employees. The current plan makes awards to over 50,000 employees each year and is highly regarded. The secondary purpose of the new plan will be to provide the Company with the capacity to grant selective option awards in the exceptional event they are required to attract or retain key individuals below Board level. While a feature of the current plan, such awards have been granted infrequently in recent years.

Personnel changes in 2015

In February 2015, Mark Read was appointed to a new role as the CEO of Wunderman. In order to focus on this new role, Mark stepped down from the Board as an executive director of WPP. In the future, the committee will have oversight of Mark's compensation as it does over other senior executives in the Group.

Roberto Quarta, the chairman designate, joined the committee on 1 January 2015. At the AGM in June 2015, Jeffrey Rosen and Colin Day will not seek re-election and will therefore stand down from the committee. I thank them both for the energy and wisdom they have brought to the committee over many years.

Sir John Hood
Chairman of the Compensation Committee
20 April 2015

At a glance

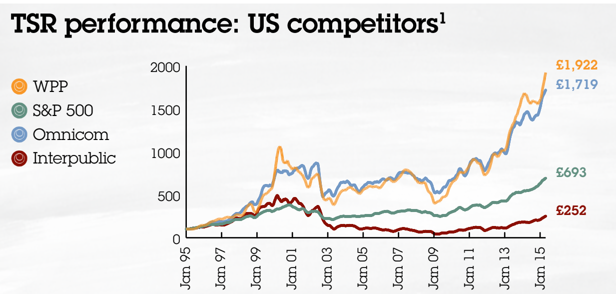
How we performed

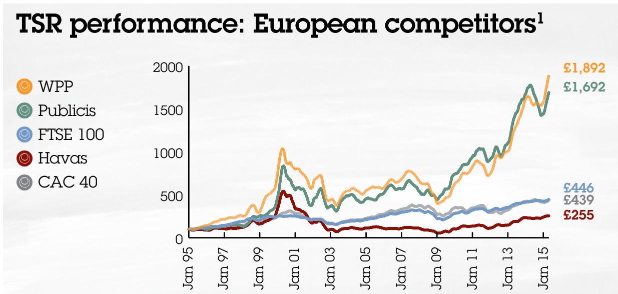
Key performance measures

Group financial measures (like-for-like)	Target	Actual	% of target achieved	% of maximum achieved
Headline PBT growth	5.0%	7.2%	144%	72%
Net sales margin improvement	0.3%	0.3%	100%	60%
Growth in net sales	3.0%	3.3%	110%	83%

Other key measures			
Total shareholder return	One-year: 3.0%	Five-years: 172.5%	Ten years: 198.7%
Market capitalisation	31 Dec 2009: £7.7bn	31 Dec 2014: £17.8bn	+ £10.1bn

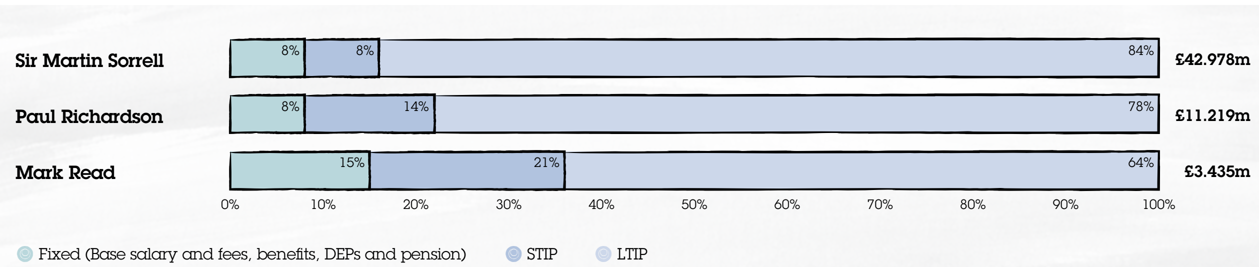
Long-term total shareholder return performance





[1] Growth in the value of a hypothetical £100 holding over 20 years. TSR calculated using a three-month rolling average in common currency.

How much the executive directors earned in 2014



How we will implement our compensation policy in 2015

Key measures of five-year performance

	Policy	Implementation[1]	
		Sir Martin Sorrell	Paul Richardson
Base salary and fees	▪ 24-month review period	£1,150,000	$945,000 + £100,000
Short-term incentives	▪ 70% financial and 30% personal strategic ▪ One-year performance ▪ 50% cash, 50% deferred WPP shares (two years)	Opportunity: 0% – 435% Target: 217.5%	Opportunity: 0% – 300% Target: 200%
Long-term incentives	▪ TSR, EPS and ROE ▪ Five-year performance ▪ 100% WPP shares	Opportunity: 0% – 974%	Opportunity: 0% – 400%

[1] Opportunity and target expressed as a percentage of base salary and fees.

Number of WPP shares the executive directors owned at 31 December 2014

	Ownership target (% of base salary and fees)	Shares owned	Multiple of ownership target
Sir Martin Sorrell	600%	19,010,399	37x
Paul Richardson	300%	762,850	5x
Mark Read	200%	120,713	2x

Implementation report

This section of the Compensation Committee report (entitled the Implementation report) contains details of how the Company's Executive Remuneration Policy was implemented in 2014. We start by setting out the details of the Compensation Committee – those setting and implementing the Executive Remuneration Policy. We then present a summary of the 2014 executive remuneration together with a summary of pay across the Group.

Governance in relation to compensation

Compensation Committee members

	No. of meetings attended in 2014
Sir John Hood[1] (Chairman from 22 July 2014)	6
Roger Agnelli	6
Jacques Aigrain	6
Colin Day	5
Ruigang Li	4
Daniela Riccardi	6
Jeffrey Rosen (Chairman until 22 July 2014)	6
Nicole Seligman[1]	5
Hugo Shong	5
Tim Shriver	4
Sol Trujillo	6

[1] Appointed to the committee on 1 January 2014.

Sir John Hood and Nicole Seligman were appointed as non-executive directors of the Company and members of the committee with effect from 1 January 2014, subject to the confirmation of their appointment by share owners at the AGM. Roberto Quarta was appointed as a non-executive director of the Board and a member of the Compensation Committee with effect from 1 January 2015, subject to the confirmation of his appointment by share owners at the AGM, in June 2015.

During 2014, the Compensation Committee met six times on a formal basis, with additional meetings held as needed.

The committee members have no personal financial interest (other than as a share owner as disclosed on page 139) in the matters to be decided by the committee, potential conflicts of interest arising from cross-directorships or day-to-day involvement in running the Group's businesses.

The terms of reference for the Compensation Committee are available on the Company's website, wpp.com/wpp/about/howwebehave/governance/, and will be on display at the AGM, as set out in the Notice of AGM.

Advisors to the Compensation Committee

The Compensation Committee regularly consults with Group executives. In particular, the committee will invite certain individuals to attend meetings, including the Group chief executive (who is not present when matters relating to his own compensation or contracts are discussed and decided), the Company Secretary, the chief talent officer and the worldwide compensation & benefits director. The latter two individuals provide a perspective on information reviewed by the committee and are a conduit for requests for information and analysis from the Company's external advisors.

External advisors

The committee retain Towers Watson to act as independent advisors. Towers Watson is engaged to provide advice to the Compensation Committee and to work with management on matters related to our Executive Remuneration Policy and Practices. Towers Watson is a member of the Remuneration Consultants Group and has signed the code of conduct relating to the provision of advice in the UK. In light of this, and the level and nature of the service received, the committee remains satisfied that the advice is objective and independent.

Towers Watson provides limited pay survey services at a Group level, and some of the operating companies may engage advisors, including Towers Watson, at a local level. In 2014, Towers Watson received fees of £86,000 in relation to the provision of advice to the committee. The committee also receives external legal advice, where required, to assist it in carrying out its duties.

Statement of share owner voting

During the period immediately preceding the 2014 AGM there was limited consultation with share owners due to the extensive consultation that took place prior to the 2013 AGM and since no subsequent changes had been made to the Executive Remuneration Policy or Practices. The level of voting in favour of the remuneration resolutions was similar to that received in 2013. While the overall level of support remains lower than we might hope for, the committee remains aware of the reasons why some share owners feel unable to support our resolutions.

In particular, in respect of 2013, some share owners were generally concerned at the overall level of pay for the executive directors. While large, compensation levels were driven by the maturing of a five-year LEAP award and the rise in the Company's share price. The committee acknowledges these concerns, but also recognises that the majority of share owners supported the remuneration resolution last year (see below) and LEAP III when it was approved in 2009. Furthermore, the committee is content that the LEAP program has performed as intended and in the manner approved, with very strong share returns and share price performance delivering significant value to both share owners and management.

	Votes for		Votes against		Votes cast	Votes withheld
Resolution	**Number**	**%**	**Number**	**%**	**Number**	**Number**
To approve the Implementation report of the Compensation Committee	693,866,904	81.75%	154,850,579	18.25%	848,717,483	117,037,192
To approve the Executive Remuneration Policy	707,427,918	81.93%	156,032,836	18.07%	863,460,754	102,293,921

There have not been any changes to the Executive Remuneration Policy approved by share owners, and no substantive changes to the manner of its implementation, during 2014, with none planned for 2015.

Executive directors' total remuneration received (audited)

Single total figure of remuneration in 2014 and 2013

		Base salary and fees	Benefits[2]	DEPs[3]	Pension	Short-term incentives[4]	Long-term incentives[5]	Total annual remuneration
		£000	£000	£000	£000	£000	£000	£000
Sir Martin Sorrell[1]	**2014**	**1,150**	**453**	**1,288**	**456**	**3,590**	**36,041**	**42,978**
	2013	1,150	350	1,101	460	4,115	22,670	29,846
Paul Richardson[1]	**2014**	**674**	**67**	**–**	**202**	**1,542**	**8,734**	**11,219**
	2013	698	107	–	210	1,753	6,408	9,176
Mark Read	**2014**	**440**	**8**	**–**	**63**	**737**	**2,187**	**3,435**
	2013	433	11	–	54	800	1,698	2,996

[1] Any US dollar amounts received in 2014 have been converted into sterling at an exchange rate of $1.6475 to £1.
[2] Details of benefits are set out on page 129.
[3] Sir Martin Sorrell receives payments in accordance with the approval granted by share owners of amounts equal to the dividends that would be payable during 2014 totalling £1,288,191 (£1,100,578 during 2013) in respect of the shares reflected in the UK and US Deferred Stock Units Awards Agreements (which are the agreements that now comprise the awards granted under the Capital Investment Plan in 1995).
[4] This is the aggregate amount awarded for the 2014 (and 2013) financial years' performance. The awards are delivered equally in a deferred share bonus in the form of an ESA (which vests two years from date of grant subject to continued employment) and cash.
[5] This is the value of the 2010 (and 2009) LEAP Awards which vested in 2015 (and 2014) following the end of the five-year performance period on 31 December 2014 (and 31 December 2013).

Fixed elements of remuneration (audited)

Base salary and fees

	Effective/review date	Contractual salary and fees 000	Base salary and fees received in 2014 000
Sir Martin Sorrell[1]	1 Jan 2015	£1,150	£1,141
Paul Richardson[2]	1 July 2013	$945 and £100	$945 and £100
Mark Read[2]	1 July 2013	£440	£440

[1] In accordance with Sir Martin Sorrell's contract of employment, 40% of his salary is paid in US dollars. Due to the fluctuations in the US dollar:sterling exchange rates in the year, retranslating the amounts paid at the exchange rate of $1.6475 to £1 gives a total of £1,140,923 ($1.5646 to £1 gave a total of £1,164,818 in 2013).
[2] Next review due to take place with effect 1 July 2015.

Each executive director receives a fee of £100,000 for their directorship of WPP plc, included above. The base salary and fees for the executive directors are reviewed every 24 months. Sir Martin Sorrell's salary was reviewed by the Compensation Committee in December 2014. The committee decided that his base salary should remain at the level set at 1 January 2013.

Benefits, dividend equivalent payments and pension

	2014 Benefits £000	2014 DEPs £000
Sir Martin Sorrell	453	1,288
Paul Richardson	67	–
Mark Read	8	–

The benefits shown are those provided to the executive directors that are deemed taxable in the UK (or those that would be taxable if Paul Richardson were resident in the UK). The value of benefits received detailed in the numbers above include car and/or car allowance, healthcare, life assurance, long-term disability allowance, spousal travel costs and a per diem housing allowance paid when the executive uses their own accommodation when travelling outside of their home country. The table above also includes share owner-approved dividend equivalent payments of £1,288,191 (£1,100,579 during 2013) which are due on certain of Sir Martin Sorrell's deferred share awards. The following table provides a break down of the key taxable benefits for 2014:

	Car benefits £000	Healthcare £000	Spousal travel £000	Accommodation allowance £000	Other expenses £000
Sir Martin Sorrell	36	50	274	50	43
Paul Richardson	22	11	–	11	23
Mark Read	–	3	–	–	5

	Contractual pension	2014 Pension £000
Sir Martin Sorrell	40%	456
Paul Richardson	30%	202
Mark Read	15%	63

All pension benefits for the executive directors are provided on either a defined contribution or a cash allowance basis. Only the aggregate of base salary and fees is pensionable. No changes have been made to pension provision in the last year. Sir Martin Sorrell and Mark Read's pension contributions are lower than the contractual amount due to the impact of exchange rates and the deduction of employer's national insurance contributions respectively.

Variable elements of pay (audited)

Short-term incentive

This section summarises the Compensation Committee's assessment of the Executive Directors' performance during 2014 under the short-term incentive plan.

2014 short-term incentive plan outcome (percentages expressed relative to base salary and fees)

	Actual short-term incentive received	Attributed to financial objectives	Attributed to individual objectives	Total 2014 short-term incentive 000
Sir Martin Sorrell	312%	190%	122%	£3,590
Paul Richardson	217%	157%	60%	£1,542
Mark Read	167%	117%	50%	£737

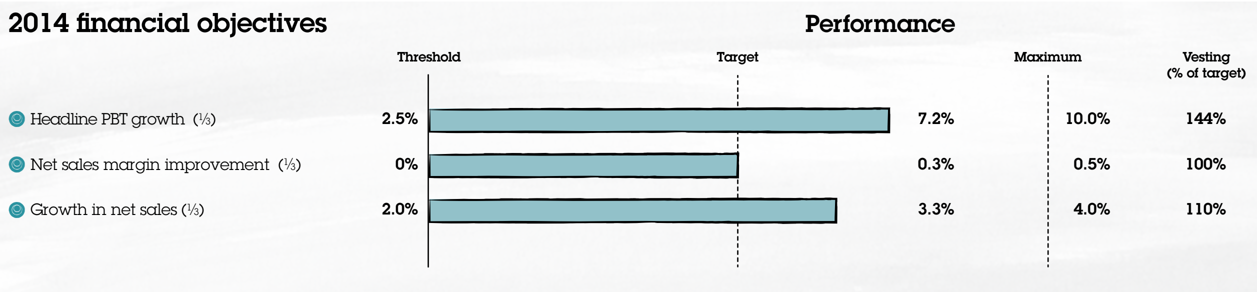
According to our policy, 50% of the 2014 short-term incentive will be delivered in the form of shares as an Executive Share Award (ESA) with a two-year deferral requirement.

Performance against financial objectives (70% of the award)

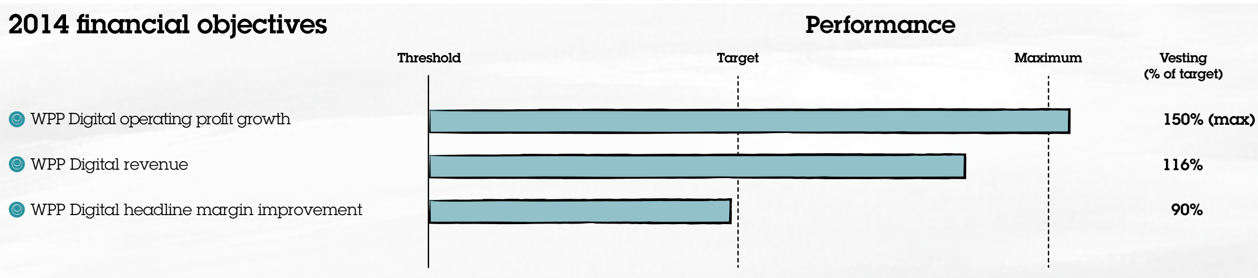
Performance against all financial objectives is calculated on a pro forma ("like-for-like") basis in constant currency. The key financial short-term incentive plan (STIP) objectives for all the executive directors are consistent with 2013 and provide a robust basis for assessing financial achievement.

As illustrated on page 131, the 2014 financial performance of the Group and WPP Digital was very strong. For the Group CEO and CFO, strong PBT and net sales growth produced performance above target, achieving 72% and 83% of the maximum award respectively. The net sales margin resulted in target performance equivalent to 60% of the very ambitious maximum. WPP Digital performance was very strong against both operating profit and revenue targets and solid against the margin improvement target.

Group performance (CEO and CFO)



WPP Digital performance (CEO WPP Digital)



WPP Digital is a collection of subsidiary companies and as such the financial data is not in the public domain. While the Company wishes to be as transparent as possible, due to concerns regarding commercial sensitivity, WPP Digital achievement data is presented more generally.

Performance against individual strategic objectives (30% of the award)

Executive director	Personal measure 2014 (30%)	Clarification of measures	Maximum potential (% of base salary and fees)	Award received (% of base salary and fees)
Sir Martin Sorrell	Leadership planning	Actively manage the process of strengthening the Group's senior leadership teams through internal development, promotions, transfers and external hires	131%	122%
	Strategic planning & execution	Key focus areas include maintaining creative excellence; driving strategy in the digital, data, analytics and new markets; developing and expanding global client teams and Regional, Sub-Regional and Country Managers; and driving efficient structures and processes		
Paul Richardson	Working capital management	Improve year-on-year rolling average net working capital as a percentage of the annual revenue trend	90%	60%
	IT transformation	Implement a transformational program of outsourcing IT services to produce enhanced service and cost savings in future years		

Executive director	Personal measure 2014 (30%)	Clarification of measures	Maximum potential (% of base salary and fees)	Award received (% of base salary and fees)
Mark Read	Strategic digital positioning	Drive the digital share of Group revenues across all key digital revenue categories	60%	50%
	Digital reputation	Demonstrate to all key stakeholders the quality and breadth of WPP's digital expertise		
	Digital asset acquisition and integration	Champion the acquisition of high quality digital assets and integrate or partner these with existing companies to maximise effectiveness		
	Cross-Group co-operation on digital initiatives	Lead activities to increase the cooperation of businesses across the Group to leverage skills and maximize the benefit for clients		

2014 short-term incentive plan awards

Based on the performance set out above, the short-term incentive award for each executive was:

	Base salary and fees 000	Target bonus % of base salary and fees	Maximum bonus % of base salary and fees	2014 award % of target	Total 2014 short-term incentive award 000
Sir Martin Sorrell	£1,150	217.5%	435%	144%	£3,590
Paul Richardson	$945 + £100	200.0%	300%	109%	£1,542
Mark Read	£440	134.0%	200%	126%	£737

As noted above, 50% of the 2014 bonus is delivered in the form of WPP shares as an ESA. These shares were granted post determination of the annual bonus achievement and will vest, subject to continued employment, two years later.

Short-term incentive weightings and measures for 2015

The committee has reviewed the performance objectives and weightings for 2015 to ensure continued alignment with Company strategy. The weighting of financial objectives (70%) and individual strategic objectives (30%) will remain unchanged as will the Group financial objectives of Headline PBT growth, net sales margin improvement and net sales growth. However, the associated targets have been updated to reflect 2015 performance expectations. Mark Read stood down from the Board of WPP on 1 February 2015. Therefore, his 2015 objectives will be set in reference to his new role and are out of scope of this report.

As stated in the Executive Remuneration Policy, the committee is of the view that the targets for the STIP are commercially sensitive and it would be detrimental to the Company to disclose them in advance of or during the relevant performance period. To the extent targets are no longer commercially sensitive they will be disclosed at the end of the relevant performance period in that year's Annual Report.

Long-term incentives (audited)

2010 – 2014 LEAP III awards vesting

The 2010 awards were granted under LEAP III, the long-term incentive plan which in 2013 was replaced by the EPSP. Vesting of awards was solely dependent on WPP's relative TSR performance measured in common currency, against a custom group of WPP's comparators (Aegis, Arbitron, Dentsu, GfK, Havas, Interpublic, Ipsos, Omnicom and Publicis) weighted by their respective market capitalisation.

Over the five-year investment and performance period, WPP out-performed 91% of the weighted peer group including both Omnicom and Publicis, WPP's largest and most comparable multi-line competitors. Over the period, WPP delivered TSR of 172.5% which means that a shareholding of £100 at the start of the period would be worth £272.50 at the end, including reinvested dividends. On a relative basis, underlying financial and operational performance was also strong over the five-year period, consistent with the TSR outcome.

Aegis and Arbitron, two of the comparator companies, were taken over during the investment and performance period by Dentsu and Nielsen, respectively. In line with the guidelines established by the committee, the two companies remained in the comparator group as they were both listed for more than 40% of the investment and performance period. Their TSR performance was calculated assuming reinvestment into a synthetic stock of the remaining comparators. This was with effect from the date immediately before which it was independently determined that the share price was affected by either a takeover premium or speculation.

WPP's TSR performance relative to the comparator group resulted in a match of 500%, equating to 100% of the maximum award.

	Number of shares vesting	Share price on vesting £	Value of match at grant price of £7.2475 £000	Value added due to share price appreciation and dividends £000	2014 Long-term incentives £000
Sir Martin Sorrell	2,326,945	15.4887	16,865	19,176	36,041
Paul Richardson	563,870	15.4887	4,087	4,647	8,734
Mark Read	141,185	15.4887	1,023	1,164	2,187

2014 EPSP awards granted

In 2014, all three executive directors, along with a select number of senior managers within the Group, were granted awards under the Executive Performance Share Plan (EPSP). The 2014 awards are subject to three equally weighted independent performance conditions, being relative TSR, EPS and ROE. Performance is measured over the five financial years starting in 2014 as follows:

Measure	Total Shareholder Return (TSR)	Earnings Per Share (EPS)	Return On Equity (ROE)
Weight	One-third	One-third	One-third
Nature	Relative to peers	WPP growth	WPP absolute
Performance zone (threshold to maximum)	Median to upper decile	7% – 14% compound annual growth	10% – 14% annual average
Payout	Below threshold: 0% of element vests Threshold: 20% of element vests Maximum or above: 100% of element vests Straight-line vesting between threshold and maximum		
Performance period	Five years ending on 31 December 2018		

As in previous years, WPP's TSR performance is compared to companies representing our most relevant, listed global competitors, weighted by market capitalisation. In 2014, the comparator group comprised Dentsu, GfK, Havas, Interpublic, Ipsos, Nielsen, Omnicom and Publicis. TSR performance will be calculated on a market capitalisation-weighted basis in both common and local currency (weighted equally). Using a dual basis ensures that the interests of both local and international investors are reflected in the performance measures.

The following interests were awarded on 4 June 2014 at the preceding five-day average share price of £12.908 (ordinary shares) or $107.996 (ADRs).

	Basis and level of award (% of salary and fees)	Award over	Number of interests awarded	Face value at date of grant 000
Sir Martin Sorrell	974%	Ordinary shares	867,756	£11,201
Paul Richardson	400%	ADRs	40,927	$4,420
Mark Read	200%	Ordinary shares	68,174	£880

EPSP measures and targets for 2015 – 2019

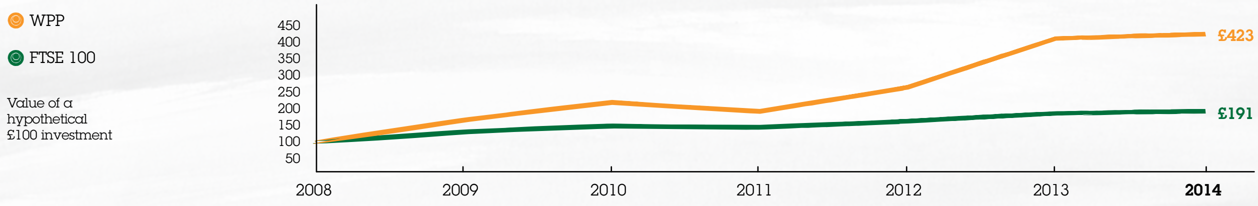
The committee has reviewed the performance measures and weightings for 2015 awards to ensure continued alignment with Company strategy over the longer term. The measures and their respective weightings will not change, nor will the targets or comparator group for the EPS and TSR measures. The ROE performance range has been increased to an average of 15% – 18%, reflecting the strong performance over the last two years and future expectations. This will be measured as the average annual achievement over the five-year performance period.

Aligning pay and performance

As set out in the Executive Remuneration Policy, the committee seeks to align variable remuneration with the key strategic priorities of WPP, therefore maximising the dynamic between pay and performance.

This dynamic is contingent upon the committee setting challenging targets each year. The following graph and table demonstrate the relationship between pay and performance over the last six years for the Group chief executive.

Historical TSR performance[1] Value of hypothetical £100 holding



Financial year 31st December	2009	2010	2011	2012	2013	2014
CEO total remuneration (£000)[2]	7,199	11,597	11,941	17,543	29,846	42,978
Year-on-year change in CEO total remuneration	63%	61%	3%	47%	70%	44%
Short-term incentive award against maximum opportunity	32%	95%	77%	62%	82%	72%
Long-term incentive award against maximum opportunity	50%	83%	46%	86%	87%	100%
Change in annual TSR[3]	66%	32%	-13%	38%	56%	3%
Change in five-year TSR[4]	10%	37%	13%	45%	241%	172%

[1] Growth in the value of a hypothetical £100 holding of WPP ordinary shares over six years against an equivalent holding in the FTSE 100 (the broad market equity index of which WPP is a constituent) based on one month average of trading day values. Source: DataStream.
[2] Calculated using the single figure methodology.
[3] TSR calculated using a one-month trading day average, consistent with the data shown in the graph.
[4] TSR calculated using a six-month averaging period, consistent with the calculation methodology under LEAP/EPSP.

Relative importance of spend on pay

The following table sets out the percentage change in total staff costs, headcount, dividends and share buy-backs.

	2014	2013	% change
Total staff costs	£6,440.5m	£6,477.1m	-0.6%
Headcount – average over the year	121,397	117,115	+3.7%
Dividends and share buy-backs	£970.8m	£594.3m	+63.4%

Relative change in pay for the Group chief executive

The following table summarises the change in the Group chief executive's base salary and fees, taxable benefits and annual bonus, compared to that of all full-time employees within the Group. The increase in taxable benefits of the chief executive officer is due to a higher level of healthcare and spousal travel expenses. The UK taxable benefits cost have reduced due to more efficient procurement.

	Base salary and fees	Taxable benefits[1]	Annual bonus[2]
Group chief executive	0.0%	29.4%	-12.8%
All employees	+3.3%	-1.9%	-4.7%

[1] Taking into account the worldwide structure and size of the Group, and given the need to calculate benefits on the basis that an individual is resident in the UK for tax purposes, collating data on all employees was not practicable. As a result, the population for the taxable benefits consists of UK employees only.
[2] The annual bonus data for the Group chief executive uses the short-term incentive figures set out on page 128.

Non-executive directors' fees

The fees due to non-executive directors, last reviewed on 1 July 2013, are set out below (£000).

Chairman	475
Non-executive director	70
Senior independent director	20
Chairmanship of Audit or Compensation Committee	40
Chairmanship of Nomination and Governance Committee	15
Member of Audit or Compensation Committee	20
Member of Nomination and Governance Committee	10

Non-executive directors' total remuneration received (audited)

The single total figure of remuneration table below details fee payments received by the non-executive directors while they held a position on the Board. During both 2013 and 2014, the Company met the cost (including national insurance and income tax, where relevant) of expenses incurred by the non-executive directors in performing their duties of office, in accordance with the policy set out on page 156.

In 2014, the disclosable value of the expenses that would be chargeable to UK income tax totalled £97,453 (including £33,059 of national insurance and income tax, where relevant).

		Fees £000
	2014	2013
Philip Lader	475	450
Roger Agnelli	120	74
Jacques Aigrain	110	68
Charlene Begley	96	8
Colin Day	130	119
Esther Dyson[1]	40	95
Orit Gadiesh[1]	40	75
Sir John Hood[2,3]	100	–
Ruigang Li	100	83
Stanley (Bud) Morten[4]	–	43
John Quelch[4]	–	39
Daniela Riccardi	90	27
Jeffrey Rosen	150	153
Nicole Seligman[2,3]	90	–
Hugo Shong	120	74
Timothy Shriver[5]	119	106
Paul Spencer[4]	–	53
Sally Susman	80	49
Sol Trujillo	110	98

[1] Stepped down from the Board following 2014 AGM (25 June 2014).
[2] Received no fees in 2013.
[3] Appointed to the Board on 1 January 2014.
[4] Stepped down from the Board 12 June 2013.
[5] 2014 fees includes additional payments for consulting services of £19,206.

No payments for loss of office were due to those non-executive directors that stepped down during the year.

Past directors (audited)

During 2014, payments were made to past directors who continued to provide advisory services to the Company. Payments were made to Stanley Morten and John Quelch, both having stepped down from the Board in June 2013. A payment of £77,693 was made to Mr Morten in respect of advisory services provided to the WPP Group. A payment of £30,349 was made to Mr Quelch in respect of educational presentations he gave to companies within the WPP Group. A payment of £30,000 was made to John Jackson in respect of his advisory role to WPP, which enables the Company to benefit from his considerable knowledge and experience in the communications and marketing services sector.

Executive directors' interests (audited)

Executive directors' interests in the Company's ordinary share capital are shown in the following table. Other than as disclosed in this table and in the Compensation Committee report, no executive director had any interest in any contract of significance with the Group during the year. Each executive director has a technical interest as an employee and potential beneficiary in shares in the Company held under the ESOPs. More specifically, the executive directors have potential interests in shares related to the outstanding awards under LEAP III and the EPSP in addition to outstanding ESAs. As at 31 December 2014, the Company's ESOPs (which are entirely independent of the Company and have waived their rights to receive dividends) held in total 17,859,981 shares in the Company (24,048,113 in 2013).

			Scheme interests		
				Nil- or nominal-cost options	
Director		Total beneficial interests and deferred awards[1]	Shares (without performance conditions)	With performance conditions (unvested)	Without performance conditions (vested but unexercised)[6]
Sir Martin Sorrell[7]	At 31 Dec 2014	19,010,399	291,830[2]	9,694,591[4]	8,773,456
	At 20 April 2015	18,869,018	159,691[3]	7,611,261[5]	8,773,456
Paul Richardson	At 31 Dec 2014	762,850	127,725[2]	1,859,250[4]	–
	At 20 April 2015	920,265	64,850[3]	1,354,410[5]	–
Mark Read	At 31 Dec 2014	120,713	55,498[2]	540,144[4]	–
	At 20 April 2015	120,713	31,046[3]	413,739[5]	–

[1] Shares held outright together with shares due pursuant to awards that have vested but receipt of which have been deferred with share owner approval (see footnote 6).
[2] Shares due pursuant to the 2012 and 2013 Executive Stock Awards, full details of which can be found on page 140. Additional dividend shares will be due on vesting.
[3] Shares due pursuant to the 2013 Executive Stock Awards, full details of which can be found on page 140. Additional dividend shares will be due on vesting.
[4] Maximum number of shares due on vesting pursuant to the outstanding LEAP III and EPSP awards, full details of which can be found on page 141. Additional dividend shares will be due on vesting.
[5] As noted at footnote 4 above, less the maximum due under the 2010 LEAP III Award, which vested on 12 March 2015 (full details can be found on page 133).
[6] Shares (1) pursuant to the vesting of awards under Renewed LEAP (namely the 2004 and 2005 awards, part of the 2006 award, the 2007 award, the UK portion of the 2009 Award) and (2) which originally formed part of the Capital Investment Plan (an award made in 1995, which vested in 1999, in respect of 4,691,392 shares in total, some of which have been received by Sir Martin Sorrell) and which now comprise the share owner-approved UK and US Deferred Stock Units Awards Agreements. The receipt of all of these awards has been deferred up until November 2017 in accordance with share owner approval. Dividend shares will be due on the exercise of these options.
[7] On 31 March 2015, Sir Martin Sorrell gifted 1,420,000 ordinary shares to The JMCMRJ Sorrell Charitable Foundation. At 20 April 2015, The JMCMRJ Sorrell Charitable Foundation is interested in 3,525,936 ordinary shares. Sir Martin Sorrell has no beneficial interest in these shares.

Share ownership guidelines

As detailed in the Executive Remuneration Policy, the executive directors are required to achieve a minimum level of share ownership of WPP shares. The Group chief executive and Group finance director are required to hold shares to the value of 600% and 300% of base salary and fees respectively.

At the end of 2014 and at the date of this Compensation Committee report, all executive directors exceeded their share ownership guidelines.

Non-executive directors' interests (audited)

Non-executive directors' interests in the Company's ordinary share capital are shown in the following table. Except as disclosed in this table and in the Compensation Committee report, no non-executive director had any interest in any contract of significance with the Group during the year.

Non-executive director	Total interests at 31 December 2014 or Board retirement date, if earlier	Total interest at 20 April 2015
Philip Lader	11,950	11,950
Roger Agnelli	–	–
Jacques Aigrain	4,000	4,000
Charlene Begley	–	–
Colin Day	15,240	15,240
Esther Dyson[1]	35,000	n/a
Orit Gadiesh[1]	–	n/a
Sir John Hood	–	–
Ruigang Li	–	–
Roberto Quarta[2]	n/a	–
Daniela Riccardi	–	–
Jeffrey Rosen	12,000	12,000
Nicole Seligman	3,750	3,750
Hugo Shong	–	–
Tim Shriver	10,070	10,070
Sally Susman	–	–
Sol Trujillo	10,000	10,000

[1] Stepped down from the Board following the 2014 AGM (25th June 2014).
[2] Appointed to the Board on 1 January 2015.

Outstanding share-based awards

The following tables summarise all share-based awards either vesting in the year or subject to ongoing performance conditions.

Executive Share Awards (ESAs) held by executive directors

All Executive Share Awards granted under the Restricted Stock Plan are made on the basis of satisfaction of previous performance conditions and are subject to continuous employment until the vesting date. The table does not include the 2014 ESAs as these will not be granted until after publication of this Annual Report. Unless otherwise noted, awards are made in the form of WPP ordinary shares.

		Grant date	Share/ADR price on grant date	No. of shares/ ADRs granted[2]	Face value on grant date[3] 000	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date	Shares/ ADR price on vesting	Value on vesting 000
Sir Martin Sorrell	2011 ESA	30.04.12	£8.3325	360,396	£3,003	21,019	381,415	06.03.14	£12.6979	£4,843
	2012 ESA	30.05.13	£11.6450	132,139	£1,539	–	–	09.03.15	–	–
	2013 ESA	27.05.14	£12.8850	159,691	£2,058	–	–	06.03.16	–	–
Paul Richardson[1]	2011 ESA	30.04.12	$67.8200	21,995	$1,492	1,272	23,267	06.03.14	$106.0833	$2,468
	2012 ESA	30.05.13	$88.3100	12,575	$1,110	–	–	09.03.15	–	–
	2013 ESA	27.05.14	$108.100	12,970	$1,402	–	–	06.03.16	–	–
Mark Read	2011 ESA	30.04.12	£8.3325	48,454	£404	2,826	51,280	06.03.14	£12.6979	£651
	2012 ESA	30.05.13	£11.6450	24,452	£285	–	–	09.03.15	–	–
	2013 ESA	27.05.14	£12.8850	31,046	£400	–	–	06.03.16	–	–

[1] Paul Richardson's 2011, 2012 and 2013 ESAs were granted in respect of ADRs.
[2] Dividend shares will be due on these awards.
[3] Face value has been calculated using the average closing share price for the five trading days preceding the date of grant (as set out in the table).

Long-term incentive plans – Leadership Equity Acquisition Plan (LEAP III)

The following table summarises all of the awards outstanding under LEAP III.

Name	Grant date	Investment and performance period	Number of investment shares/ADRs committed by executive	Share/ ADR price on grant date	Maximum number of matching units at 1 Jan 2014[2]	During 2014 Granted/ (lapsed) units	During 2014 Additional dividend shares	During 2014 Vested or deferred shares	Maximum number of matching units at 31 Dec 2014	Share/ ADR price on vesting	Value on vest/ deferral date 000
Sir Martin Sorrell											
	15.12.09	01.01.09 – 31.12.13	365,878	£6.1025	1,829,390	(230,504)	178,287	1,777,173	–	£12.7564	£22,670
	24.11.10	01.01.10 – 31.12.14	416,666	£7.2475	2,083,330	–	–	–	2,083,330	–	–
	07.12.11	01.01.11 – 31.12.15	711,159	£6.6475	3,555,795	–	–	–	3,555,795	–	–
	10.12.12	01.01.12 – 31.12.16	431,034	£8.5975	2,155,170	–	–	–	2,155,170	–	–
Paul Richardson											
	15.12.09	01.01.09 – 31.12.13	103,423	£6.1025	517,115	(65,157)	50,394	502,352	–	£12.7564	£6,408
	24.11.10	01.01.10 – 31.12.14	100,968	£7.2475	504,840	–	–	–	504,840	–	–
	07.12.11	01.01.11 – 31.12.15	100,344	£6.6475	501,720	–	–	–	501,720	–	–
	10.12.12[1]	01.01.12 – 31.12.16	15,517	$69.2500	77,585	–	–	–	77,585	–	–
Mark Read											
	15.12.09	01.01.09 – 31.12.13	27,406	£6.1025	137,030	(17,266)	13,354	133,118	–	£12.7088	£1,692
	24.11.10	01.01.10 – 31.12.14	25,281	£7.2475	126,405	–	–	–	126,405	–	–
	07.12.11	01.01.11 – 31.12.15	30,166	£6.6475	150,830	–	–	–	150,830	–	–
	10.12.12	01.01.12 – 31.12.16	23,276	£8.5975	116,380	–	–	–	116,380	–	–

[1] Paul Richardson's 2012 LEAP award was granted in respect of ADRs.
[2] Dividend shares will be due in respect of these awards.

Long-term incentive plans – Executive Performance Share Plan

The following table summarises all of the awards outstanding under the Executive Performance Share Plan.

	Grant date	Performance period	Maximum number of nil-cost options over shares/ ADRs awarded	Share/ADR price on grant date	During 2014 Options vested/ (lapsed)	During 2014 Additional dividend shares	During 2014 Options exercised or deferred	Maximum number of nil cost options over shares/ADRs at 31 Dec 2014[1]
Sir Martin Sorrell	28.06.13	01.01.13 – 31.12.17	1,032,540	£10.8480	–	–	–	1,032,540
	04.06.14	01.01.14 – 31.12.18	867,756	£12.9080	–	–	–	867,756
Paul Richardson[2]	28.06.13	01.01.13 – 31.12.17	52,026	$83.4186	–	–	–	52,026
	04.06.14	01.01.14 – 31.12.18	40,927	$107.9960	–	–	–	40,927
Mark Read	28.06.13	01.01.13 – 31.12.17	78,355	£10.8480	–	–	–	78,355
	04.06.14	01.01.14 – 31.12.18	68,174	£12.9080	–	–	–	68,174

[1] Dividend shares will be due on these awards.
[2] Paul Richardson's EPSP awards were granted in respect of ADRs.

Full details of the 2014 EPSP award, including performance measures and targets, can be found on page 134.

Implementation of reward policy for management outside the Board

As noted on pages 149 and 150, the Company uses share-based compensation across the workforce to incentivise, retain and recruit talent and to encourage a strong ownership culture among employees. The use of the main share plans in 2014 is described below.

The Restricted Stock Plan

The WPP Leaders, Partners and High Potential program provided awards to about 1,700 of our key executives in 2014. Awards will vest three years after grant, provided the participant is still employed within the Group.

The Executive Stock Option Plan

No awards were made under this plan in 2014 (one in 2013). This plan will expire in 2015, but a new option plan will be tabled for share owner approval in 2015 in combination with the all-employee option plan. There is no plan to start granting executive options as a matter of general course.

All-employee plan

During 2014, Worldwide Ownership Plan awards were made to over 50,000 employees, including over 9,000 new participants. By 31 December 2014, options under this plan had been granted to approximately 139,000 employees over 67 million shares since March 1997.

The Company is tabling a new plan for share owner approval at the AGM, which will be used to grant awards under this program in the future.

Share incentive dilution for 2004 to 2014

The share incentive dilution level, measured on a 10-year rolling basis, was at 2.7% at 31 December 2014 (2013: 3.1%). It is intended that awards under all plans, other than share options, will all be satisfied with purchased shares held either in the ESOPs or in treasury.

Sir John Hood
Chairman of the Compensation Committee on behalf of the Board of Directors of WPP plc
20 April 2015

Executive Remuneration Policy

The Compensation Committee would like to present the Executive Remuneration Policy. This is the policy that was approved by share owners at the 2014 AGM. It is the intention of the committee that this policy will be maintained for three years from approval, assuming no changes are required. The policy is subject to periodic reviews during its operation. The committee believes that this policy continues to align with the Company's mission statement and business objectives and no changes are being put to share owners for consideration at this year's AGM.

WPP's compensation philosophy

Our mission statement and our six business objectives shape our compensation philosophy. Broadly, our Executive Remuneration Policy is determined by three guiding principles:

- performance-driven reward;
- competitiveness; and
- alignment with share owner interests.

Specifically, our six business objectives (as set out on page 35) are reflected in the design of our compensation plans as set out below:

	WPP's six business objectives	Alignment with compensation structure
1	**Continue to improve operating margins on net sales**	Short-term incentive measure for the Group chief executive and Group finance director
2	**Increase flexibility in the cost structure**	Short-term incentive measure for the Group finance director
3	**Use free cash flow to enhance share owner value and improve return on capital employed**	TSR, EPS growth and average ROE are long-term incentive measures for the executive directors
4	**Continue to develop the value added by the parent company**	Short-term incentive measures (parent company-led efficiency projects) for the Group finance director
5	**Emphasise revenue and net sales growth more as margins improve**	Short-term incentive measures for the Group chief executive and Group finance director (Group) and chief executive, WPP Digital (Digital)
6	**Improve still further the creative capabilities and reputation of all our businesses**	Short-term incentive measure for the Group chief executive

The Executive Remuneration Policy is designed to attract and retain the best-in-class talent. The policy looks to incentivise the directors to develop the skills of the Group's employees in order to consistently exceed our clients' expectations. The policy's objective is to drive and reward sustainable and exceptional performance, thereby producing long-term value for share owners. In applying this policy, the committee takes into account the pay and conditions elsewhere in the Group, which in turn are informed by general market conditions and internal factors such as the performance of the Group or relevant business unit.

Considerations taken into account when setting our Executive Remuneration Policy

Employment conditions at WPP

When reviewing changes to the compensation levels for the directors, the committee considers any changes in light of the increases awarded across the Group over a relevant period of time, in conjunction with the other factors set out in the policy table. The committee did not consult employees when drawing up this Executive Remuneration Policy.

Share owner views

WPP continues to engage openly with share owners and institutional investors to discuss matters relating to compensation. The feedback received during these conversations is valuable and is among the factors that inform the decisions made by the committee.

During 2013, the committee consulted with share owners on the design of the EPSP. The selection of performance measures took account of the feedback received. More generally, formal and informal share owner feedback was used by the committee when drafting this Executive Remuneration Policy.

Glossary

The following are acronyms used throughout the policy:

Acronym	Definition
DEPs	Dividend Equivalent Payments
DSUs	Deferred Stock Units
EPSP	Executive Performance Share Plan – long-term incentive plan introduced in 2013
ESA	Executive Share Award – the part of the STIP that is deferred into shares
ExSOP	Executive Stock Option Plan
Good Leaver	Broadly, when an individual is dismissed other than for cause (the particular meaning applicable to each share plan can be found in the relevant rules)
LEAP	Leadership Equity Acquisition Plan – long-term incentive plan used to grant awards until the end of 2012
RSP	Restricted Stock Plan
STIP	Short-term Incentive Plan – the annual incentive plan comprising a cash bonus and an ESA

Executive Remuneration Policy table – executive directors

The following table sets out details of the ongoing compensation elements for WPP's executive directors.

Component and purpose	Operation	Performance	Maximum annual opportunity
Fixed elements of compensation			
Base salary and fees To maintain package competitiveness and reflect skills and experience.	Base salary and fee levels are reviewed every two years or following a significant change in the scope of a role. Levels are determined by taking a number of relevant factors into account including individual and business performance, level of experience, scope of responsibility, compensation practices across the Group and the competitiveness of total compensation against both our competitors and companies of a similar size and complexity.	Company and personal performance will be taken into account during the review process.	Under normal circumstances base salary and fees will increase by no more than the local rate of inflation over the period since last review. In the event of a promotion or a significant change in the scope of the role, or changes in sector competitive pay or the need to counter a competitive external offer, the committee may exceed this limit.

<table>
<tr><th>Component and purpose</th><th>Operation</th><th>Performance</th><th>Maximum annual opportunity</th></tr>
<tr><td colspan="4">Short-term incentives (details of how performance measures and targets are set are included in the notes to this table on pages 149 and 150)</td></tr>
<tr><td>Cash bonus, Executive Share Awards (ESA)
To drive the achievement of business priorities for the financial year and to motivate, retain and reward executives over the medium term, while maximising alignment with share owner interests.</td><td>Overview
The committee may invite executives to participate in the STIP under which a bonus can be made subject to performance measured over the financial year. Bonus opportunity is determined as a percentage of salary and fees.

Performance measures and targets are reviewed and set annually to ensure continuing strategic alignment. Achievement levels are determined following year-end by the committee, based on performance against targets.

Executive directors' bonuses are delivered in the form of a cash award and a deferred share award (ESA), the latter constituting at least 50% of the total bonus achieved. The ESA will vest after a minimum of two years subject to continued employment, together with additional shares in respect of accrued dividends.

Judgement
The committee will use its judgement to set the performance measures and targets annually.

Malus provisions (ESA)
The committee has the ability to reduce any unvested ESA in certain situations, including when fraud or a material misstatement has affected the level of any performance-related remuneration.</td><td>70% subject to financial performance, either at a Group and/or divisional level depending on the role.

30% subject to personal objectives linked to the strategy of WPP or the relevant business area.

The committee will use its judgement in assessing performance relative to targets and expectations communicated at the start of the year and will consider unforeseen factors that may have impacted performance during the period.

Vesting schedule
The following table sets out the level of bonus payable for threshold and target performance as a percentage of maximum. Vesting operates on a straight-line basis between these points.

<table><tr><th></th><th>Threshold</th><th>Target (as percentage of maximum)</th></tr><tr><td>Sir Martin Sorrell</td><td>0%</td><td>50%</td></tr><tr><td>Other executive directors</td><td>0%</td><td>67%</td></tr></table></td><td>Group chief executive: 435% of base salary and fees.

Other executive directors: 300% of base salary and fees.

The value of any accrued dividends will vary depending on the size of the ESA awarded, dividends declared and share price over the deferral period.</td></tr>
</table>

Component and purpose	Operation	Performance	Maximum annual opportunity
Long-term incentives (details of how performance measures and targets are set are included in the notes to this table on pages 149 and 150)			
Executive Performance Share Plan (EPSP) To incentivise long-term performance and to focus on long-term retention and strategic priorities, while maximising alignment with share owner interests.	**Overview** Executives may receive an annual conditional award expressed as a percentage of base salary and fees. Executives may also receive an award in respect of the number of reinvested dividends proportionate to the amount of the award vesting, the dividends declared during the performance period and the share price at the time the dividend is declared. Awards will vest subject to performance, measured over a period of five consecutive financial years. In respect of merger and acquisition activity within the peer group, the committee has an established and operated policy that TSR outcomes should not be impacted by the speculation or actuality of takeovers of peer group companies (including WPP). This policy includes a minimum listing requirement, an approach for the reinvestment of proceeds from shares of companies that delist during the performance period and parameters for companies subject to bid speculation. Details of how this policy is implemented will be disclosed each year in the relevant Annual Report. **Discretions** In accordance with the EPSP rules that were approved by share owners at the 2013 AGM, if the committee considers that there has been an exceptional event or that there have been exceptional circumstances during a performance period that have made it materially easier or harder for the Company to achieve a performance measure, the committee may adjust the extent to which an award vests to mitigate the effect of the exceptional event or circumstances. **Malus provisions** The committee has the ability to reduce any unvested EPSP award in certain situations, including when fraud or a material misstatement has affected the level of any performance-related remuneration.	One-third relative TSR. One-third headline EPS growth. One-third average ROE. All measures are assessed independently of each other. TSR is measured on a market-capitalisation weighted basis against a peer group of business competitors that are selected according to size and relevance. This peer group is reviewed annually at the start of each cycle to ensure it remains robust, appropriate and relevant in light of WPP's business mix. Half of the TSR element is measured on a local currency basis, half on a common currency basis. EPS is defined as WPP's headline, fully diluted, earnings per share. The EPS performance is calculated by taking the aggregate EPS over the performance period and calculating the compound annual growth from the financial year preceding the start of the period. ROE is calculated as fully diluted EPS divided by the average balance sheet per share value of share owners' equity during the year. **Vesting schedule** Awards will vest on a straight-line basis from 20% for threshold performance and 100% for maximum performance.	Conditional awards: Plan maximum: 9.75 times base salary and fees. Group chief executive: 9.75 times base salary and fees. Other directors: four times base salary and fees. The value of accrued dividends will vary depending on the level of vesting, dividends declared and share price over the performance period.

Component and purpose	Operation	Performance	Maximum annual opportunity
Long-term incentives (legacy plans with unvested awards)			
Leadership Equity Acquisition Plan III (LEAP III) To incentivise long-term performance and to focus on long-term retention and strategic priorities, while maximising alignment with share owner interests.	**Overview** Executives were invited to participate in the plan annually by the committee. In order to participate, individuals must have committed to hold an investment level in WPP shares which is determined by the committee, subject to an overall maximum, and must be held for the full five-year performance period. Investment levels were determined by the committee, subject to an overall maximum. A final number of matching shares will be awarded, proportionate to the investment, dependent on the performance of WPP. Executives may also receive an award in respect of the number of reinvested dividends proportionate to the amount of the award vesting, the dividends declared during the performance period and the share price at the time the dividend is declared. The Plan was closed to the grant of new awards at 31 December 2012. **Discretions** Following the end of the performance period, the committee undertakes a 'fairness review' to determine whether any exceptional events have impacted the outcome and that the resulting match is in line with financial performance relative to the comparator group and the underlying financial performance of the Group. Merger and acquisition activity will be treated in accordance with the policy set out under the EPSP above. **Malus provisions** The committee has the ability to reduce any unvested LEAP III award in certain situations, including when fraud or a material misstatement has affected the level of any performance-related remuneration.	100% relative TSR measured on a market-capitalisation weighted, common currency basis. **Vesting schedule** The following table sets out the level of award that will vest for threshold and target performance as a percentage of maximum. (**Threshold** / **Maximum**) All executive directors: 30% / 100% To achieve threshold vesting WPP must outperform at least 50% of the market-cap weighted peer group; to achieve maximum vesting WPP must outperform at least 90% of the market-cap weighted peer group.	The following maximum levels applied at the time of grant. No further awards can be granted under LEAP III, and none have been made since 2012. Investment: one times an executive director's total target earnings (base salary and fees plus target bonus). Award: Five times an executive director's investment. The value of accrued dividends will vary depending on the level of vesting, dividends declared and share price over the investment and performance period.

Component and purpose	Operation	Performance	Maximum annual opportunity
Other items in the nature of compensation			
Dividend Equivalent Payments (DEPs) on the DSUs To ensure that Sir Martin Sorrell receives an amount equal to the dividends that would be payable if he had taken receipt of and retained the shares underlying the DSUs.	The Company has previously received share owner approval to allow Sir Martin Sorrell to defer receipt of the DSUs. The Company makes a cash payment to Sir Martin Sorrell of an amount equal to the dividends that would have been due on the shares comprising the DSUs.	No longer subject to a performance requirement as this was assessed at the point of vesting in 1999.	The value of any accrued dividends will vary depending on the dividends declared during the deferral period.
Benefits To enable the executives to undertake their role by ensuring their well-being and security.	The following benefits are payable in relation to travel and the dual headquarter split between the UK and the US to some/all of the executive directors. The provision of these benefits reflects external competitive practice, the complex nature of the Group and the significant amount of time spent travelling by the executives. The typical benefits that executive directors receive may include a car and/or car allowance plus the use of a driver as required; medical, life and disability insurance; accommodation allowance in lieu of hotel expenses; tax and legal advice; home office support; club memberships deemed necessary for the role; and spousal travel. Other benefits, such as those linked to the relocation of an executive, may be provided depending on the prevailing circumstances.	Not applicable.	Set at a level that the committee feels is required in order for the executive to carry out their role. The maximum payable will not significantly exceed the payments made in 2013, although the committee may pay more than this if the cost of providing the same benefits increases, or if the executive relocates.
Pension To enable provision for personal and dependant retirement benefits.	Pension is provided by way of contribution to a defined contribution arrangement, or a cash allowance, determined as a percentage of base salary and fees.	Not applicable.	Group chief executive: 40% of base salary and fees. Other executive directors: 30% of base salary and fees.

Notes to the policy table

Plan rules

Copies of the various plan rules are available for inspection at the Company's registered office and head office. The Executive Remuneration Policy table provides a summary of the key provisions relating to their ongoing operation. The committee has the authority to ensure that any awards being granted, vested or lapsed are treated in accordance with the plan rules which are more extensive than the summary set out in the table.

Selection of performance measures

STIP
Performance measures are selected by the committee on the basis of their alignment to Group strategy and are the key measures to oversee the operation of the business. Measures are reviewed annually by the committee taking into account business performance and priorities.

EPSP
EPS growth is a measure that is important for both management and our share owners, capturing growth in revenue and earnings. ROE is similarly important, and provides a positive counterbalance and risk management mechanism through the focus on both growth and capital efficiencies. With the inclusion of relative TSR, the plan also takes account of share owner views of how WPP has performed relative to the companies in the peer group.

Calibration of performance targets

STIP
The performance targets for the STIP are set to incentivise year-on-year growth and to reward strong, sustainable performance. Strategic targets are based upon the annual business priorities. The committee is of the view that the targets for the STIP are commercially sensitive and it would be detrimental to the Company to disclose them in advance of or during the relevant performance period. The committee will disclose those targets at the end of the relevant performance period in that year's Annual Report, if those targets are no longer commercially sensitive.

EPSP
Operational targets under the EPSP are set taking into account a combination of factors, but primarily internal forecasts, analysts' expectations (albeit, the period over which analysts' forecast is generally shorter than the five-year performance period) and historical performance relative to budgets.

Relative TSR targets are set to ensure they are more stretching than UK norms and require out-performance of our peers at median before any reward is triggered.

Cascade to WPP Group pay policy

As well as setting the policy for the executive directors, the Compensation Committee is also responsible for reviewing the policy for the most senior people at WPP outside the Board.

Compensation packages for these individuals are normally reviewed every 18 – 24 months. As with the Executive Remuneration Policy, the WPP Group pay policy ensures a clear and direct link between the performance of the Group or relevant operating company and compensation. Substantial use of performance-driven compensation not only ensures the continued alignment of the interests of share owners and senior individuals within the Group, but also enables the Group to attract, retain and motivate the talented people upon whom our success depends.

WPP is committed to encouraging strong performance through a reward system that aligns management's interests with those of share owners.

From a compensation perspective, this is encouraged in a number of ways:

- senior executives participate in the same long-term incentive plan as the executive directors, which is designed to incentivise growth, capital efficiency and share price appreciation; and
- share ownership is encouraged for the WPP Leaders (approximately the top 300 executives), all of whom have stretching ownership goals.

Across the workforce more broadly, many employees participate in bonus and commission plans based on the performance of their employing company. In addition, where locally competitive, employees are provided with company-sponsored pension plans and life assurance plans and a range of other benefits. In addition to these compensation elements, the Company also uses share-based compensation across the workforce to incentivise, retain and recruit talent which encourages a strong ownership culture among employees. The main share plans are described on the following page. →

Restricted Stock Plan

The RSP is used to satisfy awards under the short-term incentive plans (including ESAs) as well as to grant awards to management under the WPP Leaders, Partners and High Potential program. In the program, awards are made to participants that vest three years after grant, provided the participant is still employed within the Group.

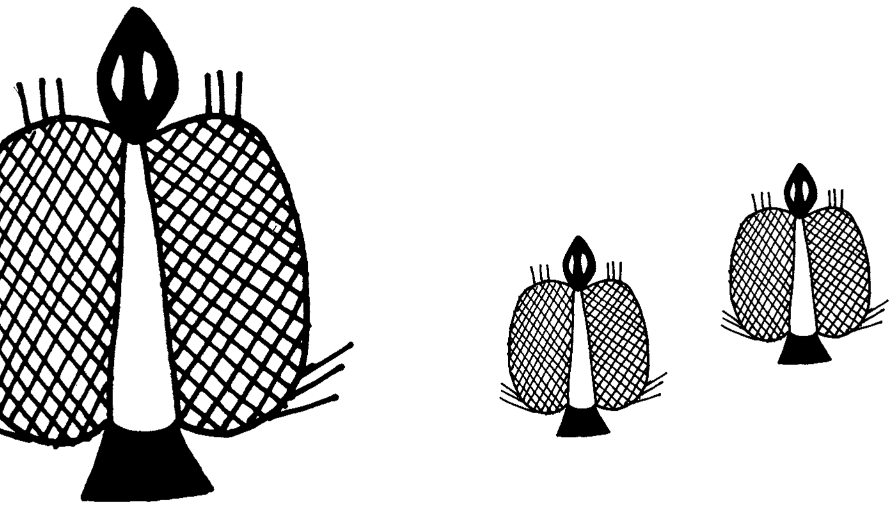
Executive directors are eligible to receive ESAs under the RSP, but ineligible to participate in any other aspect of the management share award program.

Executive Stock Option Plan

The ExSOP is used to make special grants of options in order to attract or retain key talent. Awards are made infrequently and executive directors are ineligible to participate, other than in a recruitment situation (see page 153). This plan will expire in 2015 and will be replaced by the WPP plc Share Option Plan 2015.

All-employee plan

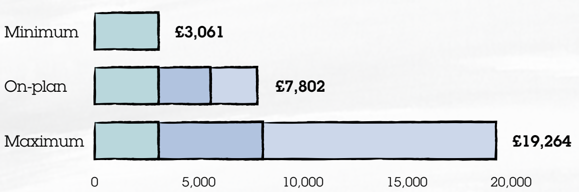
The Worldwide Ownership Plan is an all-employee plan that makes annual grants of stock options to employees with two years of service who work in wholly-owned subsidiaries. Executive directors and management in receipt of other share awards are ineligible to participate in this plan. This plan will expire in 2015 and will be replaced by the WPP plc Share Option Plan 2015.



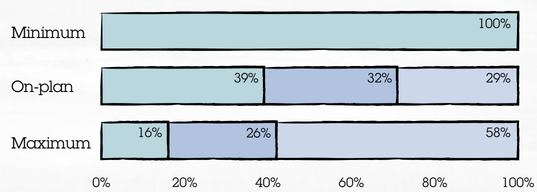
How do these pay policies affect potential compensation packages?

These graphs seek to demonstrate how pay varies with performance. The graphs are reflective of the pay policy at approval by share owners at the 2013 AGM. There have been no changes to figures since the approval of the policy by share owners, except benefits and DEPs. For consistency we have used the benefits and DEP figure from the year of approval by share owners (2013).

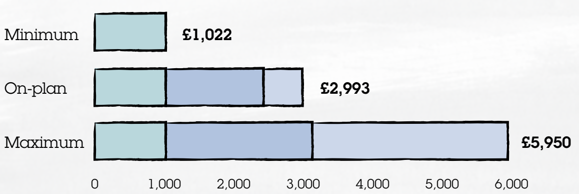
Sir Martin Sorrell £000



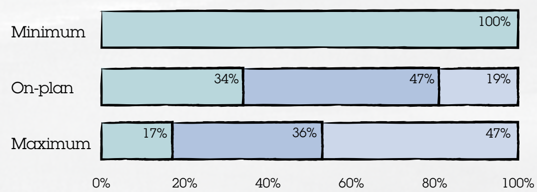
Fixed and variable pay mix



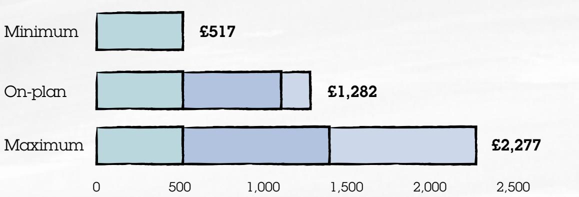
Paul Richardson £000



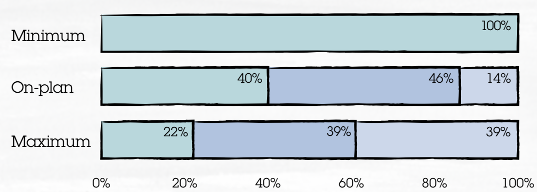
Fixed and variable pay mix



Mark Read £000



Fixed and variable pay mix



Fixed   Short-term incentives   Long-term incentives

The graphs are informed by three performance scenarios and these, along with the assumptions used, are summarised below.

Fixed elements	Consists of base salary and fees, benefits (including DEPs) and pension				
	Base salary and fees reflect current levels (which are unchanged from FY2013)				
	Benefits and DEPs are consistent with the single figure table for FY2013				
	Pension reflects current levels (which are unchanged from FY2013)				
	£000	**Base salary & fees**	**Benefits (inc. DEPs)**	**Pension**	**Total fixed**
	Sir Martin Sorrell	1,150	1,451	40%	3,061
	Paul Richardson	704	107	30%	1,022
	Mark Read	440	11	15%	517
Short-term incentives	On-plan scenario assumes target bonus is paid				
	Maximum scenario assumes the full bonus is paid				
	% of salary and fees	**Below threshold**	**On-plan**		**Maximum**
	Sir Martin Sorrell	0%	217.5%		435%
	Paul Richardson	0%	200%		300%
	Mark Read	0%	134%		200%
Long-term incentives	On-plan scenario assumes threshold vesting of an award at the current policy level				
	Maximum scenario assumes full vesting of an award at the current policy level				
	% of salary and fees	**Below threshold**	**On-plan**		**Maximum**
	Sir Martin Sorrell	0%	195%		974%
	Paul Richardson	0%	80%		400%
	Mark Read	0%	40%		200%

Other executive director policies

Legacy share awards and obligations

Under the Executive Remuneration Policy, outstanding awards under LEAP III, the long-term incentive plan that pre-dated the EPSP, and Sir Martin Sorrell's deferred awards will be paid in accordance with the terms agreed at the time and set out in previous Compensation Committee reports. The key terms of Sir Martin's deferred awards are summarised below.

Deferred awards (Sir Martin Sorrell only)

The Company has previously received share owner approval to allow Sir Martin Sorrell to defer receipt of his UK and US 2004, 2005 and 2007 LEAP awards and the UK part of his 2006 and 2009 LEAP awards. The UK awards are options that can be exercised at any time until November 2017. The US awards will vest on the earlier of the end of Sir Martin's employment with the Company, a change in control of the Company and 30 November 2017. Additional shares will continue to accrue in respect of dividends paid up to the point of exercise (UK) or vesting (US).

The Company has also previously received share owner approval to allow Sir Martin Sorrell to defer receipt of the UK and the US Deferred Stock Units Awards Agreements (DSUs). These are the awards that originally vested in 1999, having been granted in 1995 under the Capital Investment Plan. The UK DSU is an option that can be exercised at any time until November 2017. The US DSU will vest on the earlier of the end of Sir Martin's employment with the Company, a change in control of the Company and 30 November 2017. In accordance with share owner approval, Sir Martin Sorrell receives cash dividend equivalent payments (DEPs) in respect of these deferred awards as noted in the policy table.

Share ownership guidelines

With effect from 2013/4, executive directors and other members of the senior management team were subject to share ownership guidelines. The implementation of these guidelines seeks to reinforce the WPP principle of alignment of management's interests with those of share owners.

The following levels of ownership are required to be achieved by the executive directors:

	% of base salary & fees
Group chief executive	600%
Group finance director	300%
Chief executive, WPP Digital and minimum for any other new executive appointed to the Board	200%

Executive directors will be permitted a period of seven years from the date of their appointment to achieve the guideline level.

In the event that an executive director fails to achieve the required levels of share ownership, the committee will decide what remedial action or penalty is appropriate. This may involve a reduction in future share awards or requiring the director to purchase shares in the market to meet the ownership guidelines.

Appointments to the Board

This section sets out details with respect to the appointment of a new executive director to the Board of WPP, whether it is an external or internal appointment.

Fixed compensation

Base salary and fees will be set taking into account a range of factors, including the profile and prior experience of the candidate, internal relativities, cost and external market data. If base salary and fees are set at a lower initial level contingent on individual performance, the committee retains the discretion to realign the base salary and fees over a phased period of one to three years following appointment, which may result in an exceptional rate of annualised increase in excess of that set out in the policy table.

Other elements of fixed pay will be set in accordance with the policy table, and a new appointment may require the committee to rely on the authorised discretion (as set out on page 148) to make payments related to relocation, for example, in order to facilitate the appointment.

Ongoing variable compensation

The committee will seek to pay only that level of reward necessary to recruit the exceptional talent needed to lead such a complex global group. The actual level of incentive offered will be dependent on the role and existing package of the candidate. The aggregate maximum face value for annual short- and long-term variable compensation will be 10 times base salary and fees, which is materially lower than the current Group chief executive maximum level. The committee retains the discretion to make awards on recruitment, within the policy limits, to provide an immediate alignment of interest with the interests of share owners.

Buy-out awards

The committee may consider buying-out remuneration entitlements that the individual has had to forfeit by accepting the appointment. The structure and value of the awards will be informed by the structure and value of those entitlements being forfeited, and the performance targets, time horizon and vehicle will be set in an appropriate manner at the discretion of the committee. The intention of the committee is that any award will take the form of WPP shares and will be subject to performance as far as possible.

An announcement of the director's appointment, detailing the incumbent's compensation will be made on a timely basis through a regulatory information service and posted on the Company's website.

Service contracts

The following terms will apply for any new executive role appointed to the Board in the future.

- Executives will normally be appointed on a notice period of up to 12 months, although the committee retains the discretion to appoint an external candidate on a notice period of up to 24 months reducing on a rolling basis to 12 months (such that after 12 months' service the notice period would have reverted to the standard 12 months).
- At the committee's discretion, any payment in lieu of notice will be restricted to base salary, fees, benefits and pension.
- On termination there will be no entitlements when classified as a bad leaver (defined within the incentive plans). Otherwise base salary, fees, benefits and pension allowance are payable as per the notice period and the committee will have the power to make phased payments that would be reduced or stopped if alternative employment is taken up.

Terms specific to internal appointments
The committee can honour any pre-existing commitments if an internal candidate is appointed to the Board.

Service contracts

The Company's policy on executive directors' service contracts is that they should be on a rolling basis without a specific end date.

The effective dates and notice periods under the current executive directors' service contracts are summarised below:

	Effective from	Notice period
Sir Martin Sorrell	19 November 2008	'At will'
Paul Richardson	19 November 2008	12 months
Mark Read	19 November 2008	6 months

Sir Martin Sorrell's service contract may be terminated by either the Company or Sir Martin without any notice, and without any payment in lieu of notice.

The executive directors' service contracts are available for inspection at the Company's registered office and head office.

Loss of office provisions

Fixed compensation elements
As noted above, the service contracts of Messrs Richardson and Read provide for notice to be given on termination. The fixed compensation elements of their contracts will continue to be paid in respect of any notice period. There are no provisions relating to payment in lieu of notice. If an executive director is placed on garden leave, the committee retains the discretion to settle benefits in the form of cash. The executive directors are entitled to compensation for any accrued and unused holiday although, to the extent it is possible and in share owner interests, the committee will encourage executive directors to use their leave entitlements, prior to the end of their notice period.

Except in respect of any remaining notice period, no aspect of any executive director's fixed compensation is payable on termination of employment. Sir Martin Sorrell's service contract contains an indemnity, subject to certain conditions relating to previously deferred awards, from WPP in respect of any US tax which is charged under section 280G as a result of a termination linked to a change in control of WPP. Further details are on page 155.

Short- and long-term compensation elements
If the executive director is dismissed for cause, there is not an entitlement to a STIP award, and any unvested share-based awards will lapse. Otherwise, the table on page 155 summarises the relevant provisions from the directors' service contracts (cash bonus) and the plan rules (RSP, EPSP and LEAP III), which apply in other leaver scenarios. As noted on page 149, the committee has the authority to ensure that any awards that vest or lapse are treated in accordance with the plan rules, which are more extensive than the summary set out in the table on page 155.

Cash bonus	The executive directors are entitled to receive their bonus for any particular year provided they are employed on the last date of the performance period, except in the case of Mark Read, where he gives notice of termination or is dismissed for cause before the payment date.
ESA	Provided the executive director is a Good Leaver, unvested awards will be reduced on a time pro-rata basis and paid on the vesting date.
EPSP	▪ The award will lapse if the executive leaves during the first year of a performance period. ▪ Provided the executive director is a Good Leaver, awards will vest subject to performance at the end of the performance period and time pro-rating. Awards will be paid on the normal date. ▪ In exceptional circumstances, the Compensation Committee may determine that an award will vest on a different basis. ▪ Generally, in the event of death, the performance conditions are to be assessed as at the date of death. However, the committee retains the discretion to deal with an award due to a deceased executive on any other basis that it considers appropriate. ▪ Awards will vest immediately on a change-of-control subject to performance and time pro-rating unless it is agreed by the committee and the relevant executive director that the outstanding awards are exchanged for equivalent new awards.
LEAP III	▪ Awards will vest subject to performance at the end of the performance period and time pro-rating. ▪ In the event of death or serious illness, the performance conditions are to be assessed as at the date of cessation of employment. ▪ Awards will vest immediately on a change in control subject to performance and time pro-rating unless the committee decides that awards are to be exchanged for equivalent new awards. ▪ In the event of a merger, the committee can require participants to release any outstanding award in consideration of the grant of an equivalent award by the newly-formed entity.

Other pre-existing terms that apply to Sir Martin Sorrell

- Sir Martin Sorrell's deferred LEAP awards and his DSUs (as set out on page 152) will be paid out unconditionally on termination of employment. The performance requirements in respect of these awards have already been met, the awards have vested and are therefore no longer subject to any leaver provisions.
- In the event any payments due to Sir Martin would be treated as 'deferred compensation' in accordance with US legislation and subject to section 409A requirements, those payments will be delayed. If those payments are delayed, an amount in respect of interest as a result of the delay will be due from the Company to Sir Martin.
- In the event of a change of control of WPP, the Company has agreed to indemnify Sir Martin, with the prior approval of share owners, with respect to any related personal US tax liability under the provisions of section 280G. This indemnity is subject to certain limitations that exempt the Company from liability for any tax related to the share-owner approved deferrals of certain awards. Based on the most recent review by the committee in December 2013 of the potential impact of this clause, it is unlikely that any 280G payment would be due from the Company based on an analysis, using standard assumptions. This was reviewed by independent counsel.

Other committee discretions not set out above

- Leaver status: the committee has the discretion to determine an executive's leaver classification in light of the guidance set out within the relevant plan rules, except with respect to Sir Martin Sorrell. Unless Sir Martin Sorrell is terminated for cause, he will be treated as having retired on leaving the Company and therefore be treated in accordance with the plan rules as a Good Leaver.
- Compromise agreements: the committee is authorised to reach compromise agreements with departing executives, informed by the default position set out above.

External appointments

Executive directors are permitted to serve as non-executives on the boards of other organisations. If the Company is a share owner in that organisation, non-executive fees for those roles are waived. However, if the Company is not a share owner in that organisation, any non-executive fees can be retained by the office holder.

Executive Remuneration Policy table – chairman and non-executive directors

The following table sets out details of the ongoing compensation elements for WPP's chairman and non-executive directors. No element of pay is performance-linked.

Component and purpose	Operation	Maximum annual opportunity
Base fees To reflect the skills and experience and time required to undertake the role.	Fees are reviewed at least every two years and take into account the skills, experience and time required to undertake the role, as well as fee levels in similarly-sized UK companies. The chairman and non-executive directors receive a 'base fee' in connection with their appointment to the Board.	An overall cap on all non-executive fees, excluding consultancy fees, will apply consistent with the prevailing and share owner-approved limit in the Articles of Association (which, due to share owner approval at the 2014 AGM, is £3m).
Additional fees To reflect the additional time required in any additional duties for the Company.	Non-executive directors are eligible to receive additional fees in respect of serving as: ▪ Senior independent director ▪ Chairman of a Board Committee ▪ Member of a Board Committee ▪ Consultancy fees in respect of other work that falls outside the remit of their role for the Company.	An overall cap on all non-executive fees, excluding consultancy fees, will apply consistent with the prevailing and share owner-approved limit in the Articles of Association (which, due to share owner approval at the 2014 AGM, is £3m). Consultancy fees will be set on a discretionary basis, taking account of the nature of the role and time required.
Benefits and allowances To enable the chairman and non-executive directors to undertake their roles.	The Company will reimburse the chairman and non-executive directors for all reasonable and properly documented expenses incurred in performing their duties of office. In the event that the reimbursement of these expenses gives rise to a personal tax liability for the chairman or non-executive director, the Company retains the discretion to meet this cost (including, where appropriate, costs in relation to tax advice and filing). While not currently offered, the Company retains the discretion to pay additional benefits to the chairman including, but not limited to, use of car, office space and secretarial support.	Benefits and allowances for the chairman will be set at a level that the committee feels is required for the performance of the role.

Other chairman and non-executive director policies

Letters of appointment for the chairman and non-executive directors

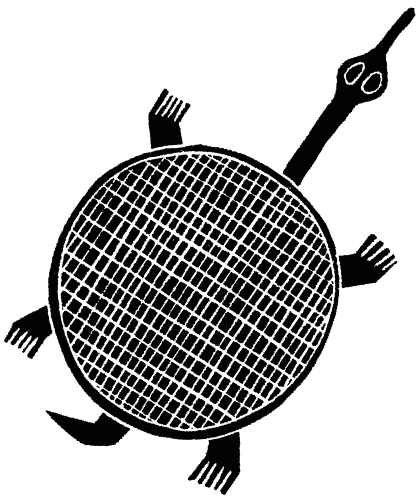
Letters of appointment have a two-month notice period and there are no payments due on loss of office.

Appointments to the Board

Letters of appointment will be consistent with the current terms as set out in this Annual Report. The chairman and non-executive directors are not eligible to receive any variable pay. Fees for any new non-executive directors will be consistent with the operating policy at their time of appointment. In respect of the appointment of a new chairman, the committee has the discretion to set fees taking into account a range of factors including the profile and prior experience of the candidate, cost and external market data.

Payments in exceptional circumstances

In truly unforeseen and exceptional circumstances, the committee retains the discretion to make emergency payments which might not otherwise be covered by this policy. The committee will not use this power to exceed the recruitment policy limit, nor will awards be made in excess of the limits set out in the Executive Remuneration Policy table. An example of such an exceptional circumstance could be the untimely death of a director, requiring another director to take on an interim role until a permanent replacement is found.



Sustainability review

Simply put, if you are in business for the long term, doing good is good business. Sustainability issues increasingly impact the operations, strategies and communications of leading brands. As these brands – our clients – adapt to social and environmental challenges they look to our companies for the best advice and insight. By developing our sustainability expertise and by improving our own social and environmental performance, we can forge stronger relationships with our clients and generate value for our business and society.

Sustainability and our business

Our work to identify, manage and reduce our sustainability impacts, while maximising our positive contribution, is an important enabler to our strategy today and essential to preparing our business to succeed in the longer term.

Enabling our business strategy

As shown on pages 16 and 17 of this Annual Report, our four strategic priorities are new markets, new media, data investment management and the application of technology, and 'horizontality'.

Our work to improve our sustainability performance and integrate consistently-high ethical, social and environmental standards enables our strategy by:

- **Improving access to skills** – WPP is a people business, and to best serve our clients we need a diverse talent pool, with the most skilled and creative people. We need to make sure we have the right people in all our markets, including faster-growing economies where our industry is less well-established, and in all our disciplines. Our work to implement leading employment practices, to create inclusive workplaces and to develop skills both inside and outside our business, help us to do this.
- **Supporting access to new business** – Managing and improving our sustainability performance enables us to meet changing client expectations and to open up new sources of revenue. A growing number of client tender processes include sustainability requirements as standard as well as detailed requirements in areas like privacy or equal opportunities. Demonstrating our credentials helps us to win this business. As more clients look to integrate sustainability into their brand strategies, marketing and communications, they need service providers with the right expertise and who share their values. This is creating new opportunities for our companies. Clients who engaged with us on sustainability issues were worth at least £1.35 billion to the Group in 2014, equivalent to 12% of revenues, a 7% increase on the previous year.
- **Improving efficiency; managing risk and reputation** – Implementing consistent ethical standards and selecting suppliers who share our values, managing our environmental footprint and investing in communities helps to protect our reputation and that of our clients, while cutting costs and reducing legal, financial and operational risks.

Preparing for the long term

By 2030, a predicted 4.9 billion-strong global middle class will drive demand for consumer goods and services. But to meet the needs of this huge market, brands will have to overcome significant social and environmental challenges. The impact of climate change, ecosystem decline and water scarcity will limit supplies of natural resources, increase material and manufacturing costs, and disrupt supply chains. As the world's population reaches nine billion, there will be unprecedented strains on food resources, infrastructure and public services. Access to employment and the need for equality of opportunity will continue to be major concerns. Society will look to business to play a major role in addressing these challenges, while technology will continue to transform the way consumers and citizens engage with brands, and keep the spotlight on business practices and values.

To succeed in this new environment, brands will have to make fundamental changes to business models, supply chains, products and services and to the way they engage with customers and stakeholders. They will look to our companies for the strategic insight, research and communications services they need to make this change happen.

Today's leading businesses have already started on this journey and our companies are working with many of these pioneers. As these longer-term trends become more important for our clients, their significance will grow for WPP too and the work our companies are doing today will lay the groundwork for success in the business environment of the future.

Performance 2014

Access to skills

There is fierce competition for talent in our industry. Our companies focus on recruitment, retention and development to make sure we have the right people and skills to serve our clients across all locations and disciplines and to grow our business in line with our strategic priorities.

Inclusion and diversity

Diversity in our business fosters creativity, and enables us to meet the needs of our diverse client base and to create work that connects with consumers in every market and every niche. By recruiting talented people from all backgrounds we can widen our talent pool, and by creating inclusive workplaces we can inspire and enable our people to do their best work.

To embed diversity and inclusion, many of our companies have senior diversity champions, mentoring programs, diversity and unconscious bias training for employees, partnerships with specialist minority recruitment firms and internships and apprenticeships for diverse candidates. Flexible working patterns are increasingly common in our companies and support retention of a diverse workforce. Our companies work with external partners and diversity organisations to make sure we implement best practices and learn from others.

We support these efforts at a Group level. We run 'The X Factor', a senior mentoring and development program for women led by Charlotte Beers, the former global CEO of Ogilvy & Mather and chairman of J. Walter Thompson, that prepares senior and high potential WPP female leaders for the next level of leadership. By the end of 2015, 97 women will have completed the program. The network has encouraged collaboration and knowledge sharing and enabled us to retain and develop some of the best female talent in the industry. We have also run two Women in Leadership Lessons, an event for mid-level women, based on the key aspects of X Factor. Over 70 representatives from our New York- and London-based companies attended the course which is also led by Charlotte Beers. Following the success of these initiatives, we launched WPP Stella, a network for our most senior women that will support efforts to achieve gender balance and encourage best practice sharing between our companies. The network is being piloted in the UK with a view to rolling it out to other markets.

As at 31 December 2014, women comprised 24% of the WPP Board, 29% of non-executive directors, 31% of directors and executive leaders in our operating companies, 46% of senior managers and 54% of total full-time employees. Following further Board changes after the 2015 AGM, women will comprise of 29% of the WPP Board and 33% of non-executive directors in line with our aspiration to increase and maintain female representation on the Board to at least 30% of non-executive directors.

Gender diversity 2010-2014

% women	2014	2013	2012	2011	2010
WPP Board	**24%**	29%	19%	19%	19%
Executive leaders	**31%**	32%	32%	31%	31%
Senior managers	**46%**	47%	47%	47%	48%
Total full-time employees	**54%**	54%	54%	54%	54%

Ethnic diversity UK and US

We measure ethnic diversity in our offices in the UK and the US using national definitions of ethnic/racial minorities, such as those determined by the Equality and Human Rights Commission in the UK and the Equal Opportunity Commission in the US. In 2014, 26% of full-time employees in these countries were from ethnic minorities (2013: 25%).

Training, development and education

We develop bespoke training for our people to help them develop their skills and competencies and to serve the changing needs of our clients. We invested £73.9 million on training and welfare programs in 2014 (2013: £64.4).

Our training programs are designed to support delivery of our business strategy. Maestro: Orchestrating Client Value, is our week-long program for senior client leaders held in 27 countries. There have been 3,460 participants from 116 WPP companies since its inception in 2003. Other programs include WPP Spectrum, which connects and develops WPP's multidisciplinary global client leaders, and an interactive WPP Leadership Toolkit.

We also support education outside WPP, to encourage the development of the skills our industry needs. This is particularly important in faster-growing markets where our industry is less well established. For example, our support for the WPP School of Communications and Marketing in Shanghai is building skills in an important market for WPP.

And in India, WPP has partnered with the Indian School of Design and Innovation to offer a three-year undergraduate course on marketing communications. The course will open later this year in Mumbai.

Other partnerships include our support for the European Institute for Commercial Communications Education (EDCOM), which encourages collaboration between education establishments and the commercial communications sector.

The WPP Fellowship program is a global multidisciplinary and multi-geographical recruitment and training initiative for graduates, providing experience across a range of marketing disciplines. By the end of 2015, which marks the 20th anniversary of the program, there will have been 170 Fellows who have gone through or are participating in the Fellowship.

Our companies offer internships and apprenticeships to bring talented young people into our industry and support social mobility and youth employment. This includes many internship programs with a focus on diverse candidates, such as 10-week paid internships for diverse candidates at many of our US agencies through the 4A's Multicultural Advertising Internship Program and our support for the UK's Movement to Work initiative.

Reward

We design our compensation packages to secure the best people and we benchmark them against those of other companies in our markets and sectors.

Many of our people participate in performance-related incentive plans on top of their base pay. Senior employees may participate in share-based compensation plans. Incentive plans are designed to reward excellent performance in the senior employee's operational business area or in the share price performance of the Company. Employees also have access to a range of other benefits, including pensions and private health insurance, in accordance with local practice.

Since 1997, we have operated a Worldwide Ownership Plan that has granted share awards to more than 139,000 of our people. In 2014, over 50,000 eligible employees received awards in over 71 countries. This plan will expire in 2015 and will be replaced by the WPP plc Share Option Plan 2015.

Employee external appointments

We recognise that our companies' executives may be invited to become non-executive directors of other companies, and that such experience may be beneficial to the Group. Consequently, executives are allowed to accept non-executive appointments with non-competing companies, subject to obtaining the approval of the Group finance director in the case of senior executives.

Access to new business

Many of our most important clients now require our companies to demonstrate strong sustainability credentials, when tendering for new business. By managing and improving our sustainability performance, we help our companies to meet changing client procurement requirements. This includes adopting leading privacy practices that are particularly important to new business wins for our digital and Data Investment Management companies.

In addition, our companies are working with a growing number of clients on sustainability-related commissions. Together, clients that asked about our approach to sustainability or engaged with us on sustainability issues were worth at least £1.35 billion in 2014, 12% of revenues (2013: £1.26 billion).

Sustainability services

Examples of our companies' successful sustainability-related work are included in our annual Sustainability Report and *Pro Bono Book*. Sustainability-related communications services are a growing source of revenue for our businesses. Our companies integrate sustainability expertise into their client teams; in addition, many have established specialist sustainability offerings. These include: Burson-Marsteller's Global Corporate Responsibility Practice; Hill+Knowlton Strategies' CR + Sustainability Communications; JWT Ethos; OgilvyChange; OgilvyEarth; P&G's S-Team; and PSB Green. We also have several companies with specialist social marketing units, such as: Ogilvy Outreach, Ogilvy PR's social marketing practice; JWT Ethos; Thompson Social; and TNS Political and Social.

Privacy standards

Customer data plays an increasingly important role in all types of communications services and is particularly important for digital marketing and insight services, two priority areas for the Group.

We take action at a Group and operating company level to make sure that consumer privacy is protected and that we engage with consumers, regulators, clients and industry to improve privacy practices. All WPP companies must implement the WPP Data Code of Conduct, which provides a clear framework for implementing privacy best practice as well as our global IT security, privacy and social media policies. We bring our Code and policies to life for employees through Group-wide ethics training, which features four privacy-related scenarios. We also ran more detailed, bespoke training sessions on specific topics that included social media, consumer privacy and client contracts in 2014.

In early 2015, we launched the WPP Client Contract Toolkit to help WPP companies understand how privacy and data protection criteria should be integrated into client contracts.

In 2014, we used our Data Health Checker to review privacy risks and practices in our businesses for the second year running. Our operating company chief information officers (CIOs) played a key role this year in the survey and we received responses from 91% of our businesses. This year's survey focused on practices governing the collection, storage and use of personal data, including compliance with encryption procedures.

The results showed us that 88% of the companies involved have taken mitigation measures that match or exceed their level of privacy risk. On average, our companies were found to have a risk score of 2.7 out of 5 (with 5 being the highest level of risk), with the average score for mitigation measures at 3.4 out of 5 (with 5 being the highest level of mitigation). Of those companies surveyed, 77% have a dedicated privacy lead and 45% of WPP companies have trained all of their people on data privacy in addition to Group training.

Efficiency, risk and reputation

We implement high ethical standards, work to reduce our impact on the environment and invest in communities and social causes through our pro bono work and charitable donations. We communicate our approach to suppliers and expect them to adopt standards consistent with our own. This enhances our relationship with our people and our clients, reduces risks to our business, protects our reputation and that of our clients, and helps us to operate more efficiently and reduce costs.

Our ethical framework

The WPP Code of Conduct establishes the values and ethical standards that all our companies must implement. Senior managers in all our companies and all our business partners and suppliers are asked to sign a copy of the WPP Code of Business Conduct each year to confirm they will abide by its principles.

Our people are required to complete our ethics training, 'How we behave.' This covers topics such as diversity, privacy, responsibility to stakeholders, and avoiding misleading work. Our online training on anti-bribery and corruption covers the Foreign Corrupt Practices Act and UK Bribery Act on issues such as hospitality and gifts, facilitation payments and the use of third-party advisors. Training is updated every 2-3 years and employees are required to repeat the training following each update. The training is compulsory for all employees (not including associates) and over 160,000 employees have completed it during 2013 and 2014. This figure is higher than our current number of employees (not including associates) as it includes those who have left the business during recent years.

Employees can report any concerns or suspected cases of misconduct in confidence through our third party-managed Right to Speak facility, overseen by our internal audit department.

Ethical decisions in our work

WPP companies have a review and referral process for work that may present an ethical risk. Before accepting potentially-sensitive work, employees are required to elevate the decision to the most senior person in the relevant office and then to the most senior executive of the WPP company in the country concerned, who will decide if further referral to a WPP executive is required. Employees are trained on this referral process during our ethics training. We have a Group-level committee that meets regularly to discuss cases of concern, potential compliance issues and new risk areas.

Environment

We are working to make WPP a low-carbon and resource-efficient Group, with benefits to the environment, our own costs and our credibility as advisors to clients. Improving our performance enables us to meet the environmental requirements included in many client tender processes.

By 2020, we aim to reduce carbon emissions to 1.8 tonnes of CO_2e per employee, a 47% reduction from 2006. Our strategy focuses on:

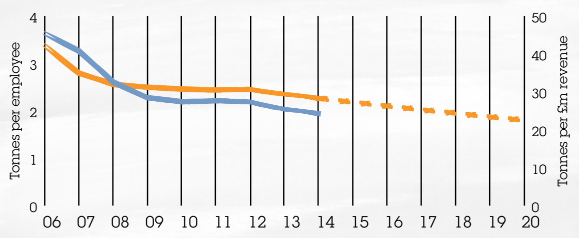
- **Office energy use:** Improving the energy efficiency of our buildings and IT systems. We estimate that 13% of our total floor space is now certified to advanced green building standards, such as LEED and BREEAM.
- **Air travel:** Reducing non-essential flights by promoting video conferencing and offsetting carbon emissions, equivalent to 100% of emissions from our business air travel, by supporting renewable energy generation in fast-growing economies. Our video conferencing network now incorporates more than 700 units in over 160 cities.

Renewable energy: Around 13% of the total electricity we purchase is generated from renewable sources.

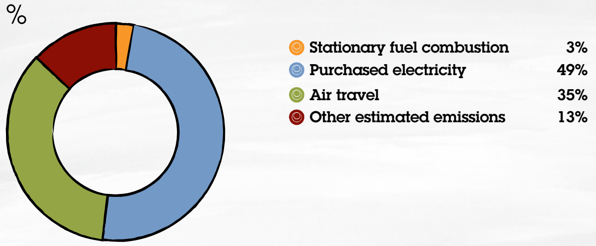
We made progress on reducing our carbon footprint during 2014:

- Our footprint per employee was 2.26 tonnes of CO_2e, down 4% on 2013 and 33% lower than 2006.
- Our footprint per £million of revenue was 24 tonnes, down 5% on 2013 and 47% lower than 2006.
- Our absolute carbon footprint was also slightly down on the previous year at 279,371 tonnes CO_2e (2013: 279,859 tonnes CO_2e).

Carbon intensity 2006-2014
Tonnes CO_2e



Carbon footprint in 2014
%



WPP's carbon emissions breakdown (tonnes of CO_2e)

	2014	2013	2012	2011	2006
Scope 1 – Fuel used to heat WPP offices	9,747	11,305	9,840	9,714	2,628
Scope 2 – Total purchased electricity	155,367	157,471	164,212	152,968	149,728
Scope 3 – Air travel and other estimated impacts	133,017	132,382	133,034	137,121	116,825
Total gross (excluding carbon reduction of renewable electricity)	298,131	301,158	307,086	299,803	269,181
Carbon reduction of purchased renewable electricity	(18,760)	(21,299)	(23,765)	(22,572)	–
Total net (including carbon reduction of renewable electricity)	279,371	279,859	283,321	277,231	269,181
Percentage change from 2006 (net)	4%	4%	5%	3%	–

WPP's carbon intensity (tonnes of CO_2e)

	2014	2013	2012	2011	2006
Tonnes per employee (net)	2.26	2.35	2.45	2.44	3.39
Percentage change from 2006	(33%)	(31%)	(28%)	(28%)	–
Tonnes per £m of revenue (net)	24.23	25.40	27.31	27.66	45.56
Percentage change from 2006	(47%)	(44%)	(40%)	(39%)	–

Our carbon data covers the year ended 31 December 2014 in line with the Group's financial reporting period. Data has been prepared in accordance with the World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol).
All greenhouse gases emissions figures are in metric tonnes of carbon dioxide equivalents (CO_2e). They include three of the six greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO_2), methane (CH4) and nitrous oxide (N2O). Perfluorocarbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF6) emissions have been omitted from our reporting as they are not a material source of greenhouse gases for WPP.
Emissions data is included for all operations for which WPP and its subsidiaries have operational control. Associate companies are excluded.
When calculating our carbon footprint, we rate purchased renewable electricity as zero emissions. For full transparency, we also disclose total electricity purchased at grid average carbon intensity.
Our carbon data is reviewed and assured by Bureau Veritas, an independent assurance provider. Read the full carbon emissions statement 2014 in our Sustainability Report.

Measuring our value chain carbon footprint

We have been managing our direct greenhouse gas emissions (energy use and air travel) since 2006. In 2014, for the first time, we carried out a detailed analysis of indirect emissions associated with our business activities (scope 3 or value chain emissions). These cover carbon emissions in our value chain including:

- **Advertisements we place for clients** – emissions associated with the physical dissemination of advertising by GroupM, our Media Investment Management business, on behalf of clients through a variety of media channels. For example, emissions associated with energy used by the servers that host online advertising.
- **Goods and services we buy** – emissions associated with the goods and services we buy to create marketing campaigns for clients and to run our business. For example, emissions from energy used during a film shoot.
- **Day-to-day activities** – emissions associated with running our business. This includes office energy use and business air travel, as well as employee commuting and other activities such as waste from our operations.

Although we do not have operational control over emissions in our value chain, by improving understanding of our footprint we can work with our suppliers and clients to help bring about reductions.

Our analysis focused on the UK and showed that across our value chain, ads we place for clients' accounts for the most significant portion of our carbon footprint. More detail is available in our Sustainability Report.

Supply chain

We are strengthening our approach to identifying and managing social and environmental risks in our supply chain, to reflect increased client interest in this area. Improving oversight and understanding of our supply base also opens up opportunities to consolidate our procurement and reduce costs.

We evaluate all potential new suppliers against a set of business requirements that include assurance of supply, quality, service, cost, innovation and sustainability. Once selected, business partners and suppliers are asked to sign a copy of the WPP Code of Business Conduct to confirm they will abide by its principles.

We take further measures in areas of our supply chain where breaches of our Code could have a potentially significant impact on WPP's reputation or that of our clients. In 2014, we ran a pilot project using Sedex (the sustainability supply chain platform) to gain a better understanding of data security and privacy risks in our data supply chain. We also strengthened our approach to managing risks in our advertising production supply chain, which involves many small companies and where costs are passed onto clients. This included working with our top advertising production suppliers in the UK and US. More details on both initiatives will appear in our Sustainability Report.

Human rights

Human rights are relevant to our business in a number of ways, including how we treat our people, how we manage human rights risks in our supply chain and the potential impact of the work we do for clients on human rights. We aim to respect human rights wherever we operate in line with the principles of the UN Universal Declaration on Human Rights, the International Labour Organisation's fundamental conventions on core labour standards and the UN Guiding Principles on Business and Human Rights. To explain our approach we will publish a Human Rights Policy Statement during 2015. We will also integrate human rights into our ethics training. Our companies create pro bono campaigns for many human rights organisations. See our *Pro Bono Book* for examples.

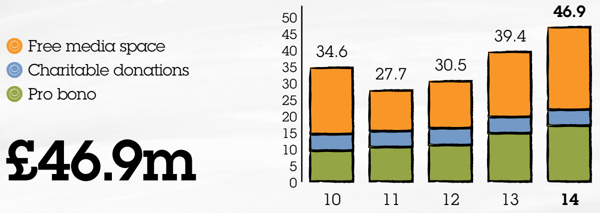
We comply with all relevant sanctions regimes.

Social investment

We provide creative services to many charities, NGOs and voluntary groups on a pro bono basis (for little or no fee). These campaigns facilitate the work of charities and provide exciting creative opportunities for our people. Our companies negotiate free media space on behalf of charities and also support their work through donations and volunteering.

In 2014, our social investment was worth £21.8 million (2013: £19.6 million). This is equivalent to 1.5% of reported profit before tax. It includes cash donations to charities of £4.8 million and £17 million worth of pro bono work based on fees the organisations would have paid for our work. In addition, WPP media agencies negotiated free media space worth £25.1 million on behalf of pro bono clients (2013: £19.8 million), making the total social contribution £46.9 million (2013: £39.4 million).

Total social contribution
£m



Sustainability management

Paul Richardson, WPP's Group finance director, is the Board director responsible for corporate sustainability. Reflecting our decentralised structure, the practical work of implementation is devolved to WPP companies around the world, with strategic direction and policy principles – notably the WPP Code of Conduct and Group Sustainability Policy – set at Group level.

Our Sustainability Committee, chaired by Paul Richardson, is made up of senior representatives from Group functions. The committee meets annually to review progress on a variety of sustainability issues. Our central sustainability function develops strategy and coordinates data collection. It communicates on sustainability matters on behalf of the Group and works with Group functions (such as our talent team, legal, real estate, IT and procurement). The head of sustainability reports directly to the Group finance director.

Risk and opportunity

Sustainability risks – including social, environmental and ethical risks – are integrated into the Group's risk identification, management and monitoring processes. This includes:

- Annual assessment of sustainability risks and performance presented to the Board.
- Brand Check – a review of WPP business operations and risk profiles presented by the Group chief executive at Board meetings.
- Selected internal audits which may cover sustainability risks.
- Due diligence during acquisitions – a review of risks relating to bribery and corruption or ethical issues associated with client work. We have a process to make sure that acquired businesses embed our policies and undertake our ethics training.

Materiality and stakeholder engagement

We engage with our stakeholders – including clients, investors and our people – to communicate our approach, exchange ideas and to identify improvements to the way we manage sustainability issues.

In 2014, this included a formal materiality assessment, through which we sought feedback on our approach and priorities from investors, clients and sustainability experts as well as WPP senior management. The results have been communicated to the WPP Board and used to prioritise the issues we cover in our reporting and to help us identify areas for further action. More information is available in our Sustainability Report.

We engaged with a number of investors, rating agencies and benchmarking organisations on sustainability during 2014. These included BNP Paribas, EIRIS, FTSE4Good, MSCI, Oekom, RobecoSAM, Sustainalytics, Trucost, Vigeo. To raise investor awareness of our activities, we submit this section of our Annual Report for share owner voting at our AGM.

We are included in the DJSI World and Europe Indices and the FTSE4Good Index. We participate in the Carbon Disclosure Project (CDP) and received a score of 98B in 2014. We are listed in the CDP FTSE 350 Climate Disclosure Leadership Index.

Data and reporting

WPP companies report their sustainability data to the parent company quarterly through our Group financial reporting system. Data in this section covers the period from 1 January 2014 to 31 December 2014. We will publish our 13th social and environmental performance report (Sustainability Report) in June 2015, with selected environmental and employment data externally assured by Bureau Veritas, in line with best practice.

Read more

WPP's 2014/2015 Sustainability Report and a showcase of outstanding pro bono work created by our companies will be published in June 2015.
See **wpp.com/sustainability**

How we comply

Corporate governance: How the Company is governed, including risk management and activities of the Board

Statements of compliance

UK Corporate Governance Code compliance

The Board considers that WPP complied in all material respects throughout 2014 with the provisions of the UK Corporate Governance Code.

Internal control

WPP operates a system of internal control, which is maintained and reviewed in accordance with the UK Corporate Governance Code and the guidance in the Turnbull Report and the FRC guidance on risk management.

How we comply

For ease of reference we have structured this section around the main principles of the UK Corporate Governance Code.

Leadership

The role of the Board

The Board is collectively responsible for promoting the success of the Company by directing and supervising the Company's policy and strategy and is responsible to share owners for the Group's financial and operational performance and risk management. Responsibility for the development and implementation of Group policy and strategy and for day-to-day management issues is delegated by the Board to the Group chief executive and Group finance director. The list of matters reserved to the Board can be downloaded from the website wpp.com/wpp/investor.

During 2014, the Board met six times formally and held 20 committee meetings throughout the year.

Attendance of directors at meetings	Board	Audit Committee	Compensation Committee	Nomination and Governance Committee
Philip Lader[1] (chairman)	6	9	6	5
Sir Martin Sorrell	6	–	–	–
Paul Richardson	6	–	–	–
Mark Read	6	–	–	–
Roger Agnelli	6	8	6	4
Jacques Aigrain	6	9	6	–
Charlene Begley[2]	6	9	–	2
Colin Day	6	9	5	–
Esther Dyson[3]	3	–	–	3
Orit Gadiesh[3]	2	–	–	2
Ruigang Li	6	–	4	4
Nicole Seligman	5	–	5	–
Daniela Riccardi	6	–	6	–
Jeffrey Rosen	6	9	6	5
Hugo Shong	5	8	5	4
Sir John Hood	6	–	6	–
Tim Shriver	5	–	4	5
Sally Susman	6	–	–	5
Sol Trujillo	6	9	6	–

[1] By invitation, the chairman attended all of the Audit Committee meetings.
[2] Charlene Begley was appointed to the Nomination and Governance Committee on 17 February 2014.
[3] Orit Gadiesh and Esther Dyson retired in June 2014.

The role of the chairman

The Board is chaired by Philip Lader, who chairs the Nomination and Governance Committee and at the invitation of the chairmen of the Audit and Compensation Committees attended all meetings of those committees. The chairman provides the leadership of the Board and is the main point of contact between the Board and the management team. The chairman represents the Board in discussions with share owners and investor bodies, ensures that systems are in place to provide directors with timely and accurate information, represents the Company in external gatherings, and is also responsible for the Board governance principles. He has led the Board recruitment and appointment process, determination and periodic revision of confidential leadership plans for potential emergencies, and the ongoing emphasis on management development and CEO succession planning. Philip Lader plans to retire from the Board during 2015 and will be succeeded by Roberto Quarta subject to his election by share owners at the Annual General Meeting (AGM) and on his retirement from the Board of IMI plc.

The role of the senior independent director

The senior independent director is Jeffrey Rosen who is available to share owners and acts as a sounding board for the chairman and as an intermediary for the other directors with the chairman when necessary. The senior independent director's role includes responsibility for the chairman's appraisal and succession. Jeffrey Rosen has been the senior independent director since April 2010 and will be retiring at the 2015 AGM. His replacement will be announced later in the year.

Non-executive directors

The non-executive directors have a diverse range of skills, experience and backgrounds. As detailed in their biographies on pages 108 to 111, the non-executive directors work across the globe in media and advertising, investment banking and investment management, pharmaceuticals, mining, logistics and bioenergy, airlines, FMCG, international management consulting, private equity and angel investing, business education, manufacturing, consumer products and retail management, internet start-ups, government and non-profit organisations. They provide constructive challenge and assistance to the Group chief executive in developing the Group's strategy. All directors have access to the services of the Company Secretary and may take independent professional advice at the Company's expense in conducting their duties. The Company provides insurance cover for its directors and officers.

Effectiveness

The composition of the Board

The Board is now composed of 17 directors, with at least three non-executive directors, including the Board chairman, planning to retire at the AGM in 2015. Two current members are executive directors and 15, including the chairman, are non-executive directors. Following these changes, the Board will comprise 14 directors, of which 12 are non-executive directors and two are executive directors. The independence of each non-executive director is assessed annually by the Board. The Board has confirmed that all of the non-executives standing for re-election at the 2015 AGM continue to demonstrate the characteristics of independence.

Succession: Board and committee membership

As a consequence of the review of Board composition commenced in 2012 the composition of the Board and the committees has been refreshed.

- The Compensation Committee chairman, Jeffrey Rosen, stepped down as chairman of the committee at the 2014 AGM and was succeeded by Sir John Hood.
- Colin Day will be succeeded by Jacques Aigrain as chairman of the Audit Committee on his retirement at the 2015 AGM. Jacques Aigrain has been a member of the Audit Committee since joining the Board in May 2013.
- Roberto Quarta will succeed Philip Lader as chairman of the Nomination and Governance Committee, at the same time as he takes over as chairman of the Group.
- Mark Read stepped down from the Board on 1 February 2015 to focus on his executive responsibilities as CEO for both Wunderman and WPP Digital.

Time commitment

Letters of appointment for non-executive directors do not set out a fixed time commitment for Board attendance and duties but give an indication of the likely time required. It is anticipated that the time required by directors will fluctuate depending on the demands of the business and other events.

Development

On joining WPP, non-executive directors are given an induction which includes one-to-one meetings with management and the external auditors, briefings on the duties of directors of a Jersey company, the Model Code, WPP Code of Conduct and the UK Corporate Governance Code. The induction also covers the Board committees that a director will join. All directors are fully briefed on important developments in the various business activities which the

Group carries out worldwide and regularly receive extensive information concerning the Group's operations, finances, risk factors and its people, enabling them to fulfil their duties and obligations as directors. The directors are also frequently advised on regulatory and best practice requirements which affect the Group's businesses on a global basis. One Board meeting a year is held in a location other than London or New York. In 2014, the Board met in Rio de Janeiro, where it received briefings from all the heads of the Group's Latin America operations. In 2015, in Beijing, the Board will review the Group's Asia Pacific operations.

Evaluation

WPP undertakes an annual review of the Board, its committees and individual directors. In 2014, the annual evaluation was carried out internally. Each director completed a confidential questionnaire and identified opportunities for improvement. Separate conversations were then held between each director and either the chairman or the senior independent director, who also led the non-executive directors' assessment of the chairman's performance. From these findings, we concluded that the Board and its committees had been effective and are prepared for a variety of potential macroeconomic, industry, client and talent challenges, but must continue to seek additional ways that their effectiveness might be enhanced.

Re-election

The directors submit themselves for annual re-election at each AGM, if they wish to continue serving and are considered by the Board to be eligible. Directors may be appointed by share owners by ordinary resolution or by the Board on the recommendation of the Nomination and Governance Committee and must then stand for re-election at the next AGM, where they may be re-elected by ordinary resolution of the share owners.

With only specific exceptions to ensure Board continuity, non-executive directors shall not stand for re-election after they have served for the period of their independence, as determined by then-applicable UK and US standards; that currently being a period of nine years.

Diversity

WPP recognises the importance of diversity, including gender, at all levels of the Group as well as the Board.

WPP is committed to increasing diversity across its subsidiaries and supports the development and promotion of all talented individuals. As at 31 December 2014, women comprised 24% of the WPP Board and 29% of non-executive directors, 31% of Board members and executive leaders in the subsidiaries, 46% of senior managers and 54% of total employees. Following the retirement of Mark Read on 1 February 2015 and Philip Lader, Colin Day and Jeffrey Rosen at the 2015 AGM, women will comprise 29% of the WPP Board and 33% of non-executive directors, in line with our aspiration to increase and maintain the female representation on the Board to 30% of non-executive directors.

Directors' conflicts of interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company (Situational Conflicts). The Board has a formal system in place for directors to declare Situational Conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a Situational Conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any Situational Conflicts considered, and any authorisations given, are recorded in the relevant minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise Situational Conflicts and the Board believes that the systems it has in place for reporting and considering Situational Conflicts continue to operate effectively.

Accountability

Internal control

The Board (which receives advice from the Audit Committee) has overall responsibility for the system of internal control and risk management in the Group and has reviewed the effectiveness of the system during the year and up to the date of this report. In the context of the scope and complexity of this system, the Board can only give reasonable, not absolute, assurance against material misstatement or loss. The system of controls is designed to manage, but may not eliminate, the risks of failure to achieve WPP's objectives. For certain joint ventures and associates, WPP operates controls over the inclusion of their financial data but places reliance upon the systems of internal control operating within our partners' infrastructure and the obligations upon partners' boards relating to the effectiveness of their own systems.

The principal elements of internal control are described below.

Control environment

The quality and competence of our people, their integrity, ethics and behaviour are all vital to the maintenance of the Group's system of internal control.

The Code of Business Conduct (which is regularly reviewed by the Audit Committee and the Board and was updated in 2012), sets out the principal obligations of all employees. Directors and senior executives throughout the Group are required to sign this Code each year and all employees are required to complete training on the Code. The WPP Policy Book which has been updated with control bulletins in 2014 includes the Code of Business Conduct and human resource practices, as well as guidance on practices in many operational areas. Breaches or alleged breaches of this Code are investigated by the director of internal audit, head of compliance and the Group chief counsel. In 2013, WPP issued the Data Code of Conduct and updated the Supplier Code of Conduct.

The Group has an independently-operated helpline, Right to Speak, to enable our people to report issues that they feel unable to raise locally. Through 52 calls to this helpline, a number of issues have been raised during 2014, all of which have been followed through and investigated where appropriate and reported to the Audit Committee.

Risk assessment

Risk monitoring of all of the Group's operations throughout the world is given the highest priority by the Group chief executive, the Group finance director, the chairman of the Audit Committee and the Board, as it is essential to the creation and protection of share owner value and the development of the careers of our people. The Board realises that WPP is a communication services company and its ongoing prosperity depends on being able to continue to provide a quality service to its existing and potential clients in a creative, efficient and economic way.

Identification, management and monitoring of sustainability risks (including social, environmental and ethical risks) is fully integrated into the Group's risk management processes.

At each Board meeting, the Group chief executive presents a Brand Check review of each of the business' operations, including an assessment of the risk in each business, providing feedback on the business risks and details of any change in the risk profile since the last Board meeting.

The Brand Check covers such issues as:

- the possibility of winning or losing major business (e.g. as a result of a change of senior management at a major client);
- the addition or loss of a key executive of the Group;
- introduction of new legislation in an important market;
- sustainability, including risks relating to marketing ethics, privacy and employment;
- political instability in an important market; and
- changes in accounting or corporate governance practice.

Each operating group undertakes monthly and quarterly procedures and day-to-day management activities to review their operations and business risks. These are formally communicated to the Group chief executive, other executive directors and senior executives in monthly reports and quarterly review meetings and, in turn, to the Board.

Paul Richardson provides a formal annual assessment of sustainability risks and performance to the Nomination and Governance Committee.

The Board is firmly of the opinion that the monitoring of risk is strongly embedded in the culture of the Company and of the operating companies, in a manner which the Board considers reflects the recommendations of the FRC Guidance on Risk Management and the UK Corporate Governance Code.

Control activities and monitoring

Policies and procedures for all operating companies are set out and communicated in the WPP Policy Book, internal control bulletins and accounting guidelines. The application of these policies and procedures is monitored within the individual businesses and by the director of internal audit, head of compliance and the Group chief counsel.

Operating companies are required to maintain and update documentation of their internal controls and processes. This documentation incorporates an analysis of business risks, detailed control activities and monitoring, together with controls over security of data and the provision of timely and reliable information to management. IT and financial controls are also included.

The internal audit department was responsible for reviews and testing of the documentation and the relevant controls for a majority of the Group during 2014, the results of which were reported to the Audit Committee.

Financial reporting

Each operating company annually updates a three-year strategic plan, which incorporates financial objectives. These are reviewed by the parent company's management and are agreed with the chief executive of the relevant operating company.

The Group operates a rigorous procedure for the development of operating company budgets which build up the Group's budget. During the final quarter of each financial year, operating companies prepare detailed budgets for the following year for review by the parent company. The Group's budget is reviewed by the Board before being adopted formally. Operating company results are reported monthly and are reviewed locally, regionally and globally by the business groups and by Group management on a consolidated basis and ultimately by the Board. The results are compared to budget and the previous year, with full-year forecasts prepared and updated quarterly throughout the year. The Company reports to share owners four times a year.

At each year-end, all operating companies supply their full-year financial results with such additional information as is appropriate. This information is consolidated to allow the Group to present the necessary disclosures for International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Disclosure Committee gives further assurance that publicly-released information is free from material omission or misstatement.

Remuneration

Non-executive directors do not participate in the Company's pension, share option or other incentive plans.

The Board considers that the non-executive directors' remuneration conforms with the requirements of the UK Corporate Governance Code.

The fees payable to non-executive directors represent compensation in connection with Board and Board committee meetings and where appropriate for devoting additional time and expertise for the benefit of the Group in a wider capacity.

Details of directors' remuneration and service contracts form part of the report of the Compensation Committee which commences on page 123.

Relations with share owners

Dialogue with share owners

The relationship with share owners, potential share owners and investment analysts is given high priority by the Company.

The Company has a well-developed and continuous program to address the needs of share owners, investment institutions and analysts for a regular flow of information about the Company, its strategy, performance and competitive position. Given the wide geographic distribution of the Company's current and potential share owners, this program includes regular visits to investors, particularly by the Group chief executive, the Group finance director, the deputy Group finance director and the head of investor relations, in the UK, Continental Europe and the major financial centres in North America and also in Asia Pacific and Latin America. The Company's non-executive chairman is available to meet with investors and regularly consults with investors' governance representatives and advisory bodies. The Company provides a preliminary announcement, an interim management statement at the end of the first and third quarters that includes a trading update, an interim report at half year and a trading update and presentation at the AGM.

The Company ensures that it has a proper dialogue with share owners and their representative bodies through executive and non-executive directors in relation to remuneration and corporate governance matters. In 2014, the chairman and senior independent director held extensive rounds of discussions with share owners and advisory groups regarding senior executive compensation, and CEO, chairman and Board succession planning. The chairman and senior independent director provide thorough feedback to the Board on issues raised with them by share owners.

WPP's website, wpp.com, provides current and historical financial information, including trading statements, news releases and presentations and the Company's statement of its corporate governance practices.

The Annual General Meeting

The 2015 AGM will be held on Tuesday 9 June 2015 at 12 noon at 8 Northumberland Avenue, London WC2N 5BY. A separate notice convening the meeting is distributed to share owners and will be published on WPP's website, wpp.com. All resolutions for which notice has been given will be decided on a poll.

Managing our risks

Principal risks and uncertainties

The Board has considered the principal risks and uncertainties affecting the Group as at 31 December 2014 and up to the date of this report. Some of these risks relate to general economic and financial conditions, while others are more specific to the Group and the industry in which we operate and the strategic decisions taken by the Board. These are described below. The Group has specific policies in place to ensure that risks are properly evaluated and managed at the appropriate level within the Group.

Issue	Potential impact	How it is managed
Clients		
The Group competes for clients in a highly-competitive industry and client loss may have a material adverse effect on the Group's market share and its business, revenues, results of operations, financial condition or prospects.	Competitors include large multinational advertising and marketing communication companies and regional and national marketing services companies, database marketing and modelling companies, telemarketers, information and measurement, social media and consulting internet companies. Service agreements with clients are generally terminable by the client on 90 days' notice and many clients put their advertising and communications business up for competitive review from time to time. The ability to attract new clients and to retain or increase the amount of work from existing clients may also in some cases be limited by clients' policies on conflicts of interest.	Operating companies seek to establish reputations in the industry that attract and retain clients, including by improving the quality of their creative output. The Group's different agency networks limit potential conflicts of interest and the Group's cross-discipline team approach seeks to retain clients. Brand Check at every Board meeting.
The Group receives a significant portion of its revenues from a limited number of large clients and the net loss of some of these clients could have a material adverse effect on the Group's prospects, business, financial condition and results of operations.	A relatively small number of clients contribute a significant percentage of the Group's consolidated revenues. The Group's 10 largest clients accounted for 16.6% of revenues in the year ended 31 December 2014. Clients generally are able to reduce advertising and marketing spend or cancel projects on short notice. The loss of one or more of the Group's largest clients, if not replaced by new client accounts or an increase in business from existing clients, would adversely affect the Group's financial condition.	Global client account managers seek to ensure the Group maintains partnership relationship with major clients. Operating companies seek to establish reputations in the industry that attract and retain clients and key talent. Brand Check at every Board meeting and regular dialogue between directors of the Company and directors of the Group's largest clients.

Issue	Potential impact	How it is managed
Data Security		
The Group is subject to strict data protection and privacy legislation in the jurisdictions in which it operates and relies extensively on information technology systems. The Group stores, transmits and relies on critical and sensitive data such as strategic plans, personally identifiable information and trade secrets. Security of this type of data is exposed to escalating external threats that are increasing in sophistication as well as internal data breaches. Existing and proposed data protection laws, in particular in the EU and the US, concerning user privacy, use of personal information and online tracking may restrict some of the Group's activities and increase costs. The Group is carrying out an IT transformation project and will rely on third parties for the performance of a significant portion of its worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business.	The Group may be subject to investigative or enforcement action or legal claims or incur fines, damages, or costs if the Group fails to adequately protect data or observe privacy legislation in every instance. A system breakdown or intrusion could have a material adverse effect on the Group's business, revenues, results of operations, financial condition or prospects.	The Group assists the operating companies in developing principles on privacy and data protection and compliance with local laws. Nominated senior executives provide leadership on privacy and data protection. WPP Data Code of Conduct and WPP policies on data privacy and security. WPP Data Health Checker survey performed annually to understand the scale and breadth of data collected by WPP agencies, so level of risk associated with this can be assessed. The IT transformation project will enhance the Group's data security. In addition, the Group has established a global internal IT company responsible for providing core IT shared services to all Group companies and manage external technology providers.
Economic		
The Group's businesses are subject to economic cycles. Many of the economies in which the Group operates currently have significant economic challenges.	Reduction in client spending or postponing spending on the services offered by the Group or switching of client expenditure to non-traditional media and renegotiation of contract and payment terms can lead to reduced profitability and cash flow.	Management of headcount and overheads. Ensuring that variable staff costs are a significant proportion of total staff costs and revenue. Increased controls over capital expenditure and working capital. Strategic focus on BRICs, the Next 11, MINT, new media and Data Investment Management. Diversification by geographic and product markets. Consideration of the impact on the Group if certain countries left the Euro, or in the event the Euro was devalued. Brand Check at every Board meeting.

Issue	Potential impact	How it is managed
Financial		
Currency exchange rate fluctuations could adversely impact the Group's consolidated results.	The Company's reporting currency is pounds sterling. Given the Group's significant international operations, fluctuations in currency exchange rates can affect the Group's consolidated results.	The Group hedges the currency element of its net assets using foreign currency borrowings, cross-currency swaps and forward foreign exchange contracts. The balance sheet and cash flows of the Company are hedged by borrowing in the currency of those cash flows. The Company publishes and explains its results in constant currency terms, as well as in sterling and on an actual dollar basis. The Group's treasury position is a recurring agenda item for the Audit Committee.
The interest rates and fees payable by the Group in respect of certain of its borrowings are, in part, influenced by the credit ratings issued by the international debt rating agencies.	The Company's long-term debt is currently rated Baa2 by Moody's and BBB by Standard and Poor's and the Company's short-term debt obligations P2 and A2 respectively. If the Company's financial performance and outlook materially deteriorate, a ratings downgrade could occur and the interest rates and fees payable on certain of the Company's revolving credit facilities and certain of the Group's bonds could be increased.	Active dialogue with the rating agencies to ensure they are fully apprised of any actions that may affect the Company's debt ratings. The Company also seeks to manage its financial ratios and to pursue policies so as to maintain its investment grade ratings. The Group's treasury position is a recurring agenda item for the Audit Committee.
The Group is subject to credit risk through the default of a client or other counterparty.	The Group is generally paid in arrears for its services. Invoices are typically payable within 30 to 60 days. The Group commits to media and production purchases on behalf of some of its clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look to the Group to pay such amounts to which it committed as an agent on behalf of those clients.	Evaluating and monitoring clients' ongoing creditworthiness and in some cases requiring credit insurance or payments in advance. The Group's treasury position is a recurring agenda item for the Audit Committee.

Issue	Potential impact	How it is managed
Mergers & Acquisitions		
The Group may be unsuccessful in evaluating material risks involved in completed and future acquisitions and may be unsuccessful in integrating any acquired operations with its existing businesses.	The Group regularly reviews potential acquisitions of businesses that are complementary to its operations and clients' needs. If material risks are not identified prior to acquisition or the Group experiences difficulties in integrating an acquired business, it may not realise the expected benefits from such an acquisition and the Group's financial condition could be adversely affected.	Business, legal, tax and financial due diligence carried out prior to acquisition to seek to identify and evaluate material risks and plan the integration process. Warranties and indemnities included in purchase agreements. Audit Committee oversight of acquisition and Board oversight of material acquisitions and review of the integration and performance of recent and prior acquisitions.
Goodwill and other intangible assets recorded on the Group's balance sheet with respect to acquired companies may become impaired.	The Group has a significant amount of goodwill and other intangible assets recorded on its balance sheet with respect to acquired companies. The Group annually tests the carrying value of goodwill and other intangibles for impairment. The estimates and assumptions about results of operations and cash flows made in connection with impairment testing could differ from future results of operations and cash flows. Future events could cause the Group to conclude that the asset values associated with a given operation have become impaired, which could have a material impact on the Group's financial condition.	Regular impairment testing, which is a recurring agenda item for the Audit Committee.
Operational		
The Group operates on a largely decentralised basis with approximately 16 operating entities in 111 countries and is exposed to the risks of doing business globally and of maintaining reliable and uniform control procedures.	The Group's global operations are subject to the following risk factors: (i) restrictions and/or changes in taxation on repatriation of earnings; (ii) economic, social or political instability within different countries, regions and markets; (iii) changes in foreign laws and regulatory requirements, such as those on foreign ownership of assets or data usage or business models; and (iv) uncertainty or potential ineffectiveness or lack of enforcement in relation to the Group's client service agreements or other contractual rights.	Affiliate, associate and joint venture structures with local partners used in developing markets. Brand Check at every Board meeting. Uniform approach to internal controls to seek to ensure best practice employed in all jurisdictions.

Issue	Potential impact	How it is managed
People		
The Group's performance could be adversely affected if it were unable to attract and retain key talent or had inadequate talent management and succession planning for key management roles.	The Group is highly dependent on the talent, creative abilities and technical skills of our personnel as well as their relationships with clients. The Group is vulnerable to the loss of personnel to competitors and clients leading to disruption to the business.	The Group's incentive plans are structured to provide retention value, for example by paying part of annual incentives in shares that vest two years after grant. Operating companies seek to establish reputations in the industry that attract and retain key personnel, including by improving the quality of their creative output and by offering competitive performance-based compensation. Succession planning of key executives is a recurring agenda item of the Board and Nomination and Governance Committee. Compensation Committee oversight for the Group's incentive plans and compensation.
Regulatory/Legal		
The Group may be subject to regulations restricting its activities or effecting changes in taxation.	Governments, government agencies and industry self-regulatory bodies from time to time adopt statutes and regulations that directly or indirectly affect the form, content and scheduling of advertising, public relations and public affairs and market research or otherwise limit the scope of the activities of the Group and its clients which could have a material adverse impact on our financial position. Changes in tax laws and international tax treaties or their application may also adversely affect the Group's reported results.	The Group actively monitors any proposed regulatory or statutory changes and consults with government agencies and regulatory bodies where possible on such proposed changes. Regular briefings to the Audit Committee of significant regulatory or statutory changes. Group representation on a number of industry advisory bodies.
The Group is subject to strict anti-corruption, anti-bribery and anti-trust legislation and enforcement in the countries in which it operates.	The Group operates in a number of markets where the corruption risk has been identified as high by groups such as Transparency International. Failure to comply or to create a corporate environment opposed to corruption or failing to instill business practices that prevent corruption could expose the Group and senior officers to civil and criminal sanctions.	Online and in-country ethics, anti-bribery, corruption and anti-trust training on a Group-wide basis to raise awareness and seek compliance with the WPP Code of Conduct. Confidential helpline for WPP staff to raise any concerns, which are investigated and reported to the Audit Committee on a regular basis. Due diligence on acquisitions and on selecting and appointing suppliers. Gift and hospitality register and approvals process.
The Group is subject to the laws of the US, the EU and other jurisdictions that impose sanctions and regulate the supply of services to certain countries.	Failure to comply with these laws could expose the Group to civil and criminal penalties including fines and the imposition of economic sanctions against the Group and reputational damage which could materially impact the Group's results.	Online training on a Group-wide basis to raise awareness and seek compliance and updates to Group companies on any new sanctions. Regular briefings to the Audit Committee.

Other statutory information

Substantial share ownership

As at 20 April 2015, the Company is aware of the following interests of 3% or more in the issued ordinary share capital:

MFS	6.55%
BlackRock Inc	4.9%

The disclosed interests refer to the respective combined holdings of the entity and to interests associated with it.

The Company has not been notified of any other holdings of ordinary share capital of 3% or more.

Profits and dividends

The profit before tax for the year was £1,451.9 million (2013: £1,295.8 million). The directors declared a final dividend of 26.58p (2013: 23.65p) per share to be paid on 6 July 2015 to share owners on the register at 5 June 2015 which, together with the interim ordinary dividend of 11.62p (2013: 10.56p) per share paid on 10 November 2014, makes a total of 38.20p for the year (2013: 34.21p).

Change of control

All of our bonds contain provisions which are triggered on a change of control of the Company. The holders of such bonds have the right to repayment at par except for holders of our US$ bonds. The holders here have the right to redeem the bonds at 101% of par, if the Company is non-investment grade at the time of the change of control or becomes non-investment grade within 120 days of the announcement of the change of control.

In addition, the Group has a Revolving Credit Facility in the amount of $2,500 million due July 2019, the terms of which require the consent of the majority of the lenders if a proposed merger or consolidation of the Company would alter its legal personality or identity.

In general terms, awards granted under WPP's incentive plans will usually vest on a change of control, albeit on a pro-rated basis. Where awards are subject to performance conditions, those conditions will still need to be met, also on a pro-rated basis. Certain incentive plans allow the Compensation Committee to require outstanding awards to be exchanged for equivalent awards in the acquiring company.

Articles of Association

There are no restrictions on amending the Articles of Association of the Company other than the need to pass a special resolution of the share owners.

Share capital

The Company's authorised share capital consists solely of 1,750,000,000 ordinary 10 pence shares. The Company operates an American Depositary Receipt program. The rights and obligations relating to the ordinary share capital are outlined in the Articles of Association; there are no restrictions on transfer, no restrictions on voting rights and no securities carry special voting rights with regard to control of the Company.

At the AGM on 25 June 2014, share owners passed resolutions authorising the Company, in accordance with its Articles of Association, to allot shares up to a maximum nominal amount of £45,069,659 of which £6,744,536 could be allotted for cash free of statutory pre-emption rights. In the year under review no shares were issued for cash free from pre-emption rights. Details of share capital movements are given in note 26 on pages 221 to 223.

Authority for purchase of own shares

At the AGM on 25 June 2014, share owners passed a special resolution authorising the Company, in accordance with its Articles of Association, to purchase up to 133,507,758 of its own shares in the market. In the year under review, 41,036,654 ordinary shares of 10 pence each were purchased at an average price of £12.45 per share.

Auditors

The directors will propose a resolution at the AGM to re-appoint Deloitte LLP as auditors.

Going concern

The directors are required to consider whether it is appropriate to prepare the financial statements on the basis that the Company and the Group are going concerns. As part of its normal business practice, the Group prepares annual and longer-term plans and in reviewing this information and in particular the three-year plan and budget, the directors believe that the Company and the Group have adequate resources for the foreseeable future. Therefore the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

Further details of the Group's financial position and borrowing facilities are described in note 10 of the financial statements.

Statement of directors' responsibilities in respect of the preparation of financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. The directors have elected to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and have also elected to prepare financial statements for the Company in accordance with UK accounting standards. Company law requires the directors to prepare such financial statements in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'.

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures, when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and directors' remuneration report.

The directors are responsible for the maintenance and integrity of the Company website. Jersey legislation and UK regulation governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

The directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he or she ought to have taken, as a director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with the principles of the UK Corporate Governance Code, the Board has established arrangements to evaluate whether the information presented in the Annual Report is fair, balanced and understandable; these are described on page 120.

The Board considers the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for share owners to assess the Company's performance, business model and strategy.

The letters from the chairmen of the Nomination and Governance, Audit and Compensation Committees, the statements regarding directors' responsibilities and statement of going concern set out above and the directors' remuneration and interests in the share capital of the Company set out on pages 113 to 157, are included in the Directors' report, which also includes the sections 'Strategic report to share owners', 'What we think' and 'Who runs WPP'.

By Order of the Board:

Marie Capes
Company Secretary
20 April 2015

Our 2014 financial statements

Accounting policies

The consolidated financial statements of WPP plc and its subsidiaries (the Group) for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2014.

The Group's financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the consolidated income statement from the effective date of acquisition or disposal.

Goodwill and other intangible assets

Intangible assets comprise goodwill, certain acquired separable corporate brand names, acquired customer relationships, acquired proprietary tools and capitalised computer software not integral to a related item of hardware.

Goodwill represents the excess of fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Corporate brand names, customer relationships and proprietary tools acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Certain corporate brands of the Group are considered to have an indefinite economic life because of the institutional nature of the corporate brand names, their proven ability to maintain market leadership and profitable operations over long periods of time and the Group's commitment to develop and enhance their value. The carrying value of these intangible assets is reviewed at least annually for impairment and adjusted to the recoverable amount if required.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

- Brand names (with finite lives) – 10-20 years.
- Customer-related intangibles – 3-10 years.
- Other proprietary tools – 3-10 years.
- Other (including capitalised computer software) – 3-5 years.

Contingent consideration

Contingent consideration is accounted for in accordance with IFRS 3 Business Combinations. Contingent consideration only applies to situations where contingent payments are not dependent on future employment of vendors and any such payments are expensed when they relate to future employment.

Future anticipated payments to vendors in respect of contingent consideration (earnout agreements) are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent on the future financial performance of the interests acquired (typically over a four- to five-year period following the year of acquisition) and assume the operating companies improve profits in line with directors' estimates. The directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition.

Subsequent adjustments to the fair value are recorded in the consolidated income statement within revaluation of financial instruments. For acquisitions completed prior to 1 January 2010, such adjustments are recorded in the consolidated balance sheet within goodwill.

Property, plant and equipment

Property, plant and equipment are shown at cost less accumulated depreciation and any provision for impairment with the exception of freehold land which is not depreciated. The Group assesses the carrying value of its property, plant and equipment to determine if any impairment has occurred. Where this indicates that an asset may be impaired, the Group applies the requirements of IAS 36 Impairment of Assets in assessing the carrying amount of the asset. This process includes comparing its recoverable amount with its carrying value. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life, as follows:

- Freehold buildings – 50 years.
- Leasehold land and buildings – over the term of the lease or life of the asset, if shorter.
- Fixtures, fittings and equipment – 3-10 years.
- Computer equipment – 3-5 years.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. In certain circumstances, significant influence may be represented by factors other than ownership and voting rights, such as representation on the Board of Directors.

The Group's share of the profits less losses of associate undertakings net of tax, interest and non-controlling interests is included in the consolidated income statement and the Group's share of net assets is shown within interests in associates in the consolidated balance sheet. The Group's share of the profits less losses and net assets is based on current information produced by the undertakings, adjusted to conform with the accounting policies of the Group.

The Group assesses the carrying value of its associate undertakings to determine if any impairment has occurred. Where this indicates that an investment may be impaired, the Group applies the requirements of IAS 36 in assessing the carrying amount of the investment. This process includes comparing its recoverable amount with its carrying value.

The Group accounts for joint venture investments under the equity method which is consistent with the Group's treatment of associates.

Other investments

Other investments are designated as 'available for sale' and are shown at fair value with any movements in fair value taken to equity.

On disposal the cumulative gain or loss previously recognised in equity is included in the profit or loss for the year.

Inventory and work in progress

Work in progress is valued at cost, which includes outlays incurred on behalf of clients and an appropriate proportion of directly attributable costs and overheads on incomplete assignments. Provision is made for irrecoverable costs where appropriate. Inventory is stated at the lower of cost and net realisable value.

Trade receivables

Trade receivables are stated net of provisions for bad and doubtful debts.

Foreign currency and interest rate hedging

The Group's policy on interest rate and foreign exchange rate management sets out the instruments and methods available to hedge interest and currency risk exposures and the control procedures in place to ensure effectiveness.

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 25 contains details of the fair values of the derivative instruments used for hedging purposes.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow or net investment hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the consolidated income statement.

Liabilities in respect of option agreements

Option agreements that allow the Group's equity partners to require the Group to purchase a non-controlling interest are treated as derivatives over equity instruments and are recorded in the consolidated balance sheet initially at the present value of the redemption amount in accordance with IAS 32 Financial Instruments: Presentation and subsequently measured at fair value in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The movement in the fair value is recognised as income or expense within revaluation of financial instruments in the consolidated income statement.

Derecognition of financial liabilities

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, a financial liability of the Group is only released to the consolidated income statement when the underlying legal obligation is extinguished.

Convertible debt

Convertible debt is assessed according to the substance of the contractual arrangements and is classified into liability and equity elements on the basis of the initial fair value of the liability element. The difference between this figure and the cash received is classified as equity.

The consolidated income statement charge for the finance cost is spread evenly over the term of the convertible debt so that at redemption the liability equals the redemption value.

Other debt

Other interest-bearing debt is recorded at the proceeds received, net of direct issue costs.

Borrowing costs

Finance costs of borrowing are recognised in the consolidated income statement over the term of those borrowings.

Revenue recognition

Revenue comprises commission and fees earned in respect of amounts billed. Direct costs include fees paid to external suppliers where they are retained to perform part or all of a specific project for a client and the resulting expenditure is directly attributable to the revenue earned. Revenue is stated exclusive of VAT, sales taxes and trade discounts.

Advertising and Media Investment Management

Revenue is typically derived from commissions on media placements and fees for advertising services. Revenue may consist of various arrangements involving commissions, fees, incentive-based revenue or a combination of the three, as agreed upon with each client.

Revenue is recognised when the service is performed, in accordance with the terms of the contractual arrangement. The amount of revenue recognised depends on whether we act as an agent or as a principal in an arrangement with a client. Where we act as an agent, the revenue recorded is the net amount retained when the fee or commission is earned. Although the Group may bear credit risk in respect of these activities, the arrangements with our clients are such that we consider that we are acting as an agent on their behalf. In such cases, costs incurred with external suppliers (such as media suppliers) are excluded from our revenue. Where the Group acts as a principal and contracts directly with suppliers for media payments and production costs, the revenue recorded is the gross amount billed.

Incentive-based revenue typically comprises both quantitative and qualitative elements; on the element related to quantitative targets, revenue is recognised when the quantitative targets have been achieved; on the element related to qualitative targets, revenue is recognised when the incentive is received or receivable.

The Group receives volume rebates from certain suppliers for transactions entered into on behalf of clients that, based on the terms of the relevant contracts and local law, are either remitted to clients or retained by the Group. If amounts are passed on to clients they are recorded as liabilities until settled or, if retained by the Group, are recorded as revenue when earned.

Data Investment Management

Revenue recognised in proportion to the level of service performed for market research contracts is based on proportional performance. In assessing contract performance, both input and output criteria are reviewed. Costs incurred are used as an objective input measure of performance. The primary input of all work performed under these arrangements is labour. As a result of the relationship between labour and cost, there is normally a direct relationship between costs incurred and the proportion of the contract performed to date. Costs incurred as a proportion of expected total costs is used as an initial proportional performance measure. This indicative proportional performance measure is subsequently validated against other more subjective criteria (i.e. relevant output measures) such as the percentage of interviews completed, percentage of reports delivered to a client and the achievement of any project milestones stipulated in the contract. In the event of divergence between the objective and more subjective measures, the more subjective measures take precedence since these are output measures.

While most of the studies provided in connection with the Group's market research contracts are undertaken in response to an individual client's or group of clients' specifications, in certain instances a study may be developed as an off-the-shelf product offering sold to a broad client base. For these transactions, revenue is recognised when the product is delivered. Where the terms of transaction provide for licensing the product on a subscription basis, revenue is recognised over the subscription period on a straight-line basis or, if applicable, based on usage.

Substantially all services are provided on a fixed price basis. Pricing may also include a provision for a surcharge where the actual labour hours incurred in completing a project are significantly above the labour hours quoted in the project proposal. In instances where this occurs, the surcharge will be included in the total revenue base on which to measure proportional performance when the actual threshold is reached provided that collectability is reasonably assured.

Public Relations & Public Affairs and Branding & Identity, Healthcare and Specialist Communications

Revenue is typically derived from retainer fees and services to be performed subject to specific agreement. Revenue is recognised when the service is performed, in accordance with the terms of the contractual arrangement. Revenue is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the consolidated income statement revenue and related costs as contract activity progresses.

Taxation

Corporate taxes are payable on taxable profits at current rates. The tax expense represents the sum of the tax currently payable and deferred tax.

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable. Such liabilities are classified as current when the Group expects to settle the liability within 12 months and the remainder as non-current. Any interest and penalties accrued are included in income taxes both in the consolidated income statement and balance sheet. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the period in which the final determination is made.

The tax laws that apply to the Group's subsidiaries may be amended by the relevant tax authorities. Such potential amendments are regularly monitored and adjustments are made to the Group's tax liabilities and deferred tax assets and liabilities where necessary.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences unless specifically excepted by IAS 12 Income Taxes. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on enacted or substantively enacted legislation.

Retirement benefit costs

The Group accounts for retirement benefit costs in accordance with IAS 19 Employee Benefits.

For defined contribution plans, contributions are charged to the consolidated income statement as payable in respect of the accounting period.

For defined benefit plans the amounts charged to operating profit are the current service costs, past service costs, administrative expenses and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the consolidated income statement when the related plan amendment occurs. The interest cost on pension plan liabilities and expected return on plan assets reported in 2012 have been replaced with a net interest amount which is shown within finance costs. The net interest is calculated by applying the discount rate to the recognised overall surplus or deficit in the plan.

Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

Where defined benefit plans are funded, the assets of the plan are held separately from those of the Group, in separate independently managed funds. Pension plan assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Recognition of a surplus in a defined benefit plan is limited based on the economic gain the Company is expected to benefit from in the future by means of a refund or reduction in future contributions to the plan, in accordance with IAS 19.

Finance leases

Assets held under finance leases are recognised as assets of the Group at the inception of the lease at the lower of their fair value and the present value of the minimum lease payments. Depreciation on leased assets is charged to the consolidated income statement on the same basis as owned assets. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the consolidated income statement as it is incurred.

Operating leases

Operating lease rentals are charged to the consolidated income statement on a straight-line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

Translation of foreign currencies

Foreign currency transactions arising from normal trading activities are recorded at the rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year-end exchange rate. Foreign currency gains and losses are credited or charged to the consolidated income statement as they arise.

The income statements of overseas subsidiary undertakings are translated into pounds sterling at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates.

Exchange differences arising from retranslation of the opening net assets and on foreign currency borrowings (to the extent that they hedge the Group's investment in such operations) are reported in the consolidated statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Share-based payments

The Group issues equity-settled share-based payments (including share options) to certain employees and accounts for these awards in accordance with IFRS 2 Share-Based Payment. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. Details regarding the fair value of equity settled share-based transactions are set out in notes 22 and 26.

The fair value determined at the grant date is recognised in the consolidated income statement as an expense on a straight-line basis over the relevant vesting period, based on the Group's estimate of the number of shares that will ultimately vest and adjusted for the effect of non-market-based vesting conditions.

New IFRS accounting pronouncements

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9: Financial Instruments;
- IFRS 14: Regulatory Deferral Accounts; and
- IFRS 15: Revenue from Contracts with Customers.

With the exception of IFRS 15, the Group does not consider that these Standards and Interpretations will have a significant impact on the financial statements of the Group except for additional disclosures when the relevant standards come into effect.

The directors expect that the adoption of IFRS 15 may have an impact on revenue recognition and related disclosures. It is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

In the current year, amendments to the following Standards and Interpretations became effective:

- IFRS 10: Consolidated Financial Statements;
- IFRS 12: Disclosure of Interests in Other Entities;
- IAS 27: Separate Financial Statements;
- IAS 32: Financial Instruments: Presentation;
- IAS 36: Impairments of Assets; and
- IAS 39: Financial Instruments: Recognition and Measurement.

The adoption of these Standards and Interpretations has not led to any changes in the Group's accounting policies.

Critical judgements and estimation uncertainty in applying accounting policies

Management is required to make key decisions and judgements whilst acknowledging there is estimation uncertainty in the process of applying the Group's accounting policies. The most significant areas where such judgements and estimation uncertainty apply are revenue recognition, goodwill and other intangibles, payments due to vendors (earnout agreements), liabilities in respect of put option agreement with vendors, acquisition reserves, taxation and accounting for pension liabilities. Where judgement has been applied or estimation uncertainty exists, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in these financial statements.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Sir Martin Sorrell
Group chief executive

Paul Richardson
Group finance director

20 April 2015

The numbers in full ...

Consolidated income statement

For the year ended 31 December 2014

	Notes	2014 £m	2013 £m	2012 £m	2014 $m[2]	2013 $m[2]	2012 $m[2]
Billings[1]		**46,186.3**	46,209.3	44,405.3	**75,943.6**	72,344.5	70,459.1
Revenue	2	**11,528.9**	11,019.4	10,373.1	**18,956.0**	17,251.5	16,459.3
Direct costs		**(1,464.1)**	(943.3)	(858.3)	**(2,407.0)**	(1,477.0)	(1,361.9)
Net sales	2	**10,064.8**	10,076.1	9,514.8	**16,549.0**	15,774.5	15,097.4
Operating costs	3	**(8,557.5)**	(8,665.8)	(8,273.7)	**(14,097.4)**	(13,547.9)	(13,120.8)
Operating profit		**1,507.3**	1,410.3	1,241.1	**2,451.6**	2,226.6	1,976.6
Share of results of associates	4	**61.9**	68.1	69.4	**101.8**	107.8	110.3
Profit before interest and taxation		**1,569.2**	1,478.4	1,310.5	**2,553.4**	2,334.4	2,086.9
Finance income	6	**94.7**	64.3	55.9	**154.0**	101.2	88.7
Finance costs	6	**(262.7)**	(267.9)	(269.8)	**(430.9)**	(418.7)	(427.7)
Revaluation of financial instruments	6	**50.7**	21.0	(4.7)	**82.1**	34.4	(6.5)
Profit before taxation		**1,451.9**	1,295.8	1,091.9	**2,358.6**	2,051.3	1,741.4
Taxation	7	**(300.4)**	(283.7)	(197.2)	**(487.2)**	(448.1)	(315.4)
Profit for the year		**1,151.5**	1,012.1	894.7	**1,871.4**	1,603.2	1,426.0
Attributable to:							
Equity holders of the parent		**1,077.2**	936.5	822.7	**1,749.4**	1,485.1	1,311.5
Non-controlling interests		**74.3**	75.6	72.0	**122.0**	118.1	114.5
		1,151.5	1,012.1	894.7	**1,871.4**	1,603.2	1,426.0
Headline PBIT	31	**1,680.6**	1,661.6	1,531.0	**2,739.8**	2,620.1	2,439.3
Net sales margin	31	**16.7%**	16.5%	16.1%	**16.6%**	16.6%	16.2%
Headline PBT	31	**1,512.6**	1,458.0	1,317.1	**2,462.9**	2,302.6	2,100.3
Earnings per share							
Basic earnings per ordinary share	9	**82.4p**	72.4p	66.2p	**133.8¢**	114.8¢	105.5¢
Diluted earnings per ordinary share	9	**80.5p**	69.6p	62.8p	**130.8¢**	110.4¢	100.0¢

Notes

The accompanying notes form an integral part of this consolidated income statement.

[1] Billings is defined on page 238.

[2] The consolidated income statement above is also expressed in US dollars for information purposes only and is unaudited. It has been prepared assuming the US dollar is the reporting currency of the Group, whereby local currency results are translated into US dollars at actual monthly average exchange rates in the period presented. Among other currencies, this includes an average exchange rate of US$1.6475 to the pound sterling for the year 2014 (2013: US$1.5646, 2012: US$1.5852).

Consolidated statement of comprehensive income

For the year ended 31 December 2014

	2014 £m	2013 £m	2012 £m
Profit for the year	**1,151.5**	1,012.1	894.7
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments on foreign currency net investments	**(221.2)**	(372.6)	(305.2)
Gain/(loss) on revaluation of available for sale investments	**64.6**	72.0	(3.5)
	(156.6)	(300.6)	(308.7)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on defined benefit pension plans	**(86.6)**	76.2	(83.9)
Deferred tax on defined benefit pension plans	**62.1**	(1.2)	7.3
	(24.5)	75.0	(76.6)
Other comprehensive loss for the year	**(181.1)**	(225.6)	(385.3)
Total comprehensive income for the year	**970.4**	786.5	509.4
Attributable to:			
Equity holders of the parent	**893.0**	727.0	444.2
Non-controlling interests	**77.4**	59.5	65.2
	970.4	786.5	509.4

Note
The accompanying notes form an integral part of this consolidated statement of comprehensive income.

Consolidated cash flow statement

For the year ended 31 December 2014

	Notes	2014 £m	2013 £m	2012 £m
Net cash inflow from operating activities	11	**1,703.7**	1,374.2	908.3
Investing activities				
Acquisitions and disposals	11	**(489.1)**	(201.4)	(566.5)
Purchases of property, plant and equipment		**(177.9)**	(240.7)	(290.3)
Purchases of other intangible assets (including capitalised computer software)		**(36.5)**	(43.8)	(39.8)
Proceeds on disposal of property, plant and equipment		**5.9**	7.3	123.5
Net cash outflow from investing activities		**(697.6)**	(478.6)	(773.1)
Financing activities				
Share option proceeds		**25.0**	42.4	56.0
Cash consideration for non-controlling interests	11	**(5.6)**	(19.6)	(20.1)
Share repurchases and buy-backs	11	**(510.8)**	(197.0)	(134.5)
Net increase in borrowings	11	**465.2**	436.8	380.5
Financing and share issue costs		**(27.5)**	(19.1)	(8.2)
Equity dividends paid		**(460.0)**	(397.3)	(306.6)
Dividends paid to non-controlling interests in subsidiary undertakings		**(57.7)**	(53.2)	(51.9)
Net cash outflow from financing activities		**(571.4)**	(207.0)	(84.8)
Net increase in cash and cash equivalents		**434.7**	688.6	50.4
Translation differences		**(70.3)**	(164.7)	(119.3)
Cash and cash equivalents at beginning of year		**1,883.2**	1,359.3	1,428.2
Cash and cash equivalents at end of year	11	**2,247.6**	1,883.2	1,359.3

Reconciliation of net cash flow to movement in net debt:				
Net increase in cash and cash equivalents		**434.7**	688.6	50.4
Cash inflow from increase in debt financing		**(437.7)**	(418.1)	(372.5)
Debt acquired		**–**	–	(20.0)
Conversion of bond to equity		**–**	449.9	–
Other movements		**23.8**	21.0	3.4
Translation differences		**(55.8)**	(160.6)	(17.7)
Movement of net debt in the year		**(35.0)**	580.8	(356.4)
Net debt at beginning of year		**(2,240.4)**	(2,821.2)	(2,464.8)
Net debt at end of year	10	**(2,275.4)**	(2,240.4)	(2,821.2)

Note
The accompanying notes form an integral part of this consolidated cash flow statement.

Consolidated balance sheet

At 31 December 2014

	Notes	2014 £m	2013 £m
Non-current assets			
Intangible assets:			
Goodwill	12	**9,979.4**	9,472.8
Other	12	**1,668.9**	1,667.8
Property, plant and equipment	13	**772.5**	773.3
Interests in associates and joint ventures	14	**759.9**	792.8
Other investments	14	**669.2**	270.6
Deferred tax assets	15	**239.7**	119.4
Trade and other receivables	17	**148.6**	158.5
		14,238.2	13,255.2
Current assets			
Inventory and work in progress	16	**327.3**	304.5
Corporate income tax recoverable		**145.6**	136.0
Trade and other receivables	17	**9,530.0**	9,088.1
Cash and short-term deposits		**2,512.7**	2,221.6
		12,515.6	11,750.2
Current liabilities			
Trade and other payables	18	**(11,784.0)**	(10,710.7)
Corporate income tax payable		**(158.6)**	(120.1)
Bank overdrafts and loans	20	**(653.2)**	(941.4)
		(12,595.8)	(11,772.2)
Net current liabilities		**(80.2)**	(22.0)
Total assets less current liabilities		**14,158.0**	13,233.2
Non-current liabilities			
Bonds and bank loans	20	**(4,134.9)**	(3,520.6)
Trade and other payables	19	**(624.9)**	(457.6)
Corporate income tax payable		**(441.2)**	(362.6)
Deferred tax liabilities	15	**(667.6)**	(650.7)
Provision for post-employment benefits	23	**(296.2)**	(247.5)
Provisions for liabilities and charges	21	**(166.4)**	(147.7)
		(6,331.2)	(5,386.7)
Net assets		**7,826.8**	7,846.5
Equity			
Called-up share capital	26	**132.6**	134.9
Share premium account		**508.0**	483.4
Shares to be issued		**0.3**	0.5
Other reserves	27	**36.2**	317.3
Own shares		**(283.7)**	(253.0)
Retained earnings		**7,106.7**	6,903.7
Equity share owners' funds		**7,500.1**	7,586.8
Non-controlling interests		**326.7**	259.7
Total equity		**7,826.8**	7,846.5

Note
The accompanying notes form an integral part of this consolidated balance sheet.

The financial statements were approved by the Board of Directors and authorised for issue on 20 April 2015.
Signed on behalf of the Board:

Sir Martin Sorrell
Group chief executive

Paul Richardson
Group finance director

Consolidated statement of changes in equity

For the year ended 31 December 2014

	Called-up share capital £m	Share premium account £m	Shares to be issued £m	Other reserves[1] £m	Own shares £m	Retained earnings £m	Total equity share owners' funds £m	Non-controlling interests £m	Total £m
Balance at 1 January 2014	**134.9**	**483.4**	**0.5**	**317.3**	**(253.0)**	**6,903.7**	**7,586.8**	**259.7**	**7,846.5**
Ordinary shares issued	0.4	24.6	(0.2)	–	–	0.2	25.0	–	25.0
Treasury share additions	–	–	–	–	(412.5)	–	(412.5)	–	(412.5)
Treasury share allocations	–	–	–	–	0.6	(0.6)	–	–	–
Treasury share cancellations	(2.7)	–	–	2.7	332.5	(332.5)	–	–	–
Net profit for the year	–	–	–	–	–	1,077.2	1,077.2	74.3	1,151.5
Exchange adjustments on foreign currency net investments	–	–	–	(224.3)	–	–	(224.3)	3.1	(221.2)
Gain on revaluation of available for sale investments	–	–	–	64.6	–	–	64.6	–	64.6
Actuarial loss on defined benefit pension plans	–	–	–	–	–	(86.6)	(86.6)	–	(86.6)
Deferred tax on defined benefit pension plans	–	–	–	–	–	62.1	62.1	–	62.1
Comprehensive (loss)/income	–	–	–	(159.7)	–	1,052.7	893.0	77.4	970.4
Dividends paid	–	–	–	–	–	(460.0)	(460.0)	(57.7)	(517.7)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	102.2	102.2	–	102.2
Tax adjustment on share-based payments	–	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Net movement in own shares held by ESOP Trusts	–	–	–	–	48.7	(147.0)	(98.3)	–	(98.3)
Recognition/remeasurement of financial instruments	–	–	–	(44.1)	–	(4.1)	(48.2)	–	(48.2)
Share purchases – close period commitments	–	–	–	(80.0)	–	(3.9)	(83.9)	–	(83.9)
Acquisition of subsidiaries[2]	–	–	–	–	–	(3.4)	(3.4)	47.3	43.9
Balance at 31 December 2014	**132.6**	**508.0**	**0.3**	**36.2**	**(283.7)**	**7,106.7**	**7,500.1**	**326.7**	**7,826.8**

Notes

The accompanying notes form an integral part of this consolidated statement of changes in equity.

[1] Other reserves are analysed in note 27.

[2] Acquisition of subsidiaries represents movements in retained earnings and non-controlling interests arising from changes in ownership of existing subsidiaries and recognition of non-controlling interests on new acquisitions.

For the year ended 31 December 2013

	Called-up share capital £m	Share premium account £m	Shares to be issued £m	Other reserves[1] £m	Own shares £m	Retained earnings £m	Total equity share owners' funds £m	Non-controlling interests £m	Total £m
Balance at 1 January 2013	**126.5**	**175.9**	**1.8**	**(4,513.0)**	**(166.5)**	**11,186.3**	**6,811.0**	**249.6**	**7,060.6**
Reclassification due to Group reconstruction[2]	–	(176.0)	–	5,133.7	–	(4,957.7)	–	–	–
Ordinary shares issued	0.7	41.7	(1.3)	–	–	1.2	42.3	–	42.3
Share issue/cancellation costs	–	(0.4)	–	–	–	–	(0.4)	–	(0.4)
Shares issued on conversion of bond	7.7	442.2	–	–	–	–	449.9	–	449.9
Reclassification of convertible bond	–	–	–	(44.5)	–	36.1	(8.4)	–	(8.4)
Deferred tax on convertible bond	–	–	–	9.7	–	(7.8)	1.9	–	1.9
Treasury share additions	–	–	–	–	(17.6)	–	(17.6)	–	(17.6)
Treasury share allocations	–	–	–	–	3.3	(3.3)	–	–	–
Net profit for the year	–	–	–	–	–	936.5	936.5	75.6	1,012.1
Exchange adjustments on foreign currency net investments	–	–	–	(356.5)	–	–	(356.5)	(16.1)	(372.6)
Gain on revaluation of available for sale investments	–	–	–	72.0	–	–	72.0	–	72.0
Actuarial gain on defined benefit pension plans	–	–	–	–	–	76.2	76.2	–	76.2
Deferred tax on defined benefit pension plans	–	–	–	–	–	(1.2)	(1.2)	–	(1.2)
Comprehensive (loss)/income	–	–	–	(284.5)	–	1,011.5	727.0	59.5	786.5
Dividends paid	–	–	–	–	–	(397.3)	(397.3)	(53.2)	(450.5)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	105.4	105.4	–	105.4
Tax adjustment on share-based payments	–	–	–	–	–	47.9	47.9	–	47.9
Net movement in own shares held by ESOP Trusts	–	–	–	–	(72.2)	(107.2)	(179.4)	–	(179.4)
Recognition/remeasurement of financial instruments	–	–	–	(2.4)	–	(0.2)	(2.6)	–	(2.6)
Share purchases – close period commitments	–	–	–	18.3	–	–	18.3	–	18.3
Acquisition of subsidiaries[3]	–	–	–	–	–	(11.2)	(11.2)	3.8	(7.4)
Balance at 31 December 2013	**134.9**	**483.4**	**0.5**	**317.3**	**(253.0)**	**6,903.7**	**7,586.8**	**259.7**	**7,846.5**

Notes

The accompanying notes form an integral part of this consolidated statement of changes in equity.

1 Other reserves are analysed in note 27.

2 On 2 January 2013, pursuant to a scheme of arrangement under Article 125 of the Companies (Jersey) Law 1991, a new parent company was introduced. Upon implementation, the Group's share premium account and merger reserve (included in other reserves) have been transferred to retained earnings.

3 Acquisition of subsidiaries represents movements in retained earnings and non-controlling interests arising from changes in ownership of existing subsidiaries and recognition of non-controlling interests on new acquisitions.

Notes to the consolidated financial statements

For the year ended 31 December 2014

1. General information
WPP plc is a company incorporated in Jersey. The address of the registered office is Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES and the address of the principal executive office is 27 Farm Street, London, United Kingdom, W1J 5RJ. The nature of the Group's operations and its principal activities are set out in note 2. These consolidated financial statements are presented in pounds sterling.

2. Segment information
The Group is a leading worldwide communications services organisation offering national and multinational clients a comprehensive range of communications services.

The Group is organised into four reportable segments – Advertising and Media Investment Management; Data Investment Management; Public Relations & Public Affairs; and Branding & Identity, Healthcare and Specialist Communications. This last reportable segment includes WPP Digital and direct, digital, promotional and relationship marketing.

IFRS 8 Operating Segments requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Group chief executive. Provided certain quantitative and qualitative criteria are fulfilled, IFRS 8 permits the aggregation of these components into reportable segments for the purposes of disclosure in the Group's financial statements. In assessing the Group's reportable segments, the directors have had regard to the similar economic characteristics of certain operating segments, their shared client base, the similar nature of their products or services and their long-term margins, amongst other factors.

Operating sectors
Reported contributions were as follows:

Income statement	Revenue[1] £m	Net sales £m	Headline PBIT[2] £m	Net sales margin[3] %
2014				
Advertising and Media Investment Management	**5,134.3**	**4,502.0**	**836.2**	**18.6**
Data Investment Management	**2,429.3**	**1,748.9**	**272.7**	**15.6**
Public Relations & Public Affairs	**891.9**	**880.4**	**139.2**	**15.8**
Branding & Identity, Healthcare and Specialist Communications	**3,073.4**	**2,933.5**	**432.5**	**14.7**
	11,528.9	**10,064.8**	**1,680.6**	**16.7**
2013				
Advertising and Media Investment Management	4,578.8	4,463.6	824.4	18.5
Data Investment Management	2,549.7	1,843.7	263.8	14.3
Public Relations & Public Affairs	920.7	907.5	133.8	14.7
Branding & Identity, Healthcare and Specialist Communications	2,970.2	2,861.3	439.6	15.4
	11,019.4	10,076.1	1,661.6	16.5
2012				
Advertising and Media Investment Management	4,273.2	4,201.3	754.5	18.0
Data Investment Management	2,460.2	1,768.9	246.9	14.0
Public Relations & Public Affairs	917.1	901.1	136.4	15.1
Branding & Identity, Healthcare and Specialist Communications	2,722.6	2,643.5	393.2	14.9
	10,373.1	9,514.8	1,531.0	16.1

Notes
1 Intersegment sales have not been separately disclosed as they are not material.
2 A reconciliation from reported profit before interest and taxation to headline PBIT is provided in note 31. Reported profit before interest and taxation is reconciled to reported profit before taxation in the consolidated income statement.
3 Net sales margin is defined in note 31.

Other information	Share-based payments £m	Capital additions[1] £m	Depreciation and amortisation[2] £m	Goodwill impairment £m	Share of results of associates £m	Interests in associates and joint ventures £m
2014						
Advertising and Media Investment Management	**48.6**	**91.0**	**102.6**	**16.9**	**25.1**	**395.5**
Data Investment Management	**18.8**	**48.1**	**50.9**	**–**	**18.4**	**119.3**
Public Relations & Public Affairs	**7.9**	**7.4**	**12.6**	**–**	**3.9**	**60.1**
Branding & Identity, Healthcare and Specialist Communications	**26.9**	**67.9**	**62.8**	**–**	**14.5**	**185.0**
	102.2	**214.4**	**228.9**	**16.9**	**61.9**	**759.9**
2013						
Advertising and Media Investment Management	55.5	127.2	102.2	–	35.0	486.3
Data Investment Management	19.2	62.8	53.7	–	20.2	105.5
Public Relations & Public Affairs	5.9	14.2	15.3	12.0	1.5	45.3
Branding & Identity, Healthcare and Specialist Communications	24.8	70.2	63.5	11.3	11.4	155.7
	105.4	274.4	234.7	23.3	68.1	792.8
2012						
Advertising and Media Investment Management	49.3	198.4	97.1	0.7	34.7	566.9
Data Investment Management	16.6	60.5	55.5	–	18.6	102.4
Public Relations & Public Affairs	4.9	12.4	15.7	31.3	2.3	47.9
Branding & Identity, Healthcare and Specialist Communications	22.0	66.9	56.4	–	13.8	170.0
	92.8	338.2	224.7	32.0	69.4	887.2

Notes
1 Capital additions include purchases of property, plant and equipment and other intangible assets (including capitalised computer software).
2 Depreciation of property, plant and equipment and amortisation of other intangible assets.

			Assets			Liabilities
Balance sheet	Segment assets £m	Unallocated corporate assets[1] £m	Consolidated total assets £m	Segment liabilities £m	Unallocated corporate liabilities[1] £m	Consolidated total liabilities £m
2014						
Advertising and Media Investment Management	**12,250.5**			**(9,803.5)**		
Data Investment Management	**3,427.1**			**(1,045.7)**		
Public Relations & Public Affairs	**1,744.7**			**(400.0)**		
Branding & Identity, Healthcare and Specialist Communications	**6,433.5**			**(1,622.3)**		
	23,855.8	**2,898.0**	**26,753.8**	**(12,871.5)**	**(6,055.5)**	**(18,927.0)**
2013						
Advertising and Media Investment Management	11,787.6			(8,919.1)		
Data Investment Management	3,330.2			(960.0)		
Public Relations & Public Affairs	1,693.7			(350.6)		
Branding & Identity, Healthcare and Specialist Communications	5,716.9			(1,333.8)		
	22,528.4	2,477.0	25,005.4	(11,563.5)	(5,595.4)	(17,158.9)
2012						
Advertising and Media Investment Management	12,013.9			(9,152.7)		
Data Investment Management	3,371.4			(1,004.0)		
Public Relations & Public Affairs	1,724.2			(370.8)		
Branding & Identity, Healthcare and Specialist Communications	5,607.4			(1,364.5)		
	22,716.9	2,160.7	24,877.6	(11,892.0)	(5,925.0)	(17,817.0)

Notes
1 Included in unallocated corporate assets and liabilities are corporate income tax, deferred tax and net interest-bearing debt.

Contributions by geographical area were as follows:

	2014 £m	2013 £m	2012 £m
Revenue[1]			
North America[4]	3,899.9	3,744.7	3,546.5
UK	1,640.3	1,414.0	1,275.2
Western Continental Europe	2,568.8	2,592.6	2,439.2
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	3,419.9	3,268.1	3,112.2
	11,528.9	11,019.4	10,373.1

Net sales			
North America[4]	3,471.7	3,547.0	3,365.0
UK	1,396.0	1,303.9	1,155.7
Western Continental Europe	2,142.6	2,217.8	2,121.5
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	3,054.5	3,007.4	2,872.6
	10,064.8	10,076.1	9,514.8

Headline PBIT[2]			
North America[4]	621.8	616.5	578.6
UK	221.2	204.7	173.3
Western Continental Europe	277.2	272.0	252.9
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	560.4	568.4	526.2
	1,680.6	1,661.6	1,531.0

	Margin	Margin	Margin
Net sales margin[3]			
North America[4]	17.9%	17.4%	17.2%
UK	15.8%	15.7%	15.0%
Western Continental Europe	12.9%	12.3%	11.9%
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	18.3%	18.9%	18.3%
	16.7%	16.5%	16.1%

Notes
1 Intersegment sales have not been separately disclosed as they are not material.
2 Headline PBIT is defined in note 31.
3 Net sales margin is defined in note 31.
4 North America includes the US with revenue of £3,664.9 million (2013: £3,498.1 million, 2012: £3,309.4 million), net sales of £3,254.2 million (2013: £3,310.8 million, 2012: £3,138.7 million) and headline PBIT of £588.2 million (2013: £582.6 million, 2012: £547.8 million).

	2014 £m	2013 £m
Non-current assets[1]		
North America[2]	5,686.9	5,125.5
UK	1,793.9	1,772.2
Western Continental Europe	3,463.8	3,562.6
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	3,012.0	2,620.2
	13,956.6	13,080.5

Notes
1 Non-current assets excluding financial instruments and deferred tax.
2 North America includes the US with non-current assets of £5,101.0 million (2013: £4,479.5 million).

3. Operating costs

	2014 £m	2013 £m	2012 £m
Staff costs (note 5)	6,440.5	6,477.1	6,106.1
Establishment costs	711.3	727.4	690.6
Other operating costs (net)	1,405.7	1,461.3	1,477.0
Total operating costs	8,557.5	8,665.8	8,273.7
Operating costs include:			
Goodwill impairment (note 12)	16.9	23.3	32.0
Investment write-downs	7.3	0.4	19.6
Gain on sale of freehold property in New York	–	–	(71.4)
Cost of changes to corporate structure	–	–	4.1
Restructuring costs	127.6	5.0	93.4
Amortisation and impairment of acquired intangible assets (note 12)	147.5	179.8	171.9
Amortisation of other intangible assets (note 12)	31.6	32.7	33.7
Depreciation of property, plant and equipment	191.7	195.5	184.2
(Gains)/losses on sale of property, plant and equipment	(0.8)	(0.4)	0.7
Gains on disposal of investments and subsidiaries	(186.3)	(6.0)	(26.8)
Gains on remeasurement of equity interest on acquisition of controlling interest	(9.2)	(30.0)	(5.3)
Net foreign exchange (gains)/losses	(2.5)	(1.1)	7.7
Operating lease rentals:			
Land and buildings	466.1	483.0	464.6
Sublease income	(11.2)	(13.2)	(23.0)
	454.9	469.8	441.6
Plant and machinery	19.9	21.1	21.9
	474.8	490.9	463.5

In 2014, operating profit includes credits totalling £24.9 million (2013: £19.9 million, 2012: £19.8 million) relating to the release of excess provisions and other balances established in respect of acquisitions completed prior to 2013. Further details of the Group's approach to acquisition reserves, as required by IFRS 3 Business Combinations, are given in note 28.

Investment write-downs of £7.3 million (2013: £0.4 million, 2012: £19.6 million) relate to certain non-core minority investments in the US where forecast financial performance and/or liquidity issues indicate a permanent decline in the recoverability of the Group's investment.

Gains on disposal of investments and subsidiaries of £186.3 million (2013: £6.0 million, 2012: £26.8 million) include £150.6 million of gains arising on the sale of the Xaxis for Publishers business to AppNexus Inc and the Kantar Media US television measurement business to Rentrak Inc. In both cases, consideration received was in the form of equity issued by the buyer. The Group also recognised a gain of £10.0 million as a result of a reduction in the Group's equity interest in oOh! Media in Australia.

In 2014 restructuring costs of £127.6 million comprise £88.7 million of costs (including £67.4 million of severance costs) arising from a structural reassessment of certain of the Group's operations, primarily in the mature markets of Western Europe; and £38.9 million of costs resulting from the project to transform and rationalise the Group's IT services and infrastructure.

In 2013, the Group incurred restructuring costs of £5.0 million as a result of the project to transform and rationalise the Group's IT services and infrastructure. Restructuring costs in 2012 of £93.4 million include £62.9 million of severance costs arising from a structural reassessment of certain of the Group's operations, primarily in Western Continental Europe; and £30.5 million of other costs, primarily accelerated depreciation of IT assets in the US and Europe, arising from an overhaul of its centralised IT infrastructure.

All of the operating costs of the Group are related to administrative expenses.

Auditors' remuneration:

	2014 £m	2013 £m	2012 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	1.4	1.4	1.4
The audit of the Company's subsidiaries pursuant to legislation	14.5	15.1	14.6
	15.9	16.5	16.0
Other services pursuant to legislation	3.1	3.1	3.1
Fees payable to the auditors pursuant to legislation	19.0	19.6	19.1
Tax advisory services	2.1	2.3	2.5
Tax compliance services	1.0	1.2	1.0
	3.1	3.5	3.5
Corporate finance services	0.3	0.2	0.5
Other services[1]	5.4	4.8	3.9
Total non-audit fees	8.8	8.5	7.9
Total fees	27.8	28.1	27.0

Note

1 Other services include audits for earnout purposes and services for expatriate employees.

Minimum committed annual rentals

Amounts payable in 2015 under leases will be as follows:

	Plant and machinery			Land and buildings		
	2015 £m	2014 £m	2013 £m	2015 £m	2014 £m	2013 £m
In respect of operating leases which expire:						
– within one year	5.3	4.1	4.1	66.7	26.3	34.8
– within two to five years	10.8	13.1	13.0	223.9	195.2	166.1
– after five years	0.1	0.1	0.2	139.4	139.7	145.4
	16.2	17.3	17.3	430.0	361.2	346.3

Future minimum annual amounts payable under all lease commitments in existence at 31 December 2014 are as follows:

	Minimum rental payments £m	Less sub-let rentals £m	Net payment £m
Year ending 31 December			
2015	446.2	(7.3)	438.9
2016	339.2	(4.8)	334.4
2017	279.3	(3.3)	276.0
2018	255.9	(2.4)	253.5
2019	210.2	(2.0)	208.2
Later years	1,178.0	(3.9)	1,174.1
	2,708.8	(23.7)	2,685.1

4. Share of results of associates

Share of results of associates include:

	2014 £m	2013 £m	2012 £m
Share of profit before interest and taxation	101.8	111.0	105.1
Share of exceptional losses	(7.6)	(10.7)	(3.0)
Share of interest and non-controlling interests	(3.1)	(4.6)	(1.6)
Share of taxation	(29.2)	(27.6)	(31.1)
	61.9	68.1	69.4

5. Our people

Our staff numbers averaged 121,397 for the year ended 31 December 2014 against 117,115 in 2013 and 114,490 in 2012, including acquisitions. Their geographical distribution was as follows:

	2014	2013	2012
North America	26,809	28,093	27,782
UK	12,838	11,925	11,413
Western Continental Europe	23,376	23,559	23,322
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	58,374	53,538	51,973
	121,397	117,115	114,490

Their operating sector distribution was as follows:

	2014	2013	2012
Advertising and Media Investment Management	52,329	49,505	48,662
Data Investment Management	28,240	29,586	28,989
Public Relations & Public Affairs	8,392	8,298	8,437
Branding & Identity, Healthcare and Specialist Communications	32,436	29,726	28,402
	121,397	117,115	114,490

At the end of 2014 staff numbers were 123,621 (2013: 119,116, 2012: 115,711). Including all employees of associated undertakings, this figure was approximately 179,000 at 31 December 2014 (2013: 175,000, 2012: 165,000).

Staff costs include:

	2014 £m	2013 £m	2012 £m
Wages and salaries	**4,467.8**	4,481.4	4,289.7
Cash-based incentive plans	**210.7**	222.2	198.1
Share-based incentive plans (note 22)	**102.2**	105.4	92.8
Social security costs	**567.8**	577.3	524.7
Pension costs (note 23)	**148.9**	151.3	148.7
Severance	**37.4**	26.9	50.8
Other staff costs[1]	**905.7**	912.6	801.3
	6,440.5	6,477.1	6,106.1
Staff cost to net sales ratio	**64.0%**	64.3%	64.2%

Note

1 Freelance and temporary staff costs are included in other staff costs.

Included above are charges of £16.9 million (2013: £16.9 million, 2012: £15.6 million) for share-based incentive plans in respect of key management personnel (who comprise the directors of the Group). Further details of compensation for key management personnel are disclosed on pages 123 to 157.

6. Finance income, finance costs and revaluation of financial instruments

Finance income includes:

	2014 £m	2013 £m	2012 £m
Income from available for sale investments	**26.0**	10.1	1.2
Interest income	**68.7**	54.2	54.7
	94.7	64.3	55.9

Finance costs include:

	2014 £m	2013 £m	2012 £m
Net interest expense on pension plans[1] (note 23)	**8.0**	11.4	11.3
Interest on other long-term employee benefits	**1.9**	1.7	1.7
Interest payable and similar charges[2]	**252.8**	254.8	256.8
	262.7	267.9	269.8

Revaluation of financial instruments[3] include:

	2014 £m	2013 £m	2012 £m
Movements in fair value of treasury instruments	**31.3**	6.3	(14.8)
Movements in fair value of other derivatives	**15.0**	–	–
Revaluation of put options over non-controlling interests	**(8.8)**	(1.1)	(5.1)
Revaluation of payments due to vendors (earnout agreements)	**13.2**	15.8	15.2
	50.7	21.0	(4.7)

Notes

1 Comparative figures for 2012 have been restated to reflect the requirements of IAS 19.

2 Interest payable and similar charges are payable on bank overdrafts, bonds and bank loans held at amortised cost.

3 Financial instruments are held at fair value through profit and loss.

The majority of the Group's long-term debt is represented by $2,862 million of US dollar bonds at an average interest rate of 4.48%, €2,750 million of Eurobonds at an average interest rate of 4.19% and £600 million of Sterling bonds at an average interest rate of 6.13%.

Average borrowings under the Revolving Credit Facilities (note 10) amounted to the equivalent of $45 million at an average interest rate of 0.95%.

Average borrowings under the US Commercial Paper Program for 2014 amounted to $280 million at an average interest rate of 0.34% inclusive of margin.

7. Taxation

The headline tax rate was 20.0% (2013: 20.2%) and is defined below. The tax rate on reported PBT was 20.7% (2013: 21.9%).

Cash taxes paid in the year were £289.9 million (2013: £273.3 million). The cash tax rate on headline PBT was 19.2% (2013: 18.7%).

The tax charge is based on the profit for the year and comprises:

	2014 £m	2013 £m	2012 £m
Corporation tax			
Current year	**373.5**	359.1	335.5
Prior years	**4.4**	(48.1)	(41.7)
Credit relating to restructuring costs	**–**	–	(15.7)
Charge relating to gains on disposal of investments and subsidiaries	**21.4**	–	–
	399.3	311.0	278.1
Deferred tax			
Current year	**(69.7)**	(9.0)	(14.4)
Net credit in relation to the amortisation of acquired intangible assets and other goodwill items	**(23.2)**	(10.6)	(86.0)
Gain on sale of freehold property in New York	**–**	–	20.0
Credit relating to restructuring costs	**(14.1)**	–	–
Gains on disposal of investments and subsidiaries	**13.8**	–	–
	(93.2)	(19.6)	(80.4)
Prior years	**(5.7)**	(7.7)	(0.5)
	(98.9)	(27.3)	(80.9)
Tax charge	**300.4**	283.7	197.2

The tax charge for the year can be reconciled to profit before taxation in the consolidated income statement as follows:

	2014 £m	2013 £m	2012 £m
Profit before taxation	**1,451.9**	1,295.8	1,091.9
Tax at the corporation tax rate of 21.5%[1]	**312.2**	301.3	273.0
Tax effect of share of results of associates	**(13.3)**	(15.8)	(17.4)
Irrecoverable witholding taxes	**24.2**	30.7	23.7
Items that are not deductible/(taxable) in determining taxable profit	**14.2**	(27.3)	(31.2)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**12.9**	17.6	13.9
Origination and reversal of temporary differences	**10.6**	35.5	(39.2)
Tax losses not utilised in the year	**52.1**	40.6	45.4
Utilisation of tax losses not previously recognised	**(42.2)**	(28.3)	(18.6)
Recognition of temporary differences	**(69.0)**	(14.8)	(10.2)
Net release of prior-year provisions in relation to acquired businesses	**(17.4)**	(11.6)	(20.6)
Other prior-year adjustments	**16.1**	(44.2)	(21.6)
Tax charge	**300.4**	283.7	197.2
Effective tax rate on profit before tax	**20.7%**	21.9%	18.1%

Note

1 The parent company of the Group was tax resident in the UK for 2014 and 2013, and tax resident in Ireland for 2012. As such, the tax rate in the tax reconciliation for 2014 is the blended UK corporation tax rate of 21.5% (2013: 23.25%). For 2012, the tax rate is the Irish non-trading corporation tax rate of 25%.

The calculation of the headline tax rate is as follows:

	2014 £m	2013 £m	2012 £m
Headline PBT[1]	1,512.6	1,458.0	1,317.1
Tax charge	300.4	283.7	197.2
Tax charge relating to gains on disposal of investments and subsidiaries	(21.4)	–	–
Deferred tax credit relating to restructuring costs	14.1	–	–
Deferred tax relating to gains on disposal of investments and subsidiaries	(13.8)	–	–
Deferred tax on gain on sale of freehold property in New York	–	–	(20.0)
Tax credit relating to restructuring costs	–	–	15.7
Net deferred tax credit in relation to the amortisation of acquired intangible assets and other goodwill items	23.2	10.6	86.0
Headline tax charge	302.5	294.3	278.9
Headline tax rate	20.0%	20.2%	21.2%

Note

1 Headline PBT is defined in note 31.

8. Ordinary dividends

Amounts recognised as distributions to equity holders in the year:

Per share	2014	2013	2012	2014	2013	2012
	Pence per share			£m	£m	£m
2013 Final dividend	23.65p	19.71p	17.14p	309.5	258.0	212.8
2014 Interim dividend[1]	11.62p	10.56p	8.80p	150.5	139.3	109.4
	35.27p	30.27p	25.94p	460.0	397.3	322.2

Per ADR[2]	2014	2013	2012	2014	2013	2012
	Cents per share			\$m	\$m	\$m
2013 Final dividend	185.01¢	156.22¢	137.39¢	484.1	409.0	341.2
2014 Interim dividend[1]	95.72¢	82.61¢	69.75¢	248.0	218.0	173.5
	280.73¢	238.83¢	207.14¢	732.1	627.0	514.7

Proposed final dividend for the year ended 31 December 2014:

Per share	2014	2013	2012
	Pence per share		
Final dividend[1]	26.58p	23.65p	19.71p

Per ADR[2]	2014	2013	2012
	Cents per ADR		
Final dividend[1]	218.95¢	185.01¢	156.22¢

Notes

1 First interim dividend in 2012.

2 These figures have been translated for convenience purposes only, using the approximate average rate for the year shown on page 190. This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

The payment of dividends will not have any tax consequences for the Group.

9. Earnings per share

Basic EPS

The calculation of basic reported and headline EPS is as follows:

	2014	2013	2012
Reported earnings[1] (£m)	1,077.2	936.5	822.7
Headline earnings (£m) (note 31)	1,135.8	1,088.1	966.2
Average shares used in basic EPS calculation (m)	1,307.4	1,293.8	1,243.4
Reported EPS	82.4p	72.4p	66.2p
Headline EPS	86.9p	84.1p	77.7p

Note

1 Reported earnings is equivalent to profit for the year attributable to equity holders of the parent.

Diluted EPS

The calculation of diluted reported and headline EPS is as follows:

	2014	2013	2012
Diluted reported earnings (£m)	1,077.2	947.1	848.8
Diluted headline earnings (£m)	1,135.8	1,098.7	992.3
Average shares used in diluted EPS calculation (m)	1,337.5	1,360.3	1,352.6
Diluted reported EPS	80.5p	69.6p	62.8p
Diluted headline EPS	84.9p	80.8p	73.4p

Diluted EPS has been calculated based on the diluted reported and diluted headline earnings amounts above. On 19 May 2009 the Group issued £450 million 5.75% convertible bonds due May 2014. During the year ended 31 December 2013, these bonds were converted into 76.5 million shares. For the years ended 31 December 2013 and 2012 these convertible bonds were dilutive and earnings were consequently increased by £10.6 million and £26.1 million respectively for the purpose of the calculation of diluted earnings. At 31 December 2014, options to purchase 10.7 million ordinary shares (2013: 6.0 million, 2012: 6.3 million) were outstanding, but were excluded from the computation of diluted earnings per share because the exercise prices of these options were greater than the average market price of the Group's shares and, therefore, their inclusion would have been accretive.

A reconciliation between the shares used in calculating basic and diluted EPS is as follows:

	2014 m	2013 m	2012 m
Average shares used in basic EPS calculation	1,307.4	1,293.8	1,243.4
Dilutive share options outstanding	4.8	6.8	4.9
Other potentially issuable shares	25.3	30.8	27.8
£450 million 5.75% convertible bonds	–	28.9	76.5
Shares used in diluted EPS calculation	1,337.5	1,360.3	1,352.6

At 31 December 2014 there were 1,325,747,724 (2013: 1,348,733,317) ordinary shares in issue.

10. Sources of finance

The following table summarises the equity and debt financing of the Group, and changes during the year:

	Shares		Debt	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Analysis of changes in financing				
Beginning of year	**618.3**	302.4	**4,123.6**	4,180.5
Ordinary shares issued	**25.0**	42.4	**–**	–
Reclassification due to Group reconstruction[1]	**–**	(176.0)	**–**	–
Treasury share cancellations	**(2.7)**	–	**–**	–
Share issue/cancellation costs	**–**	(0.4)	**–**	–
Shares issued on conversion of bond	**–**	449.9	**–**	–
Net increase/(decrease) in drawings on bank loans, corporate bonds and convertible bonds	**–**	–	**465.2**	(13.1)
Amortisation of financing costs included in net debt	**–**	–	**6.5**	8.3
Other movements	**–**	–	**(57.8)**	(48.0)
Exchange adjustments	**–**	–	**(14.5)**	(4.1)
End of year	**640.6**	618.3	**4,523.0**	4,123.6

Notes

1 On 2 January 2013, pursuant to a scheme of arrangement under Article 125 of the Companies (Jersey) Law 1991, a new parent company was introduced. Upon implementation, the Group's share premium account was transferred to retained earnings.

The table above excludes bank overdrafts which fall within cash and cash equivalents for the purposes of the consolidated cash flow statement.

Shares

At 31 December 2014, the Company's share base was entirely composed of ordinary equity share capital and share premium of £640.6 million (2013: £618.3 million), further details of which are disclosed in note 26.

Debt

US$ bonds The Group has in issue $812 million of 4.75% bonds due November 2021, $500 million of 3.625% bonds due September 2022, $300 million of 5.125% bonds due September 2042 and $500 million of 5.625% bonds due November 2043. In September 2014, the Group issued $750 million of 3.75% bonds due September 2024.

Eurobonds The Group has in issue €500 million of 5.25% bonds due January 2015, €750 million of 6.625% bonds due May 2016 and €750 million of 3% bonds due November 2023. In September 2014, the Group issued €750 million of 2.250% bonds due September 2026.

In March 2015, the Group issued €600 million of 1.625% bonds due March 2030 and €252 million of 0.43% bonds due March 2018. €252 million of the 0.43% bonds were issued in exchange for €252 million of the 6.625% bonds due May 2016. Consequently the amount in issue of the 6.625% bonds due May 2016 has reduced to €498 million.

Sterling bonds The Group has in issue £400 million of 6% bonds due April 2017 and £200 million of 6.375% bonds due November 2020.

Revolving Credit Facility The Group has a five-year Revolving Credit Facility of $2.5 billion due July 2019, signed in July 2014. The Group's borrowing under these facilities, which are drawn down predominantly in US dollars and pounds sterling, averaged the equivalent of $45 million in 2014. The Group had available undrawn committed credit facilities of £1,604.5 million at December 2014 (2013: £1,199.4 million).

Borrowings under the Revolving Credit Facility are governed by certain financial covenants based on the results and financial position of the Group.

US Commercial Paper Program

The Group operates a commercial paper program using its Revolving Credit Facility as a backstop. The average commercial paper outstanding in 2014 was $279.7 million. There was no US Commercial Paper outstanding at 31 December 2014.

Convertible bonds

At 31 December 2012 the Group had in issue £450 million of 5.75% convertible bonds due May 2014. During 2013, £449.9 million of these bonds were converted into 76,513,563 WPP ordinary shares. The remaining £0.1 million was repaid in November 2013 due to the early redemption of all of the outstanding convertible bonds.

The following table is an analysis of future anticipated cash flows in relation to the Group's debt, on an undiscounted basis which, therefore, differs from the fair value and carrying value:

	2014 £m	2013 £m
Within one year	**(578.4)**	(807.8)
Between one and two years	**(748.4)**	(575.3)
Between two and three years	**(533.7)**	(757.5)
Between three and four years	**(125.7)**	(500.0)
Between four and five years	**(125.7)**	(92.0)
Over five years	**(4,192.3)**	(2,968.3)
Debt financing (including interest) under the Revolving Credit Facility and in relation to unsecured loan notes	**(6,304.2)**	(5,700.9)
Short-term overdrafts – within one year	**(265.1)**	(338.4)
Future anticipated cash flows	**(6,569.3)**	(6,039.3)
Effect of discounting/financing rates	**1,781.2**	1,577.3
Debt financing	**(4,788.1)**	(4,462.0)
Cash and short-term deposits	**2,512.7**	2,221.6
Net debt	**(2,275.4)**	(2,240.4)

Analysis of fixed and floating rate debt by currency including the effect of interest rate and cross-currency swaps:

2014 Currency		£m	Fixed rate[1]	Floating basis	Period (months)[1]
$	– fixed	1,547.2	4.56%	n/a	234
	– floating	753.2	n/a	LIBOR	n/a
£	– fixed	400.0	6.19%	n/a	58
	– floating	200.0	n/a	LIBOR	n/a
€	– fixed	1,747.7	3.96%	n/a	89
	– floating	1.4	n/a	EURIBOR	n/a
Other		(126.5)	n/a	n/a	n/a
		4,523.0			

Note

1 Weighted average. These rates do not include the effect of gains on interest rate swap terminations that are written to income over the life of the original instrument. At 31 December 2014 the amount still to be written to income was £nil (2013: £0.2 million) in respect of US dollar swap terminations.

2013 Currency		£m	Fixed rate[1]	Floating basis	Period (months)[1]
$	– fixed	2,177.4	5.54%	n/a	119
	– floating	233.1	n/a	LIBOR	n/a
£	– fixed	100.0	7.50%	n/a	62
	– floating	200.0	n/a	LIBOR	n/a
€	– fixed	1,331.8	4.86%	n/a	70
	– floating	108.0	n/a	EURIBOR	n/a
Other		(26.7)	n/a	n/a	n/a
		4,123.6			

Note

1 Weighted average. These rates do not include the effect of gains on interest rate swap terminations that are written to income over the life of the original instrument.

The following table is an analysis of future anticipated cash flows in relation to the Group's financial derivatives, which include interest rate swaps, cash flow hedges and other foreign exchange swaps:

	Financial liabilities		Financial assets	
2014	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	632.6	498.5	569.0	642.6
Between one and two years	1.1	0.4	22.0	37.9
Between two and three years	26.1	25.4	250.2	262.2
Between three and four years	–	–	25.3	24.8
Between four and five years	–	–	26.4	24.8
Over five years	–	–	576.4	570.9
	659.8	**524.3**	**1,469.3**	**1,563.2**

	Financial liabilities		Financial assets	
2013	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	376.6	311.9	772.8	859.9
Between one and two years	445.8	352.7	530.5	619.5
Between two and three years	1.1	0.7	4.6	12.4
Between three and four years	26.1	25.6	228.3	237.4
Between four and five years	–	–	–	–
Over five years	–	–	–	–
	849.6	690.9	1,536.2	1,729.2

11. Analysis of cash flows

The following tables analyse the items included within the main cash flow headings on page 192.

Net cash from operating activities:

	2014 £m	2013 £m	2012 £m
Profit for the year	**1,151.5**	1,012.1	894.7
Taxation	**300.4**	283.7	197.2
Revaluation of financial instruments	**(50.7)**	(21.0)	4.7
Finance costs	**262.7**	267.9	269.8
Finance income	**(94.7)**	(64.3)	(55.9)
Share of results of associates	**(61.9)**	(68.1)	(69.4)
Operating profit	**1,507.3**	1,410.3	1,241.1
Adjustments for:			
Non-cash share-based incentive plans (including share options)	**102.2**	105.4	92.8
Depreciation of property, plant and equipment	**197.3**	202.0	191.0
Impairment of goodwill	**16.9**	23.3	32.0
Amortisation and impairment of acquired intangible assets	**147.5**	179.8	171.9
Amortisation of other intangible assets	**31.6**	32.7	33.7
Investment write-downs	**7.3**	0.4	19.6
Gains on disposal of investments and subsidiaries	**(186.3)**	(6.0)	(26.8)
Gains on remeasurement of equity interest on acquisition of controlling interest	**(9.2)**	(30.0)	(5.3)
Gain on sale of freehold property in New York	**–**	–	(71.4)
(Gains)/losses on sale of property, plant and equipment	**(0.8)**	(0.4)	0.7
Operating cash flow before movements in working capital and provisions	**1,813.8**	1,917.5	1,679.3
(Increase)/decrease in inventories and work in progress	**(9.7)**	36.7	(17.6)
Increase in receivables	**(84.0)**	(253.3)	(436.4)
Increase in payables – short-term	**390.9**	67.2	105.3
Increase in payables – long-term	**36.5**	28.3	4.1
Decrease in provisions	**(38.7)**	(12.3)	(43.6)
Cash generated by operations	**2,108.8**	1,784.1	1,291.1
Corporation and overseas tax paid	**(289.9)**	(273.3)	(257.0)
Interest and similar charges paid	**(249.1)**	(254.7)	(228.3)
Interest received	**69.8**	51.3	56.6
Investment income	**11.9**	10.1	1.2
Dividends from associates	**52.2**	56.7	44.7
Net cash inflow from operating activities	**1,703.7**	1,374.2	908.3

Acquisitions and disposals:

	2014 £m	2013 £m	2012 £m
Initial cash consideration	**(382.7)**	(165.1)	(462.0)
Cash and cash equivalents acquired (net)	**74.4**	25.0	46.6
Earnout payments	**(34.3)**	(27.7)	(85.7)
Loan note redemptions	**–**	–	(1.0)
Purchase of other investments (including associates)	**(188.8)**	(45.6)	(111.4)
Proceeds on disposal of investments	**42.3**	12.0	47.0
Acquisitions and disposals	**(489.1)**	(201.4)	(566.5)
Cash consideration for non-controlling interests	**(5.6)**	(19.6)	(20.1)
Net cash outflow	**(494.7)**	(221.0)	(586.6)

Share repurchases and buy-backs:

	2014 £m	2013 £m	2012 £m
Purchase of own shares by ESOP Trusts	**(98.3)**	(179.4)	(78.8)
Share cancellations (excluding brokerage fees)	**–**	–	(55.1)
Shares purchased into treasury	**(412.5)**	(17.6)	(0.6)
Net cash outflow	**(510.8)**	(197.0)	(134.5)

Net increase in borrowings:

	2014 £m	2013 £m	2012 £m
Repayment of $369 million bonds	**(235.3)**	–	–
Repayment of $600 million bonds	**(333.7)**	–	–
Repayment of $25 million TNS private placements	**(14.6)**	–	–
Proceeds from issue of €750 million bonds	**588.7**	624.8	–
Proceeds from issue of $750 million bonds	**460.1**	–	–
Proceeds from issue of $500 million bonds	**–**	314.2	312.1
Proceeds from issue of $300 million bonds	**–**	–	187.3
Repayment of €600 million bonds	**–**	(502.1)	–
Repayment of convertible bonds	**–**	(0.1)	–
Decrease in drawings on bank loans	**–**	–	(79.7)
Repayment of debt acquired	**–**	–	(20.0)
Repayment of $30 million TNS private placements	**–**	–	(19.2)
Net cash inflow	**465.2**	436.8	380.5

Cash and cash equivalents:

	2014 £m	2013 £m	2012 £m
Cash at bank and in hand	**1,967.0**	2,099.1	1,721.4
Short-term bank deposits	**545.7**	122.5	223.9
Overdrafts[1]	**(265.1)**	(338.4)	(586.0)
Cash and cash equivalents at end of year	**2,247.6**	1,883.2	1,359.3

Note

1 Bank overdrafts are included in cash and cash equivalents because they form an integral part of the Group's cash management.

The Group considers that the carrying amount of cash and cash equivalents approximates their fair value.

12. Intangible assets

Goodwill

The movements in 2014 and 2013 were as follows:

	£m
Cost:	
1 January 2013	10,042.1
Additions[1]	209.0
Revision of earnout estimates	(5.7)
Exchange adjustments	(179.6)
31 December 2013	10,065.8
Additions[1]	514.0
Revision of earnout estimates	26.4
Exchange adjustments	(23.2)
31 December 2014	**10,583.0**
Accumulated impairment losses and write-downs:	
1 January 2013	584.9
Impairment losses for the year	17.7
Exchange adjustments	(9.6)
31 December 2013	593.0
Impairment losses for the year	8.1
Exchange adjustments	2.5
31 December 2014	**603.6**
Net book value:	
31 December 2014	**9,979.4**
31 December 2013	9,472.8
1 January 2013	9,457.2

Note

1 Additions represent goodwill arising on the acquisition of subsidiary undertakings including the effect of any revisions to fair value adjustments that had been determined provisionally at the immediately preceding balance sheet date, as permitted by IFRS 3 Business Combinations. The effect of such revisions was not material in either year presented. Goodwill arising on the acquisition of associate undertakings is shown within interests in associates and joint ventures in note 14.

Cash-generating units with significant goodwill as at 31 December are:

	2014 £m	2013 £m
GroupM	**2,124.5**	2,004.7
Kantar	**1,965.0**	1,800.9
Wunderman	**1,081.0**	1,063.7
Y&R Advertising	**978.1**	956.5
Burson-Marsteller	**473.2**	463.4
Other	**3,357.6**	3,183.6
Total goodwill	**9,979.4**	9,472.8

Other goodwill represents goodwill on a large number of cash-generating units, none of which is individually significant in comparison to the total carrying value of goodwill.

Other intangible assets

The movements in 2014 and 2013 were as follows:

	Brands with an indefinite useful life £m	Acquired intan-gibles £m	Other £m	Total £m
Cost:				
1 January 2013	993.1	1,627.6	264.3	2,885.0
Additions	–	–	43.8	43.8
Disposals	–	–	(18.9)	(18.9)
New acquisitions	–	45.5	0.4	45.9
Other movements[1]	–	2.2	0.6	2.8
Exchange adjustments	(35.2)	(8.9)	(6.0)	(50.1)
31 December 2013	957.9	1,666.4	284.2	2,908.5
Additions	–	–	36.5	36.5
Disposals	–	(33.2)	(16.2)	(49.4)
New acquisitions	–	136.3	2.7	139.0
Other movements[1]	–	12.0	4.0	16.0
Exchange adjustments	11.4	2.7	1.8	15.9
31 December 2014	**969.3**	**1,784.2**	**313.0**	**3,066.5**
Amortisation and impairment:				
1 January 2013	–	881.6	176.0	1,057.6
Charge for the year	–	176.9	32.7	209.6
Disposals	–	–	(17.7)	(17.7)
Other movements	–	–	1.4	1.4
Exchange adjustments	–	(5.7)	(4.5)	(10.2)
31 December 2013	–	1,052.8	187.9	1,240.7
Charge for the year	–	144.7	31.6	176.3
Disposals	–	(26.9)	(15.4)	(42.3)
Other movements	–	–	2.2	2.2
Exchange adjustments	–	16.7	4.0	20.7
31 December 2014	**–**	**1,187.3**	**210.3**	**1,397.6**
Net book value:				
31 December 2014	**969.3**	**596.9**	**102.7**	**1,668.9**
31 December 2013	957.9	613.6	96.3	1,667.8
1 January 2013	993.1	746.0	88.3	1,827.4

Note

1 Other movements in acquired intangibles include revisions to fair value adjustments arising on the acquisition of subsidiary undertakings that had been determined provisionally at the immediately preceding balance sheet date, as permitted by IFRS 3 Business Combinations.

Brands with an indefinite life are carried at historical cost in accordance with the Group's accounting policy for intangible assets. The carrying values of the separately identifiable brands are not individually significant in comparison with the total carrying value of brands with an indefinite useful life.

Acquired intangible assets at net book value at 31 December 2014 include brand names of £393.0 million (2013: £386.8 million), customer-related intangibles of £197.8 million (2013: £206.5 million), and other assets (including proprietary tools) of £6.1 million (2013: £20.3 million).

The total amortisation and impairment of acquired intangible assets of £147.5 million (2013: £179.8 million) includes £2.8 million (2013: £2.9 million) in relation to associates.

In accordance with the Group's accounting policy, the carrying values of goodwill and intangible assets with indefinite useful lives are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The carrying values of brands with an indefinite useful life are assessed for impairment purposes by using the royalty and loyalty methods of valuation, both of which utilise the net present value of future cash flows associated with the brands.

The goodwill impairment review is undertaken annually on 30 September. The review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows, using a pre-tax discount rate of 9.0% (2013: 9.5%) and management forecasts for a projection period of up to five years, followed by an assumed annual long-term growth rate of 3.0% (2013: 3.0%) and no assumed improvement in operating margin. Management have made the judgement that this long-term growth rate does not exceed the long-term average growth rate for the industry.

The goodwill impairment charge of £16.9 million (2013: £23.3 million) relates to a number of under-performing businesses in the Group, of which £8.8 million (2013: £5.6 million) is in relation to associates. In certain markets, the impact of local economic conditions and trading circumstances on these businesses was sufficiently severe to indicate impairment to the carrying value of goodwill.

Under IFRS, an impairment charge is required for both goodwill and other indefinite-lived assets when the carrying amount exceeds the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use.

Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to revenue growth and operating margin. The key assumptions take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the unit's historical performance and any other circumstances particular to the unit, such as business strategy and client mix.

These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgements are applied in determining the level of cash-generating unit identified for impairment testing and the criteria used to determine which assets should be aggregated. A difference in testing levels could affect whether an impairment is recorded and the extent of impairment loss. Changes in our business activities or structure may also result in changes to the level of testing in future periods. Further, future events could cause the Group to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired. Any resulting impairment loss could have a material impact on the Group's financial condition and results of operations.

Historically our impairment losses have resulted from a specific event, condition or circumstance in one of our companies, such as the loss of a significant client. As a result, changes in the assumptions used in our impairment model have not had a significant effect on the impairment charges recognised and a reasonably possible change in assumptions would not lead to a significant impairment. The carrying value of goodwill and other intangible assets will continue to be reviewed at least annually for impairment and adjusted to the recoverable amount if required.

13. Property, plant and equipment

The movements in 2014 and 2013 were as follows:

	Land £m	Freehold buildings £m	Leasehold buildings £m	Fixtures, fittings and equipment £m	Computer equipment £m	Total £m
Cost:						
1 January 2013	37.1	117.6	686.3	333.4	592.6	1,767.0
Additions	–	8.8	92.2	44.2	85.4	230.6
New acquisitions	–	–	0.6	4.2	2.6	7.4
Disposals	–	(1.6)	(27.9)	(35.8)	(57.8)	(123.1)
Exchange adjustments	–	(19.0)	(9.9)	(20.2)	(17.0)	(66.1)
31 December 2013	37.1	105.8	741.3	325.8	605.8	1,815.8
Additions	–	0.7	61.9	39.0	76.3	177.9
New acquisitions	–	0.1	4.0	9.8	6.7	20.6
Disposals	–	(0.5)	(43.1)	(30.8)	(81.5)	(155.9)
Exchange adjustments	–	4.2	20.6	(9.1)	(8.9)	6.8
31 December 2014	**37.1**	**110.3**	**784.7**	**334.7**	**598.4**	**1,865.2**
Depreciation:						
1 January 2013	–	17.8	334.6	205.4	440.9	998.7
Charge for the year	–	4.0	68.4	41.9	87.7	202.0
Disposals	–	(1.3)	(23.9)	(34.3)	(57.9)	(117.4)
Exchange adjustments	–	(0.7)	(6.2)	(21.3)	(12.6)	(40.8)
31 December 2013	–	19.8	372.9	191.7	458.1	1,042.5
Charge for the year	–	4.5	68.9	41.1	82.8	197.3
Disposals	–	(1.0)	(40.3)	(26.6)	(80.4)	(148.3)
Exchange adjustments	–	(0.8)	10.9	(2.8)	(6.1)	1.2
31 December 2014	**–**	**22.5**	**412.4**	**203.4**	**454.4**	**1,092.7**
Net book value:						
31 December 2014	**37.1**	**87.8**	**372.3**	**131.3**	**144.0**	**772.5**
31 December 2013	37.1	86.0	368.4	134.1	147.7	773.3
1 January 2013	37.1	99.8	351.7	128.0	151.7	768.3

At the end of the year, capital commitments contracted, but not provided for in respect of property, plant and equipment were £60.9 million (2013: £31.6 million).

14. Interests in associates, joint ventures and other investments

The movements in 2014 and 2013 were as follows:

	Net assets of associates and joint ventures £m	Goodwill and other intangibles of associates and joint ventures £m	Total associates and joint ventures £m	Other investments £m
1 January 2013	440.6	446.6	887.2	176.5
Additions	11.5	–	11.5	28.5
Goodwill arising on acquisition of new associates	–	13.9	13.9	–
Share of results of associate undertakings (note 4)	68.1	–	68.1	–
Dividends	(56.7)	–	(56.7)	–
Other movements	(16.4)	16.7	0.3	–
Exchange adjustments	(40.0)	(52.3)	(92.3)	(1.4)
Disposals	–	(7.6)	(7.6)	(5.0)
Reclassification to subsidiaries	(11.3)	(11.4)	(22.7)	–
Revaluation of other investments	–	–	–	72.0
Amortisation of other intangible assets	–	(2.9)	(2.9)	–
Goodwill impairment	–	(5.6)	(5.6)	–
Write-downs	(0.4)	–	(0.4)	–
31 December 2013	395.4	397.4	792.8	270.6
Additions	70.1	–	70.1	340.0
Goodwill arising on acquisition of new associates	–	0.2	0.2	–
Share of results of associate undertakings (note 4)	61.9	–	61.9	–
Dividends	(52.2)	–	(52.2)	–
Other movements	9.7	3.9	13.6	10.6
Exchange adjustments	(9.1)	(1.5)	(10.6)	5.9
Disposals	(0.2)	(0.1)	(0.3)	(15.2)
Reclassification to subsidiaries	(56.4)	(47.6)	(104.0)	–
Revaluation of other investments	–	–	–	64.6
Amortisation of other intangible assets	–	(2.8)	(2.8)	–
Goodwill impairment	–	(8.8)	(8.8)	–
Write-downs	–	–	–	(7.3)
31 December 2014	**419.2**	**340.7**	**759.9**	**669.2**

The investments included above as 'other investments' represent investments in equity securities that present the Group with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices. For unlisted securities, where market value is not available, the Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate.

The carrying values of the Group's associates and joint ventures are reviewed for impairment in accordance with the Group's accounting policies.

The Group's principal associates and joint ventures at 31 December 2014 included:

	% owned	Country of incorporation
Asatsu-DK Inc.	24.6	Japan
Barrows Design and Manufacturing (Pty) Limited	35.0	South Africa
Chime Communications Plc[1]	18.9	UK
CVSC Sofres Media Co Limited	40.0	China
Dat Viet VAC Media Corporation	30.0	Vietnam
GIIR Inc.	30.0	Korea
Globant S.A.	20.1	Argentina
Grass Roots Group plc	44.8	UK
Haworth Marketing & Media Company	49.0	USA
High Co SA	34.1	France
IBOPE Latinoamericana, S.A.	41.8	Brazil
Marktest Investimentos SGPS S.A.	40.0	Portugal
Nanjing Yindu Advertising Agency	49.0	China
Singleton, Ogilvy & Mather (Holdings) Pty Limited	33.3	Australia
STW Communications Group Limited	22.2	Australia

Note

1 Although the Group holds less than 20% of Chime Communications Plc, it is considered to be an associate as the Group exercises significant influence by virtue of a position on the Board of Directors.

The market value of the Group's shares in its principal listed associate undertakings at 31 December 2014 was as follows: Asatsu-DK Inc: £160.9 million, Chime Communications Plc: £51.3 million, GIIR Inc: £22.4 million, Globant SA: £104.5 million, High Co SA: £13.6 million and STW Communications Group Limited: £40.3 million (2013: Asatsu-DK Inc: £148.3 million, Chime Communications Plc: £58.4 million, GIIR Inc: £22.0 million, High Co SA: £15.0 million and STW Communications Group Limited: £63.6 million).

The carrying value (including goodwill and other intangibles) of these equity interests in the Group's consolidated balance sheet at 31 December 2014 was as follows: Asatsu-DK Inc: £140.4 million, Chime Communications Plc: £38.9 million, GIIR Inc: £30.0 million, Globant SA: £57.4 million, High Co SA: £28.9 million, and STW Communications Group Limited: £71.4 million (2013: Asatsu-DK Inc: £155.3 million, Chime Communications Plc: £34.7 million, GIIR Inc: £28.2 million, High Co SA: £31.6 million and STW Communications Group Limited: £66.5 million).

Where the market value of the Group's listed associates is less than the carrying value, an impairment review is performed utilising the discounted cash flow methodology discussed in note 12.

The Group's investments in its principal associate undertakings are represented by ordinary shares.

Summarised financial information

The following tables present a summary of the aggregate financial performance and net asset position of the Group's associate undertakings and joint ventures. These have been estimated and converted, where appropriate, to an IFRS presentation based on information provided by the relevant companies at 31 December 2014.

	2014 £m	2013 £m	2012 £m
Income statement			
Revenue	2,246.5	2,366.7	2,268.0
Operating profit	280.6	274.8	262.1
Profit before taxation	267.0	261.5	262.8
Profit for the year	183.0	188.8	176.5

	2014 £m	2013 £m	2012 £m
Balance sheet			
Assets	4,380.3	5,027.4	4,956.5
Liabilities	(1,823.9)	(2,411.9)	(2,424.0)
Net assets	2,556.4	2,615.5	2,532.5

The application of equity accounting is ordinarily discontinued when the investment is reduced to zero and additional losses are not provided for unless the investor has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee.

At the end of the year, capital commitments contracted, but not provided for in respect of interests in associates and other investments were £42.4 million (2013: £27.3 million).

15. Deferred tax

The Group's deferred tax assets and liabilities are measured at the end of each period in accordance with IAS 12 Income taxes. The recognition of deferred tax assets is determined by reference to the Group's estimate of recoverability, using models where appropriate to forecast future taxable profits.

Deferred tax assets have only been recognised for territories where the Group considers that it is probable there would be sufficient taxable profits for the future deductions to be utilised.

Based on available evidence, both positive and negative, we determine whether it is probable that all or a portion of the deferred tax assets will be realised. The main factors that we consider include:

- the future earnings potential determined through the use of internal forecasts;
- the cumulative losses in recent years;
- the various jurisdictions in which the potential deferred tax assets arise;
- the history of losses carried forward and other tax assets expiring;
- the timing of future reversal of taxable temporary differences;
- the expiry period associated with the deferred tax assets; and
- the nature of the income that can be used to realise the deferred tax asset.

If it is probable that some portion of these assets will not be realised, then no asset is recognised in relation to that portion.

If market conditions improve and future results of operations exceed our current expectations, our existing recognised deferred tax assets may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate further or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realisable. As a result, all or a portion of the deferred tax assets may need to be reversed.

Certain deferred tax assets and liabilities have been offset as they relate to the same tax group. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Gross 2014 £m	Offset 2014 £m	**As reported 2014 £m**	Gross 2013 £m	Offset 2013 £m	As reported 2013 £m
Deferred tax assets	406.8	(167.1)	**239.7**	224.3	(104.9)	119.4
Deferred tax liabilities	(834.7)	167.1	**(667.6)**	(755.6)	104.9	(650.7)
	(427.9)	–	**(427.9)**	(531.3)	–	(531.3)

The following are the major gross deferred tax assets recognised by the Group and movements thereon in 2014 and 2013:

	Deferred compensation £m	Accounting provisions & accruals £m	Retirement benefit obligations £m	Property, plant & equipment £m	Tax losses & credits £m	Share-based payments £m	Restructuring provisions £m	Other temporary differences £m	Total £m
1 January 2013	0.7	39.0	23.7	43.7	43.4	55.9	–	14.8	221.2
Credit/(charge) to income	–	1.7	–	(12.3)	(6.3)	3.0	–	(4.9)	(18.8)
Charge to other comprehensive income	–	–	(1.2)	–	–	–	–	–	(1.2)
Credit to equity	–	–	–	–	–	30.2	–	–	30.2
Exchange differences	0.4	5.1	(3.5)	(0.1)	(3.1)	(2.8)	–	(3.1)	(7.1)
31 December 2013	1.1	45.8	19.0	31.3	34.0	86.3	–	6.8	224.3
Credit/(charge) to income	44.5	9.2	18.0	8.7	12.3	(1.2)	19.3	14.6	125.4
Credit to other comprehensive income	–	–	62.1	–	–	–	–	–	62.1
Charge to equity	–	–	–	–	–	(17.1)	–	–	(17.1)
Exchange differences	(0.1)	(3.5)	7.3	1.4	1.8	3.5	1.1	0.6	12.1
31 December 2014	**45.5**	**51.5**	**106.4**	**41.4**	**48.1**	**71.5**	**20.4**	**22.0**	**406.8**

Other temporary differences comprise a number of items including tax deductible goodwill, none of which is individually significant to the Group's consolidated balance sheet.

Deferred tax assets in relation to deferred compensation, tax losses and credits and accounting provisions & accruals previously reported within other temporary differences have been disclosed separately in 2014 and the 2013 comparatives have been amended to reflect this.

In addition the Group has recognised the following gross deferred tax liabilities and movements thereon in 2014 and 2013:

	Brands and other intangibles £m	Associate earnings £m	Goodwill £m	Property, plant & equipment £m	Financial instruments £m	Other temporary differences £m	Total £m
1 January 2013	624.7	21.0	125.7	30.3	–	8.6	810.3
Acquisition of subsidiaries	13.5	–	–	–	–	–	13.5
(Credit)/charge to income	(58.9)	1.8	13.5	(0.2)	–	(2.3)	(46.1)
Credit to equity	–	–	–	–	–	(1.9)	(1.9)
Exchange adjustments	(14.7)	(1.3)	(3.7)	(0.5)	–	–	(20.2)
31 December 2013	564.6	21.5	135.5	29.6	–	4.4	755.6
Acquisition of subsidiaries	36.0	–	–	–	–	–	36.0
(Credit)/charge to income	(44.6)	(1.7)	19.0	(0.7)	47.0	7.5	26.5
Exchange adjustments	2.2	(0.2)	9.2	1.9	2.7	0.8	16.6
31 December 2014	**558.2**	**19.6**	**163.7**	**30.8**	**49.7**	**12.7**	**834.7**

At the balance sheet date, the Group has gross tax losses and other temporary differences of £4,840.6 million (2013: £5,391.0 million) available for offset against future profits. Deferred tax assets have been recognised in respect of the tax benefit of £1,262.1 million (2013: £710.8 million) of such tax losses and other temporary differences. No deferred tax asset has been recognised in respect of the remaining £3,578.5 million (2013: £4,680.2 million) of losses and other temporary differences as the Group considers that there will not be enough taxable profits in the entities concerned such that any additional asset could be considered recoverable. Included in the total unrecognised temporary differences are losses of £52.8 million that will expire by 2024, and £3,260.9 million of losses that may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of the temporary differences in relation to the investment in subsidiaries for which deferred tax liabilities have not been recognised was £2,240.0 million. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and the Group considers that it is probable that such differences will not reverse in the foreseeable future.

16. Inventory and work in progress

The following are included in the net book value of inventory and work in progress:

	2014 £m	2013 £m
Work in progress	**313.7**	288.9
Inventory	**13.6**	15.6
	327.3	304.5

17. Trade and other receivables

The following are included in trade and other receivables:

Amounts falling due within one year:

	2014 £m	2013 £m
Trade receivables (net of bad debt provision)	**6,337.6**	5,986.5
VAT and sales taxes recoverable	**116.0**	82.0
Prepayments	**222.1**	251.1
Accrued income	**2,401.5**	2,282.2
Fair value of derivatives	**11.4**	57.9
Other debtors	**441.4**	428.4
	9,530.0	9,088.1

The ageing of trade receivables and other financial assets is as follows:

2014	Carrying amount at 31 December 2014 £m	Neither past due nor impaired £m	0-30 days £m	31-90 days £m	91-180 days £m	181 days-1 year £m	Greater than 1 year £m
Trade receivables	6,337.6	4,069.0	1,457.3	659.3	120.6	30.8	0.6
Other financial assets	440.3	310.0	75.9	14.4	8.8	13.8	17.4
	6,777.9	4,379.0	1,533.2	673.7	129.4	44.6	18.0

2013	Carrying amount at 31 December 2013 £m	Neither past due nor impaired £m	0-30 days £m	31-90 days £m	91-180 days £m	181 days-1 year £m	Greater than 1 year £m
Trade receivables	5,986.5	3,942.6	1,337.9	570.3	114.1	20.7	0.9
Other financial assets	416.0	282.2	68.3	18.1	12.5	12.2	22.7
	6,402.5	4,224.8	1,406.2	588.4	126.6	32.9	23.6

Other financial assets are included in other debtors.

Past due amounts are not impaired where collection is considered likely.

Amounts falling due after more than one year:

	2014 £m	2013 £m
Prepayments	**1.9**	3.7
Accrued income	**7.0**	20.8
Other debtors	**97.8**	78.7
Fair value of derivatives	**41.9**	55.3
	148.6	158.5

Movements on bad debt provisions were as follows:

	2014 £m	2013 £m
Balance at beginning of year	**92.8**	105.3
New acquisitions	**3.2**	2.1
Charged to operating costs	**18.9**	26.3
Exchange adjustments	**0.3**	(1.7)
Utilisations and other movements	**(29.9)**	(39.2)
Balance at end of year	**85.3**	92.8

The allowance for bad and doubtful debts is equivalent to 1.3% (2013: 1.5%) of gross trade accounts receivable.

The Group considers that the carrying amount of trade and other receivables approximates their fair value.

18. Trade and other payables: amounts falling due within one year

The following are included in trade and other payables falling due within one year:

	2014 £m	2013 £m
Trade payables	7,846.3	7,150.2
Other taxation and social security	427.4	415.3
Payments due to vendors (earnout agreements)	67.1	49.7
Liabilities in respect of put option agreements with vendors	27.7	53.5
Deferred income	990.4	917.8
Fair value of derivatives	75.0	41.8
Share purchases – close period commitments	78.8	–
Other creditors and accruals	2,271.3	2,082.4
	11,784.0	10,710.7

The Group considers that the carrying amount of trade and other payables approximates their fair value.

19. Trade and other payables: amounts falling due after more than one year

The following are included in trade and other payables falling due after more than one year:

	2014 £m	2013 £m
Payments due to vendors (earnout agreements)	244.3	143.8
Liabilities in respect of put option agreements with vendors	157.2	85.6
Fair value of derivatives	2.1	19.9
Other creditors and accruals	221.3	208.3
	624.9	457.6

The Group considers that the carrying amount of trade and other payables approximates their fair value.

The following tables set out payments due to vendors, comprising deferred consideration and the directors' best estimates of future earnout-related obligations:

	2014 £m	2013 £m
Within one year	67.1	49.7
Between one and two years	67.4	26.1
Between two and three years	65.1	44.1
Between three and four years	34.6	54.0
Between four and five years	51.9	12.9
Over five years	25.3	6.7
	311.4	193.5

	2014 £m	2013 £m
At the beginning of the year	193.5	194.0
Earnouts paid (note 11)	(34.3)	(27.7)
New acquisitions	136.0	51.9
Revision of estimates taken to goodwill (note 12)	26.4	(5.7)
Revaluation of payments due to vendors (note 6)	(13.2)	(15.8)
Exchange adjustments	3.0	(3.2)
At the end of the year	311.4	193.5

As of 31 December 2014, the potential undiscounted amount of future payments that could be required under the earnout agreements for acquisitions completed in the current year and for all earnout agreements range from £nil to £362 million (2013: £nil to £289 million) and £nil to £1,329 million (2013: £nil to £1,042 million), respectively. The increase in the maximum potential undiscounted amount of future payments for all earnout agreements is due to earnout arrangements related to new acquisitions partially offset by earnout arrangements that have completed and payments made on active arrangements during the year.

20. Bank overdrafts, bonds and bank loans

Amounts falling due within one year:

	2014 £m	2013 £m
Bank overdrafts	265.1	338.4
Corporate bonds and bank loans	388.1	603.0
	653.2	941.4

The Group considers that the carrying amount of bank overdrafts approximates their fair value.

Amounts falling due after more than one year:

	2014 £m	2013 £m
Corporate bonds and bank loans	4,134.9	3,520.6

The Group estimates that the fair value of corporate bonds is £4,944.8 million at 31 December 2014 (2013: £4,344.9 million). The Group considers that the carrying amount of bank loans approximates their fair value. The fair values of the corporate bonds are based on quoted market prices.

The corporate bonds, bank loans and overdrafts included within liabilities fall due for repayment as follows:

	2014 £m	2013 £m
Within one year	653.2	941.4
Between one and two years	581.9	424.2
Between two and three years	413.9	618.5
Between three and four years	–	424.8
Between four and five years	–	–
Over five years	3,139.1	2,053.1
	4,788.1	4,462.0

21. Provisions for liabilities and charges

The movements in 2014 and 2013 were as follows:

	Property £m	Other £m	Total £m
1 January 2013	41.3	95.3	136.6
Charged to the income statement	11.5	13.8	25.3
Acquisitions[1]	2.7	14.7	17.4
Utilised	(7.6)	(11.3)	(18.9)
Released to the income statement	(9.1)	(4.6)	(13.7)
Transfers	(0.7)	6.4	5.7
Exchange adjustments	(0.8)	(3.9)	(4.7)
31 December 2013	37.3	110.4	147.7
Charged to the income statement	16.4	15.5	31.9
Acquisitions[1]	2.1	7.7	9.8
Utilised	(6.0)	(9.2)	(15.2)
Released to the income statement	(5.4)	(6.7)	(12.1)
Transfers	0.1	0.4	0.5
Exchange adjustments	–	3.8	3.8
31 December 2014	**44.5**	**121.9**	**166.4**

Note

[1] Acquisitions include £0.5 million (2013: £3.5 million) of provisions arising from revisions to fair value adjustments related to the acquisition of subsidiary undertakings that had been determined provisionally at the immediately preceding balance sheet date, as permitted by IFRS 3 Business Combinations.

Provisions comprise liabilities where there is uncertainty about the timing of settlement, but where a reliable estimate can be made of the amount. These include provisions for vacant space, sub-let losses and other property-related liabilities. Also included are other provisions, such as certain long-term employee benefits and legal claims, where the likelihood of settlement is considered probable.

The Company and various of its subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. The directors do not anticipate that the outcome of these proceedings and claims will have a material adverse effect on the Group's financial position or on the results of its operations.

22. Share-based payments

Charges for share-based incentive plans were as follows:

	2014 £m	2013 £m	2012 £m
Share-based payments (note 5)	**102.2**	105.4	92.8

Share-based payments comprise charges for stock options and restricted stock awards to employees of the Group.

As of 31 December 2014, there was £156.8 million (2013: £167.6 million) of total unrecognised compensation cost related to the Group's restricted stock plans. That cost is expected to be recognised over an average period of one to two years.

Further information on stock options is provided in note 26.

Restricted stock plans

The Group operates a number of equity-settled share incentive schemes, in most cases satisfied by the delivery of stock from one of the Group's ESOP Trusts. The most significant current schemes are as follows:

Renewed Leadership Equity Acquisition Plan (Renewed LEAP) and Leadership Equity Acquisition Plan III (LEAP III)

Under Renewed LEAP and LEAP III, the most senior executives of the Group, including certain executive directors, commit WPP shares ('investment shares') in order to have the opportunity to earn additional WPP shares ('matching shares'). The number of matching shares which a participant can receive at the end of the fixed performance period of five years is dependent on the performance (based on the Total Shareholder Return (TSR)) of the Company over that period against a comparator group of other listed communications services companies. The maximum possible number of matching shares for each of the 2012, 2011 and 2010 grants is five shares for each investment share. The 2010 LEAP III plan vested in March 2015 at a match of 5.0 shares for each investment share. The last LEAP III award was granted in 2012 and no further awards will be made following the introduction of the EPSP.

Executive Performance Share Plan (EPSP)

The first grant of restricted stock under the EPSP was made in 2013. This scheme is intended to reward and incentivise the most senior executives of the Group and has effectively replaced LEAP III. The performance period is five complete financial years, commencing with the financial year in which the award is granted. Grant date will usually be in the first half of the first performance year, with vest date in the March following the end of the five-year performance period. Vesting is conditional on continued employment throughout the vesting period.

There are three performance criteria, each constituting one-third of the vesting value, and each measured over this five-year period:
(i) TSR against a comparator group of companies. Threshold performance (equating to ranking in the 50th percentile of the comparator group) will result in 20% vesting of the part of the award dependent on TSR. The maximum vest of 100% will arise if performance ranks in the 90th percentile, with a sliding scale of vesting for performance between threshold and maximum.
(ii) Headline diluted earnings per share. Threshold performance (7% compound annual growth) will again result in a 20% vest. Maximum performance of 14% compound annual growth will give rise to a 100% vest, with a sliding vesting scale for performance between threshold and maximum.
(iii) Return on equity (ROE). Average annual ROE defined as headline diluted EPS divided by the balance sheet value per share of share owners' equity. Threshold performance of 10% average annual ROE and maximum performance of 14%, with a sliding scale in between. Threshold again gives rise to a 20% vest, with 100% for maximum.

Performance Share Awards (PSA)

Grants of restricted stock under PSA are dependent upon annual performance targets, typically based on one or more of: operating profit, profit before taxation and operating margin. Grants are made in the year following the year of performance measurement, and vest two years after grant date provided the individual concerned is continually employed by the Group throughout this time.

Leaders, Partners and High Potential Group

This scheme provides annual grants of restricted stock to well over 1,000 key executives of the Group. Vesting is conditional on continued employment over the three-year vesting period.

Valuation methodology

For all of these schemes, the valuation methodology is based upon fair value on grant date, which is determined by the market price on that date or the application of a Black-Scholes model, depending upon the characteristics of the scheme concerned. The assumptions underlying the Black-Scholes model are detailed in note 26, including details of assumed dividend yields. Market price on any given day is obtained from external, publicly available sources.

Market/non-market conditions

Most share-based plans are subject to non-market performance conditions, such as margin or growth targets, as well as continued employment. The Renewed LEAP, LEAP III and EPSP schemes are subject to a number of performance conditions, including TSR, a market-based condition.

For schemes without market-based performance conditions, the valuation methodology above is applied and, at each year end, the relevant accrual for each grant is revised, if appropriate, to take account of any changes in estimate of the likely number of shares expected to vest.

For schemes with market-based performance conditions, the probability of satisfying these conditions is assessed at grant date through a statistical model (such as the Monte Carlo Model) and applied to the fair value. This initial valuation remains fixed throughout the life of the relevant plan, irrespective of the actual outcome in terms of performance. Where a lapse occurs due to cessation of employment, the cumulative charge taken to date is reversed.

Movement on ordinary shares granted for significant restricted stock plans:

	Non-vested 1 January 2014 number m	Granted number m	Lapsed number m	Vested number m	Non-vested 31 December 2014 number m
Renewed LEAP/ LEAP III[1]	3.8	3.2	–	(4.0)	**3.0**
Executive Performance Share Plan (EPSP)	2.5	2.3	–	–	**4.8**
Performance Share Awards (PSA)	5.2	1.8	(0.2)	(3.6)	**3.2**
Leaders, Partners and High Potential Group	8.3	2.6	(0.5)	(3.5)	**6.9**
Weighted average fair value (pence per share):					
Renewed LEAP/ LEAP III[1]	749p	611p	–	611p	**788p**
Executive Performance Share Plan (EPSP)	1,122p	1,265p	–	–	**1,189p**
Performance Share Awards (PSA)	911p	1,155p	1,069p	792p	**1,170p**
Leaders, Partners and High Potential Group	891p	1,183p	887p	615p	**1,140p**

Note

1 The number of shares granted represents the matched shares awarded on vest date for the 2009 Renewed LEAP plan which vested in February 2014. The actual number of shares that vest for each Renewed LEAP/LEAP III plan is dependent on the extent to which the relevant performance criteria are satisfied.

The total fair value of shares vested for all the Group's restricted stock plans during the year ended 31 December 2014 was £107.2 million (2013: £87.1 million, 2012: £47.5 million).

23. Provision for post-employment benefits

Companies within the Group operate a large number of pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned. The Group's pension costs are analysed as follows:

	2014 £m	2013 £m	2012 £m
Defined contribution plans	**129.8**	124.4	124.9
Defined benefit plans charge to operating profit	**19.1**	26.9	23.8
Pension costs (note 5)	**148.9**	151.3	148.7
Net interest expense on pension plans[1] (note 6)	**8.0**	11.4	11.3
	156.9	162.7	160.0

Note

1 Comparative figures for 2012 have been restated to reflect the requirements of IAS 19.

Defined benefit plans

The pension costs are assessed in accordance with the advice of local independent qualified actuaries. The latest full actuarial valuations for the various pension plans were carried out at various dates in the last three years. These valuations have been updated by the local actuaries to 31 December 2014.

The Group's policy is to close existing defined benefit plans to new members. This has been implemented across a significant number of the pension plans.

Contributions to funded plans are determined in line with local conditions and practices. Contributions in respect of unfunded plans are paid as they fall due. The total contributions (for funded plans) and benefit payments (for unfunded plans) paid for 2014 amounted to £68.2 million (2013: £47.8 million, 2012: £56.5 million). Employer contributions and benefit payments in 2015 are expected to be approximately £70 million.

(a) Assumptions

There are a number of areas in pension accounting that involve judgments made by management based on advice of qualified advisors. These include establishing the discount rates, rates of increase in salaries and pensions in payment, inflation, and mortality assumptions. The main weighted average assumptions used for the actuarial valuations at 31 December are shown in the following table:

	2014 % pa	2013 % pa	2012 % pa	2011 % pa
UK				
Discount rate[1]	**3.4**	4.5	4.2	4.7
Rate of increase in salaries	**3.1**	3.6	2.9	3.0
Rate of increase in pensions in payment	**3.9**	4.2	3.9	4.0
Inflation	**2.4**	2.9	2.4	2.5
North America				
Discount rate[1]	**3.7**	4.5	3.5	4.4
Rate of increase in salaries	**3.0**	3.0	3.0	3.0
Inflation	**2.5**	2.5	2.5	2.5
Western Continental Europe				
Discount rate[1]	**2.1**	3.7	3.6	4.8
Rate of increase in salaries	**2.2**	2.4	2.4	2.7
Rate of increase in pensions in payment	**2.0**	2.0	2.0	2.0
Inflation	**2.0**	2.0	2.0	2.0
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe				
Discount rate[1]	**4.2**	4.4	4.1	4.8
Rate of increase in salaries	**6.1**	5.9	6.1	5.7
Inflation	**3.9**	4.5	4.7	4.8

Note

1 Discount rates are based on high-quality corporate bond yields. In countries where there is no deep market in corporate bonds, the discount rate assumption has been set with regard to the yield on long-term government bonds.

For the Group's pension plans, the plans' assets are invested with the objective of being able to meet current and future benefit payment needs, while controlling balance sheet volatility and future contributions. Pension plan assets are invested with a number of investment managers, and assets are diversified among equities, bonds, insured annuities, property and cash or other liquid investments. The primary use of bonds as an investment class is to match the anticipated cash flows from the plans to pay pensions. The Group is invested in high-quality corporate and government bonds which share similar risk characteristics and are of equivalent currency and term to the plan liabilities. Various insurance policies have also been bought historically to provide a more exact match for the cash flows, including a match for the actual mortality of specific plan members. These insurance policies effectively provide protection against both investment fluctuations and longevity risks. The strategic target allocation varies among the individual plans.

Management considers the types of investment classes in which the pension plan assets are invested. The types of investment classes are determined by economic and market conditions and in consideration of specific asset class risk.

Management periodically commissions detailed asset and liability studies performed by third-party professional investment advisors and actuaries that generate probability-adjusted expected future returns on those assets. These studies also project the estimated future pension payments and evaluate the efficiency of the allocation of the pension plan assets into various investment categories.

At 31 December 2014, the life expectancies underlying the value of the accrued liabilities for the main defined benefit pension plans operated by the Group were as follows:

Years life expectancy after age 65	All plans	North America	UK	Western Continental Europe	Other[1]
– current pensioners (at age 65) – male	23.1	23.1	24.2	20.8	19.3
– current pensioners (at age 65) – female	24.9	24.8	25.5	23.7	24.7
– future pensioners (current age 45) – male	25.0	24.7	26.3	23.2	19.3
– future pensioners (current age 45) – female	26.8	26.4	27.8	26.0	24.7

Note

[1] Includes Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe.

The life expectancies after age 65 at 31 December 2013 were 21.9 years and 23.9 years for male and female current pensioners (at age 65) respectively, and 24.1 years and 25.9 years for male and female future pensioners (current age 45), respectively.

In the determination of mortality assumptions, management uses the most up-to-date mortality tables available in each country.

The following table provides information on the weighted average duration of the defined benefit pension obligations and the distribution of the timing of benefit payments for the next 10 years. The duration corresponds to the weighted average length of the underlying cash flows.

	All plans	North America	UK	Western Continental Europe	Other[1]
Weighted average duration of the defined benefit obligation (years)	12.9	9.4	14.1	18.7	8.9
Expected benefit payments over the next 10 years (£m)					
Benefits expected to be paid within 12 months	100.6	74.3	16.0	8.6	1.7
Benefits expected to be paid in 2016	54.3	28.6	16.8	7.1	1.8
Benefits expected to be paid in 2017	53.9	27.6	17.0	7.3	2.0
Benefits expected to be paid in 2018	54.7	27.4	17.6	7.8	1.9
Benefits expected to be paid in 2019	58.0	28.0	17.9	9.1	3.0
Benefits expected to be paid in the next five years	302.0	148.0	97.3	44.0	12.7

Note

[1] Includes Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe.

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant so that interdependencies between the assumptions are excluded. The methodology applied is consistent with that used to determine the recognised defined benefit obligation. The sensitivity analysis for inflation is not shown as it is an underlying assumption to build the pension and salary increase assumptions. Changing the inflation assumption on its own without changing the salary or pension assumptions will not result in a significant change in pension liabilities.

Sensitivity analysis of significant actuarial assumptions	Increase/(decrease) in benefit obligation 2014 £m	2013 £m
Discount rate		
Increase by 25 basis points		
UK	(12.8)	(10.8)
North America	(10.8)	(9.9)
Western Continental Europe	(10.3)	(7.1)
Other[1]	(0.6)	(0.5)
Decrease by 25 basis points		
UK	13.6	11.5
North America	11.0	10.1
Western Continental Europe	11.2	7.5
Other[1]	0.5	0.4
Rate of increase in salaries		
Increase by 25 basis points		
UK	0.2	0.2
North America	0.1	–
Western Continental Europe	1.6	1.1
Other[1]	0.5	0.4
Decrease by 25 basis points		
UK	(0.2)	(0.1)
North America	(0.1)	(0.1)
Western Continental Europe	(1.5)	(1.1)
Other[1]	(0.6)	(0.5)
Rate of increase in pensions in payment		
Increase by 25 basis points		
UK	2.9	2.2
Western Continental Europe	7.5	4.9
Decrease by 25 basis points		
UK	(2.3)	(2.1)
Western Continental Europe	(6.9)	(4.7)
Life expectancy		
Increase in longevity by one additional year		
UK	14.4	11.5
North America	5.4	4.5
Western Continental Europe	7.3	3.8
Other[1]	–	–

Note

1 Includes Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe.

(b) Assets and liabilities

At 31 December, the fair value of the assets in the pension plans, and the assessed present value of the liabilities in the pension plans are shown in the following table:

	2014 £m	%	2013 £m	%	2012 £m	%
Equities	151.1	17.8	147.7	20.3	145.0	20.4
Bonds	496.2	58.4	405.8	55.9	282.3	39.8
Insured annuities	68.0	8.0	68.7	9.5	74.5	10.5
Property	1.4	0.2	1.0	0.1	0.8	0.1
Cash[1]	52.2	6.1	37.0	5.1	150.9	21.3
Other[1]	80.6	9.5	66.0	9.1	56.3	7.9
Total fair value of assets	849.5	100.0	726.2	100.0	709.8	100.0
Present value of liabilities	(1,144.8)		(972.8)		(1,044.1)	
Deficit in the plans	(295.3)		(246.6)		(334.3)	
Irrecoverable surplus	(0.9)		(0.9)		(1.0)	
Unrecognised past service cost[2]	–		–		(0.3)	
Net liability[3]	(296.2)		(247.5)		(335.6)	
Plans in surplus	17.2		17.7		1.5	
Plans in deficit	(313.4)		(265.2)		(337.1)	

Notes

1 In the 2012 financial statements these were presented in 'cash and other'.

2 In accordance with IAS 19, past service costs are recognised immediately in the income statement when the related plan amendment occurs. 2012 has not been restated as the impact to the financial statements would be immaterial.

3 The related deferred tax asset is discussed in note 15.

All plan assets have quoted prices in active markets with the exception of insured annuities and other assets.

Surplus/(deficit) in plans by region	2014 £m	2013 £m	2012 £m
UK	11.4	11.3	(9.4)
North America	(150.1)	(136.7)	(193.8)
Western Continental Europe	(126.2)	(96.0)	(100.0)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(30.4)	(25.2)	(31.1)
Deficit in the plans	(295.3)	(246.6)	(334.3)

Some of the Group's defined benefit plans are unfunded (or largely unfunded) by common custom and practice in certain jurisdictions. In the case of these unfunded plans, the benefit payments are made as and when they fall due. Pre-funding of these plans would not be typical business practice.

The following table shows the split of the deficit at 31 December between funded and unfunded pension plans.

	2014 Surplus/ (deficit) £m	2014 Present value of liabilities £m	2013 Surplus/ (deficit) £m	2013 Present value of liabilities £m	2012 Deficit £m	2012 Present value of liabilities £m
Funded plans by region						
UK	**11.4**	**(385.8)**	11.3	(346.4)	(9.4)	(366.6)
North America	**(70.6)**	**(402.5)**	(68.8)	(334.2)	(115.6)	(375.0)
Western Continental Europe	**(67.8)**	**(178.4)**	(41.6)	(135.4)	(45.5)	(129.1)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(5.4)**	**(15.2)**	(5.0)	(14.3)	(5.1)	(14.7)
Deficit/liabilities in the funded plans	**(132.4)**	**(981.9)**	(104.1)	(830.3)	(175.6)	(885.4)
Unfunded plans by region						
UK	**–**	**–**	–	–	–	–
North America	**(79.5)**	**(79.5)**	(67.9)	(67.9)	(78.2)	(78.2)
Western Continental Europe	**(58.4)**	**(58.4)**	(54.4)	(54.4)	(54.5)	(54.5)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(25.0)**	**(25.0)**	(20.2)	(20.2)	(26.0)	(26.0)
Deficit/liabilities in the unfunded plans	**(162.9)**	**(162.9)**	(142.5)	(142.5)	(158.7)	(158.7)
Deficit/liabilities in the plans	**(295.3)**	**(1,144.8)**	(246.6)	(972.8)	(334.3)	(1,044.1)

In accordance with IAS 19, plans that are wholly or partially funded are considered funded plans.

(c) Pension expense

The following table shows the breakdown of the pension expense between amounts charged to operating profit, amounts charged to finance costs and amounts recognised in the consolidated statement of comprehensive income (OCI):

	2014 £m	2013 £m	2012 £m
Service cost[1]	**17.3**	24.8	23.8
Administrative expenses[2]	**1.8**	2.1	–
Charge to operating profit	**19.1**	26.9	23.8
Net interest expense on pension plans[3]	**8.0**	11.4	11.3
Charge to profit before taxation for defined benefit plans	**27.1**	38.3	35.1
Return on plan assets (excluding interest income)[2,4]	**68.9**	3.2	40.1
Changes in demographic assumptions underlying the present value of the plan liabilities	**(12.3)**	13.5	(26.0)
Changes in financial assumptions underlying the present value of the plan liabilities	**(141.4)**	58.9	(96.5)
Experience (loss)/gain arising on the plan liabilities	**(1.8)**	0.4	(1.6)
Change in irrecoverable surplus	**–**	0.2	0.1
Actuarial (loss)/gain recognised in OCI	**(86.6)**	76.2	(83.9)

Notes

1 Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments. In the 2012 financial statements these were presented as separate line items.

2 In accordance with IAS 19, administrative expenses are included in operating expenses. Administrative expenses of £2.3 million in 2012 were included as a reduction in expected return on plan assets. 2012 has not been restated as the impact to the financial statements would be immaterial.

3 Interest cost on pension plan liabilities and expected return on plan assets reported in 2012 have been replaced with a net interest amount. Presentation of 2012 comparative figures has been revised to reflect these requirements.

4 Gain on pension plan assets relative to expected return for 2012.

(d) Movement in plan liabilities
The following table shows an analysis of the movement in the pension plan liabilities for each accounting period:

	2014 £m	2013 £m	2012 £m
Plan liabilities at beginning of year	**972.8**	1,044.1	934.5
Service cost[1]	**17.3**	24.8	23.8
Interest cost	**40.7**	39.7	41.3
Actuarial loss/(gain)			
Effect of changes in demographic assumptions	**12.3**	(13.5)	26.0
Effect of changes in financial assumptions	**141.4**	(58.9)	96.5
Effect of experience adjustments	**1.8**	(0.4)	1.6
Benefits paid	**(57.7)**	(54.5)	(56.9)
Loss/(gain) due to exchange rate movements	**14.8**	(5.0)	(25.3)
Settlement payments	**–**	(2.9)	(1.7)
Other[1,2]	**1.4**	(0.6)	4.3
Plan liabilities at end of year	**1,144.8**	972.8	1,044.1

Notes
1 Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments. In the 2012 financial statements the past service costs related to plan amendments and (gain)/loss on settlements and curtailments were presented in 'other'.
2 Other includes disposals, acquisitions, plan participants' contributions and reclassifications. The reclassifications represent certain of the Group's defined benefit plans which are included in this note for the first time in the periods presented.

(e) Movement in plan assets
The following table shows an analysis of the movement in the pension plan assets for each accounting period:

	2014 £m	2013 £m	2012 £m
Fair value of plan assets at beginning of year	**726.2**	709.8	653.7
Interest income on plan assets[1]	**32.7**	28.3	30.0
Return on plan assets (excluding interest income)[2,3]	**68.9**	3.2	40.1
Employer contributions	**68.2**	47.8	56.5
Benefits paid	**(57.7)**	(54.5)	(56.9)
Gain/(loss) due to exchange rate movements	**12.6**	(4.8)	(13.9)
Settlement payments	**–**	(2.9)	(1.9)
Administrative expenses[3]	**(1.8)**	(2.1)	–
Other[4]	**0.4**	1.4	2.2
Fair value of plan assets at end of year	**849.5**	726.2	709.8
Actual return on plan assets	**101.6**	31.5	70.1

Notes
1 Expected return for 2012.
2 Gain on pension plan assets relative to expected return for 2012.
3 In accordance with IAS 19, administrative expenses are included in operating expenses. Administrative expenses of £2.3 million in 2012 were included as a reduction in expected return on plan assets. 2012 has not been restated as the impact to the financial statements would be immaterial.
4 Other includes disposals, acquisitions, plan participants' contributions and reclassifications. The reclassifications represent certain of the Group's defined benefit plans which are included in this note for the first time in the periods presented.

24. Risk management policies

Foreign currency risk
The Group's results in pounds sterling are subject to fluctuation as a result of exchange rate movements. The Group does not hedge this translation exposure to its earnings but does hedge the currency element of its net assets using foreign currency borrowings, cross-currency swaps and forward foreign exchange contracts.

The Group effects these currency net asset hedges by borrowing in the same currencies as the operating (or 'functional') currencies of its main operating units. The Group's debt is therefore denominated in US dollars, pounds sterling and euros. The Group's borrowings at 31 December 2014 were made up of $3,584 million, £600 million and €2,252 million. The Group's average gross debt during the course of 2014 was $3,936 million, £615 million and €1,724 million.

The Group's operations conduct the majority of their activities in their own local currency and consequently the Group has no significant transactional foreign exchange exposures arising from its operations. Any significant cross-border trading exposures are hedged by the use of forward foreign-exchange contracts. No speculative foreign exchange trading is undertaken.

Interest rate risk
The Group is exposed to interest rate risk on both interest-bearing assets and interest-bearing liabilities. The Group has a policy of actively managing its interest rate risk exposure while recognising that fixing rates on all its debt eliminates the possibility of benefiting from rate reductions and similarly, having all its debt at floating rates unduly exposes the Group to increases in rates.

Including the effect of interest rate and cross-currency swaps, 67.3% of the year-end US dollar debt is at fixed rates averaging 4.56% for an average period of 234 months; 66.7% of the sterling debt is at a fixed rate of 6.19% for an average period of 58 months; and 99.9% of the euro debt is at fixed rates averaging 3.96% for an average period of 89 months.

Other than fixed rate debt, the Group's other fixed rates are achieved principally through interest rate swaps with the Group's bankers. The Group also uses forward rate agreements and interest rate caps to manage exposure to interest rate changes. At 31 December 2014 no forward rate agreements or interest rate caps were in place. These interest rate derivatives are used only to hedge exposures to interest rate movements arising from the Group's borrowings and surplus cash balances arising from its commercial activities and are not traded independently. Payments made under these instruments are accounted for on an accruals basis.

Going concern and liquidity risk
In considering going concern and liquidity risk, the directors have reviewed the Group's future cash requirements and earnings projections. The directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance. The directors have concluded that the Group should be able to operate within its current facilities and comply with its banking covenants for the foreseeable future and therefore believe it is appropriate to prepare the financial statements of the Group on a going concern basis.

At 31 December 2014, the Group has access to £6.2 billion of committed facilities with maturity dates spread over the years 2015 to 2043 as illustrated below:

	£m	2015 £m	2016 £m	2017 £m	2018+ £m
US bond $500m (5.625% '43)	**320.9**				320.9
US bond $300m (5.125% '42)	**192.5**				192.5
Eurobonds €750m (2.25% '26)	**582.6**				582.6
US bond $750m (3.75% '24)	**481.4**				481.4
Eurobonds €750m (3.0% '23)	**582.6**				582.6
US bond $500m (3.625% '22)	**320.9**				320.9
US bond $812m (4.75% '21)	**521.4**				521.4
£ bonds £200m (6.375% '20)	**200.0**				200.0
Bank revolver ($2,500m)	**1,604.5**				1,604.5
£ bonds £400m (6.0% '17)	**400.0**			400.0	
Eurobonds €750m (6.625% '16)	**582.6**		582.6		
Eurobonds €500m (5.25% '15)	**388.4**	388.4			
Total committed facilities available	**6,177.8**	**388.4**	**582.6**	**400.0**	**4,806.8**
Drawn down facilities at 31 December 2014	**4,573.3**	388.4	582.6	400.0	3,202.3
Undrawn committed credit facilities	**1,604.5**				
Drawn down facilities at 31 December 2014	**4,573.3**				
Net cash at 31 December 2014	**(2,247.6)**				
Other adjustments	**(50.3)**				
Net debt at 31 December 2014	**2,275.4**				

Given the strong cash generation of the business, its debt maturity profile and available facilities, the directors believe the Group has sufficient liquidity to match its requirements for the foreseeable future.

Treasury activities
Treasury activity is managed centrally from London, New York and Hong Kong, and is principally concerned with the monitoring of working capital, managing external and internal funding requirements and the monitoring and management of financial market risks, in particular interest rate and foreign exchange exposures.

The treasury operation is not a profit centre and its activities are carried out in accordance with policies approved by the Board of Directors and subject to regular review and audit.

The Group manages liquidity risk by ensuring continuity and flexibility of funding even in difficult market conditions. Undrawn committed borrowing facilities are maintained in excess of peak net-borrowing levels and debt maturities are closely monitored. Targets for average net debt are set on an annual basis and, to assist in meeting this, working capital targets are set for all the Group's major operations.

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 10, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and in notes 26 and 27.

Credit risk
The Group's principal financial assets are cash and short-term deposits, trade and other receivables and investments, the carrying values of which represent the Group's maximum exposure to credit risk in relation to financial assets, as shown in note 25.

The Group's credit risk is primarily attributable to its trade receivables. The majority of the Group's trade receivables are due from large national or multinational companies where the risk of default is considered low. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. A relatively small number of clients make up a significant percentage of the Group's debtors, but no single client represents more than 6% of total trade receivables as at 31 December 2014.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or banks that have been financed by their government.

A relatively small number of clients contribute a significant percentage of the Group's consolidated revenues. The Group's clients generally are able to reduce advertising and marketing spending or cancel projects at any time for any reason. There can be no assurance that any of the Group's clients will continue to utilise the Group's services to the same extent, or at all, in the future. A significant reduction in advertising and marketing spending by, or the loss of one or more of, the Group's largest clients, if not replaced by new client accounts or an increase in business from existing clients, would adversely affect the Group's prospects, business, financial condition and results of operations.

Sensitivity analysis
The following sensitivity analysis addresses the effect of currency and interest rate risks on the Group's financial instruments. The analysis assumes that all hedges are highly effective.

Currency risk
A 10% weakening of sterling against the Group's major currencies would result in the following losses, which would be posted directly to equity. These losses would arise on the retranslation of foreign currency denominated borrowings and derivatives designated as effective net investment hedges of overseas net assets. These losses would be partially offset in equity by a corresponding gain arising on the retranslation of the related hedged foreign currency net assets. A 10% strengthening of sterling would have an equal and opposite effect. There are no other material foreign exchange exposures which would create gains or losses to the functional reporting currencies of individual entities in the Group.

	2014 £m	2013 £m
US dollar	51.5	61.2
Euro	21.7	44.4

Interest rate risk
A one percentage point increase in market interest rates for all currencies in which the Group had cash and borrowings at 31 December 2014 would increase profit before tax by approximately £14.2 million (2013: £13.7 million). A one percentage decrease in market interest rates would have an equal and opposite effect. This has been calculated by applying the interest rate change to the Group's variable rate cash and borrowings.

25. Financial instruments

Currency derivatives
The Group utilises currency derivatives to hedge significant future transactions and cash flows and the exchange risk arising on translation of the Group's investments in foreign operations. The Group is a party to a variety of foreign currency derivatives in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

At 31 December 2014, the fair value of the Group's currency derivatives is estimated to be a net liability of approximately £72.7 million (2013: £7.4 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £nil (2013: £50.6 million) assets included in trade and other receivables and £72.7 million (2013: £58.0 million) liabilities included in trade and other payables. The amounts taken to and deferred in equity during the year for currency derivatives that are designated and effective hedges was a charge of £26.4 million (2013: credit of £56.1 million) for net investment hedges and a charge of £60.6 million (2013: £32.1 million) for cash flow hedges.

Changes in the fair value relating to the ineffective portion of the currency derivatives amounted to a gain of £23.0 million (2013: gain of £12.9 million, 2012: loss of £9.4 million) which is included in the revaluation of financial instruments for the year. This gain resulted from a £64.1 million loss on hedging instruments and a £87.1 million gain on hedged items.

The Group currently designates its foreign currency-denominated debt and cross-currency swaps as hedging instruments against the currency risk associated with the translation of its foreign operations.

At the balance sheet date, the total nominal amount of outstanding forward foreign exchange contracts not designated as hedges was £197.2 million (2013: £52.5 million). The Group estimates the fair value of these contracts to be a net liability of £0.1 million (2013: net asset of £1.2 million).

These arrangements are designed to address significant exchange exposure and are renewed on a revolving basis as required.

Interest rate swaps
The Group uses interest rate swaps as hedging instruments in fair value hedges to manage its exposure to interest rate movements on its borrowings. Contracts with a nominal value of €500 million have fixed interest receipts of 5.25% until January 2015 and have floating interest payments averaging EURIBOR plus 0.80%. Contracts with a nominal value of $812 million have fixed interest receipts of 4.75% until November 2021 and have floating rate payments averaging LIBOR plus 2.34%. Contracts with a nominal value of £200 million have fixed interest receipts of 6.00% up until April 2017 and have floating rate payments averaging LIBOR plus 0.65%.

The fair value of interest rate swaps entered into at 31 December 2014 is estimated to be a net asset of approximately £49.0 million (2013: £57.7 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £51.1 million (2013: £61.2 million) assets included in trade and other receivables and £2.1 million (2013: £3.5 million) liabilities included in trade and other payables.

Changes in the fair value relating to the ineffective portion of interest rate swaps amounted to a gain of £5.3 million (2013: loss of £2.4 million, 2012: gain of £0.6 million) which is included in the revaluation of financial instruments for the year. This gain resulted from a £8.7 million loss on hedging instruments and a £14.0 million gain on hedged items.

An analysis of the Group's financial assets and liabilities by accounting classification is set out below:

	Derivatives in designated hedge relationships £m	Held for trading £m	Loans & receivables £m	Available for sale £m	Amortised cost £m	Carrying value £m
2014						
Other investments	–	–	–	669.2	–	669.2
Cash and short-term deposits	–	–	2,512.7	–	–	2,512.7
Bank overdrafts and loans	–	–	–	–	(653.2)	(653.2)
Bonds and bank loans	–	–	–	–	(4,134.9)	(4,134.9)
Trade and other receivables: amounts falling due within one year	–	–	6,706.6	–	–	6,706.6
Trade and other receivables: amounts falling due after more than one year	–	–	71.3	–	–	71.3
Trade and other payables: amounts falling due within one year	–	–	–	–	(7,886.5)	(7,886.5)
Trade and other payables: amounts falling due after more than one year	–	–	–	–	(5.4)	(5.4)
Derivative assets	51.1	2.2	–	–	–	53.3
Derivative liabilities	(74.8)	(2.3)	–	–	–	(77.1)
Share purchases – close period commitments	–	(78.8)	–	–	–	(78.8)
Payments due to vendors (earnout agreements) (note 19)	–	(311.4)	–	–	–	(311.4)
Liabilities in respect of put options	–	(184.9)	–	–	–	(184.9)
	(23.7)	(575.2)	9,290.6	669.2	(12,680.0)	(3,319.1)

	Derivatives in designated hedge relationships £m	Held for trading £m	Loans & receivables £m	Available for sale £m	Amortised cost £m	Carrying value £m
2013						
Other investments	–	–	–	270.6	–	270.6
Cash and short-term deposits	–	–	2,221.6	–	–	2,221.6
Bank overdrafts and loans	–	–	–	–	(941.4)	(941.4)
Bonds and bank loans	–	–	–	–	(3,520.6)	(3,520.6)
Trade and other receivables: amounts falling due within one year	–	–	6,350.5	–	–	6,350.5
Trade and other receivables: amounts falling due after more than one year	–	–	55.2	–	–	55.2
Trade and other payables: amounts falling due within one year	–	–	–	–	(7,197.4)	(7,197.4)
Trade and other payables: amounts falling due after more than one year	–	–	–	–	(4.7)	(4.7)
Derivative assets	111.8	1.4	–	–	–	113.2
Derivative liabilities	(61.5)	(0.2)	–	–	–	(61.7)
Payments due to vendors (earnout agreements) (note 19)	–	(193.5)	–	–	–	(193.5)
Liabilities in respect of put options	–	(139.1)	–	–	–	(139.1)
	50.3	(331.4)	8,627.3	270.6	(11,664.1)	(3,047.3)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £m	Level 2 £m	Level 3 £m
2014			
Derivatives in designated hedge relationships			
Derivative assets	–	51.1	–
Derivative liabilities	–	(74.8)	–
Held for trading			
Derivative assets	–	2.2	–
Derivative liabilities	–	(2.3)	–
Share purchases – close period commitments	(78.8)	–	–
Payments due to vendors (earnout agreements) (note 19)	–	–	(311.4)
Liabilities in respect of put options	–	–	(184.9)
Available for sale			
Other investments	134.8	–	534.4

	Level 1 £m	Level 2 £m	Level 3 £m
2013			
Derivatives in designated hedge relationships			
Derivative assets	–	111.8	–
Derivative liabilities	–	(61.5)	–
Held for trading			
Derivative assets	–	1.4	–
Derivative liabilities	–	(0.2)	–
Payments due to vendors (earnout agreements) (note 19)	–	–	(193.5)
Liabilities in respect of put options	–	–	(139.1)
Available for sale			
Other investments	23.0	–	247.6

Reconciliation of level 3 fair value measurements[1]:

	Liabilities in respect of put options £m	Other investments £m
1 January 2013	(144.3)	176.5
Losses recognised in the income statement	(1.1)	–
Gain recognised in other comprehensive income	–	72.0
Exchange adjustments	8.9	(1.4)
Additions	(12.9)	5.5
Disposals	–	(5.0)
Settlements	10.3	–
31 December 2013	(139.1)	247.6
Losses recognised in the income statement	(8.8)	(7.3)
Gain recognised in other comprehensive income	–	96.5
Exchange adjustments	6.5	4.3
Additions	(46.0)	206.6
Disposals	–	(10.7)
Reclassification to subsidiaries	–	(2.6)
Settlements	2.5	–
31 December 2014	**(184.9)**	**534.4**

Note
1 The reconciliation of payments due to vendors (earnout agreements) is presented in note 19.

The fair values of financial assets and liabilities are based on quoted market prices where available. Where the market value is not available, the Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate.

Payments due to vendors and liabilities in respect of put options
Future anticipated payments due to vendors in respect of contingent consideration (earnout agreements) and liabilities in respect of put options are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Both types of obligations are dependent on the future financial performance of the entity and it is assumed that future profits are in line with directors' estimates. The directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition. At 31 December 2014, the weighted average growth rate in estimating future financial performance was 19.8% (2013: 18.7%), which reflects the prevalence of recent acquisitions in the faster-growing markets and new media sectors. The risk adjusted discount rate applied to these obligations at 31 December 2014 was 2.0% (2013: 2.3%).

A one percentage point increase or decrease in the growth rate in estimated future financial performance would increase or decrease the combined liabilities due to earnout agreements and put options by approximately £6.6 million (2013: £5.1 million) and £11.7 million (2013: £4.5 million), respectively. A 0.5 percentage point increase or decrease in the risk adjusted discount rate would decrease or increase the combined liabilities by approximately £6.5 million (2013: £4.5 million) and £6.7 million (2013: £4.6 million) respectively. An increase in the liability would result in a reduction in the revaluation of financial instruments, while a decrease would result in a further gain.

Other investments
The fair value of other investments included in level 1 are based on quoted market prices. Other investments included in level 3 are unlisted securities, where market value is not readily available. The Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate. The sensitivity to changes in unobservable inputs is specific to each individual investment.

26. Authorised and issued share capital

	Equity ordinary shares	Nominal value £m
Authorised		
At 1 January 2014 – WPP plc	1,750,000,000	175.0
At 31 December 2014 – WPP plc	1,750,000,000	175.0
Issued and fully paid		
At 1 January 2014	1,348,733,317	134.9
Exercise of share options	3,914,407	0.4
Treasury share cancellations	(26,900,000)	(2.7)
At 31 December 2014	1,325,747,724	132.6

Company's own shares
The Company's holdings of own shares are stated at cost and represent shares held in treasury and purchases by the Employee Share Ownership Plan ('ESOP') trusts of shares in WPP plc for the purpose of funding certain of the Group's share-based incentive plans, details of which are disclosed in the Compensation Committee report on pages 123 to 157.

The trustees of the ESOP purchase the Company's ordinary shares in the open market using funds provided by the Company. The Company also has an obligation to make regular contributions to the ESOP to enable it to meet its administrative costs. The number and market value of the ordinary shares of the Company held by the ESOP at 31 December 2014 was 17,861,766 (2013: 24,048,113), and £240.2 million (2013: £331.9 million) respectively. The number and market value of ordinary shares held in treasury at 31 December 2014 was 7,526,560 (2013: 1,370,700) and £101.2 million (2013: £18.9 million) respectively.

Share options

WPP Executive Share Option Scheme
As at 31 December 2014, unexercised options over ordinary shares of 55,343 and unexercised options over ADRs of 11,855 have been granted under the WPP Executive Share Option Scheme as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
11,423	5.775	2009-2015
988	5.818	2008-2015
6,402	5.903	2011-2018
12,581	6.718	2009-2016
12,447	7.378	2014-2021
4,761	7.723	2010-2017
3,696	8.333	2015-2022
3,045	10.595	2016-2023

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
887	50.670	2008-2015
8,981	58.460	2009-2016
844	59.170	2011-2018
156	63.900	2009-2020
987	75.940	2010-2017

WPP Worldwide Share Ownership Program
As at 31 December 2014, unexercised options over ordinary shares of 11,605,382 and unexercised options over ADRs of 1,329,795 have been granted under the WPP Worldwide Share Ownership Program as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
6,500	4.819	2011-2018
3,375	5.483	2012-2016
154,800	5.483	2012-2019
875	5.483	2012-2020
65,000	5.483	2013-2019
9,250	5.608	2012-2019
125	5.775	2008-2015
5,100	5.913	2011-2018
4,500	5.917	2011-2018
92,600	6.028	2011-2018
5,900	6.195	2008-2015
32,750	6.268	2014-2018
726,748	6.268	2014-2021
253,552	6.268	2015-2021
250	6.668	2009-2017
2,750	6.740	2009-2016
46,525	6.938	2009-2016
4,200	7.005	2010-2017
3,375	7.113	2013-2017
366,775	7.113	2013-2020
190,867	7.113	2014-2020
8,250	7.478	2011-2017
12,850	7.543	2014-2020
75,675	7.718	2010-2017
2,553,257	8.458	2015-2022
127,500	13.145	2017-2021
3,661,025	13.145	2017-2024
45,625	13.145	2018-2024
3,042,133	13.505	2016-2023
103,250	13.505	2017-2023

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
44,210	44.560	2012-2019
130,120	49.230	2014-2021
69,995	56.560	2013-2020
30,785	59.500	2011-2018
3,565	59.520	2008-2015
15,285	60.690	2009-2016
262,690	67.490	2015-2022
26,095	75.760	2010-2017
419,565	102.670	2017-2024
327,485	110.760	2016-2023

24/7 Real Media, Inc. 2002 Stock Incentive Plan
As at 31 December 2014, unexercised options over ADRs of 12,540 have been granted under the 24/7 Real Media, Inc. 2002 Stock Incentive Plan as follows:

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
79	23.180	2007-2015
787	27.500	2007-2015
9,258	40.650	2007-2015
115	49.600	2007-2016
78	52.590	2008-2017
157	53.480	2008-2017
157	54.240	2007-2016
314	55.260	2007-2016
74	55.640	2007-2016
157	56.270	2007-2016
574	56.720	2007-2016
157	58.940	2007-2017
393	60.020	2007-2016
108	61.920	2007-2016
54	64.650	2007-2016
78	65.540	2007-2016

Taylor Nelson Sofres Plc 1999 Worldwide Employee Sharesave Plan
As at 31 December 2014, unexercised options over ordinary shares of 56,854 have been granted under the Taylor Nelson Sofres Plc 1999 Worldwide Employee Sharesave Plan as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
56,854	1.730	2013-2015

The aggregate status of the WPP Share Option Plans during 2014 was as follows:

Movements on options granted (represented in ordinary shares)

	1 January 2014	Granted	Exercised	Lapsed	Outstanding 31 December 2014	Exercisable 31 December 2014
WPP	807,366	–	(663,144)	(29,604)	114,618	107,877
WWOP	18,205,704	6,029,750	(3,179,415)	(2,801,682)	18,254,357	2,040,090
24/7	115,390	–	(49,500)	(3,190)	62,700	62,700
TNS	81,138	–	(22,348)	(1,936)	56,854	56,854
	19,209,598	6,029,750	(3,914,407)	(2,836,412)	18,488,529	2,267,521

Weighted-average exercise price for options over

	1 January 2014	Granted	Exercised	Lapsed	Outstanding 31 December 2014	Exercisable 31 December 2014
Ordinary shares (£)						
WPP	5.801	–	5.593	5.535	6.969	6.638
WWOP	9.378	13.145	6.447	10.208	11.020	6.503
TNS	1.796	–	1.968	1.730	1.730	1.730
ADRs ($)						
WPP	52.250	–	51.156	50.816	59.455	59.455
WWOP	74.990	102.670	54.670	83.777	85.999	44.560
24/7	40.480	–	38.389	26.071	42.865	42.865

Options over ordinary shares
Outstanding

Range of exercise prices £	Weighted average exercise price £	Weighted average contractual life Months
1.730 – 13.505	10.956	102

Options over ADRs
Outstanding

Range of exercise prices $	Weighted average exercise price $	Weighted average contractual life Months
23.18 – 110.76	85.367	98

As at 31 December 2014 there was £10.5 million (2013: £9.9 million) of total unrecognised compensation cost related to share options. That cost is expected to be recognised over a weighted average period of 20 months (2013: 20 months).

Share options are satisfied out of newly issued shares.

The weighted average fair value of options granted in the year calculated using the Black-Scholes model was as follows:

	2014	2013	2012
Fair value of UK options (shares)	**155.0p**	160.0p	135.3p
Fair value of US options (ADRs)	**$12.23**	$12.92	$10.90
Weighted average assumptions:			
UK Risk-free interest rate	**1.12%**	1.20%	0.56%
US Risk-free interest rate	**1.28%**	0.95%	0.51%
Expected life (months)	**48**	48	48
Expected volatility	**20%**	20%	27%
Dividend yield	**2.8%**	2.8%	2.8%

Options are issued at an exercise price equal to market value on the date of grant.

The weighted average share price of the Group for the year ended 31 December 2014 was £12.65 (2013: £11.63, 2012: £8.17) and the weighted average ADR price for the same period was $104.21 (2013: $91.22, 2012: $64.90).

Expected volatility is sourced from external market data and represents the historic volatility in the Group's share price over a period equivalent to the expected option life.

Expected life is based on a review of historic exercise behaviour in the context of the contractual terms of the options, as described in more detail below.

Terms of share option plans

The Worldwide Share Ownership Program is open for participation to employees with at least two years' employment in the Group. It is not available to those participating in other share-based incentive programs or to executive directors. The vesting period for each grant is three years and there are no performance conditions other than continued employment with the Group. The Group is tabling a new plan for Share owner approval at the AGM which will be used to grant awards under this program in the future.

The Executive Stock Option Plan has historically been open for participation to WPP Group Leaders, Partners and High Potential Group. It is not currently offered to parent company executive directors. The vesting period is three years and performance conditions include achievement of various TSR (Total Shareholder Return) and EPS (Earnings Per Share) objectives, as well as continued employment. In 2005, the Group moved away from the issuance of stock options for Leaders, Partners and High Potential Group and has since largely made grants of restricted stock instead (note 22).

The Group grants stock options with a life of 10 years, including the vesting period. The terms of stock options with performance conditions are such that if, after nine years and eight months, the performance conditions have not been met, then the stock option will vest automatically.

27. Other reserves

Other reserves comprise the following:

	Capital redemption reserve £m	Equity reserve £m	Revaluation reserve £m	Translation reserve £m	Total other reserves £m
1 January 2013	2.0	(103.2)	21.8	702.1	622.7
Reclassification due to Group reconstruction	(2.0)	–	–	–	(2.0)
Reclassification of convertible bond	–	(44.5)	–	–	(44.5)
Deferred tax on convertible bond	–	9.7	–	–	9.7
Exchange adjustments on foreign currency net investments	–	–	–	(356.5)	(356.5)
Gain on revaluation of available for sale investments	–	–	72.0	–	72.0
Recognition and remeasurement of financial instruments	–	(2.4)	–	–	(2.4)
Share purchases – close period commitments	–	18.3	–	–	18.3
31 December 2013	–	(122.1)	93.8	345.6	317.3
Exchange adjustments on foreign currency net investments	–	–	–	(224.3)	(224.3)
Gain on revaluation of available for sale investments	–	–	64.6	–	64.6
Recognition and remeasurement of financial instruments	–	(44.1)	–	–	(44.1)
Treasury share cancellations	2.7	–	–	–	2.7
Share purchases – close period commitments	–	(80.0)	–	–	(80.0)
31 December 2014	**2.7**	**(246.2)**	**158.4**	**121.3**	**36.2**

28. Acquisitions

The Group accounts for acquisitions in accordance with IFRS 3 Business Combinations. IFRS 3 requires the acquiree's identifiable assets, liabilities and contingent liabilities (other than non-current assets or disposal groups held for sale) to be recognised at fair value at acquisition date. In assessing fair value at acquisition date, management make their best estimate of the likely outcome where the fair value of an asset or liability may be contingent on a future event. In certain instances, the underlying transaction giving rise to an estimate may not be resolved until some years after the acquisition date. IFRS 3 requires the release to profit of any acquisition reserves which subsequently become excess in the same way as any excess costs over those provided at acquisition date are charged to profit. At each period end management assess provisions and other balances established in respect of acquisitions for their continued probability of occurrence and amend the relevant value accordingly through the consolidated income statement or as an adjustment to goodwill as appropriate under IFRS 3.

The Group acquired a number of subsidiaries in the year. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group. The fair value adjustments for certain acquisitions have been determined provisionally at the balance sheet date.

	Book value at acquisition £m	Fair value adjustments £m	Fair value to Group £m
Intangible assets	2.7	136.3	139.0
Property, plant and equipment	20.6	–	20.6
Cash	74.4	–	74.4
Trade receivables due within one year	197.3	(4.0)	193.3
Other current assets	189.4	–	189.4
Total assets	**484.4**	**132.3**	**616.7**
Current liabilities	(352.6)	(3.0)	(355.6)
Trade and other payables due after one year	(16.9)	(31.8)	(48.7)
Deferred tax liabilities	–	(35.5)	(35.5)
Provisions	(5.1)	(4.2)	(9.3)
Total liabilities	**(374.6)**	**(74.5)**	**(449.1)**
Net assets	**109.8**	**57.8**	**167.6**
Non-controlling interests			(37.5)
Fair value of equity stake in associate undertakings before acquisition of controlling interest			(102.2)
Goodwill			485.2
Consideration			513.1
Consideration satisfied by:			
Cash			378.6
Payments due to vendors			134.5

Goodwill arising from acquisitions represents the value of synergies with our existing portfolio of businesses and skilled staff to deliver services to our clients. Goodwill that is expected to be deductible for tax purposes is £46.3 million.

Non-controlling interests in acquired companies are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

The contribution to revenue and operating profit of acquisitions completed in the year was not material. There were no material acquisitions completed between 31 December 2014 and the date the financial statements have been authorised for issue.

29. Principal subsidiary undertakings

The principal subsidiary undertakings of the Group are:

	Country of incorporation
Grey Global Group LLC	US
J. Walter Thompson Company LLC	US
GroupM Worldwide LLC	US
The Ogilvy Group LLC	US
Young & Rubicam, Inc	US
TNS Group Holdings Ltd	UK

All of these subsidiaries are operating companies and are 100% owned by the Group.

A more detailed listing of the operating subsidiary undertakings is given on pages 12 and 13. The Company directly or indirectly holds controlling interests in the issued share capital of these undertakings with the exception of those specifically identified.

30. Related party transactions

From time to time the Group enters into transactions with its associate undertakings. These transactions were not material for any of the years presented.

31. Reconciliation to non-GAAP measures of performance

The non-GAAP measures of performance shown below have been included to provide the users of the financial statements with a better understanding of the key performance indicators of the business.

Reconciliation of profit before interest and taxation to headline PBIT:

	2014 £m	2013 £m	2012 £m
Profit before interest and taxation	**1,569.2**	1,478.4	1,310.5
Amortisation and impairment of acquired intangible assets	**147.5**	179.8	171.9
Goodwill impairment	**16.9**	23.3	32.0
Gains on disposal of investments and subsidiaries	**(186.3)**	(6.0)	(26.8)
Gains on remeasurement of equity on acquisition of controlling interest	**(9.2)**	(30.0)	(5.3)
Investment write-downs	**7.3**	0.4	19.6
Cost of changes to corporate structure	**–**	–	4.1
Gain on sale of freehold property in New York	**–**	–	(71.4)
Restructuring costs	**127.6**	5.0	93.4
Share of exceptional losses of associates	**7.6**	10.7	3.0
Headline PBIT	**1,680.6**	1,661.6	1,531.0
Finance income	**94.7**	64.3	55.9
Finance costs	**(262.7)**	(267.9)	(269.8)
	(168.0)	(203.6)	(213.9)
Interest cover on headline PBIT	**10.0 times**	8.2 times	7.2 times

Reconciliation of profit before taxation to headline PBT and headline earnings:

	2014 £m	2013 £m	2012 £m
Profit before taxation	**1,451.9**	1,295.8	1,091.9
Amortisation and impairment of acquired intangible assets	**147.5**	179.8	171.9
Goodwill impairment	**16.9**	23.3	32.0
Gains on disposal of investments and subsidiaries	**(186.3)**	(6.0)	(26.8)
Gains on remeasurement of equity on acquisition of controlling interest	**(9.2)**	(30.0)	(5.3)
Investment write-downs	**7.3**	0.4	19.6
Cost of changes to corporate structure	**–**	–	4.1
Gain on sale of freehold property in New York	**–**	–	(71.4)
Restructuring costs	**127.6**	5.0	93.4
Share of exceptional losses of associates	**7.6**	10.7	3.0
Revaluation of financial instruments	**(50.7)**	(21.0)	4.7
Headline PBT	**1,512.6**	1,458.0	1,317.1
Headline tax charge	**(302.5)**	(294.3)	(278.9)
Non-controlling interests	**(74.3)**	(75.6)	(72.0)
Headline earnings	**1,135.8**	1,088.1	966.2
Ordinary dividends paid	**460.0**	397.3	322.2
Dividend cover on headline earnings	**2.5 times**	2.7 times	3.0 times

Calculation of headline EBITDA:

	2014 £m	2013 £m	2012 £m
Headline PBIT (as above)	**1,680.6**	1,661.6	1,531.0
Depreciation of property, plant and equipment	**197.3**	202.0	191.0
Amortisation of other intangible assets	**31.6**	32.7	33.7
Headline EBITDA	**1,909.5**	1,896.3	1,755.7

Net sales margin before and after share of results of associates:

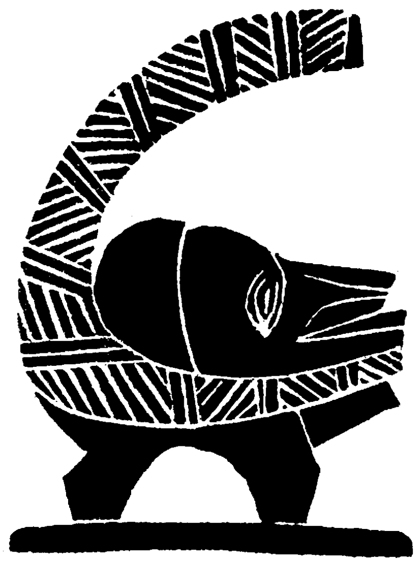
	Margin %	2014 £m	Margin %	2013 £m	Margin %	2012 £m
Net sales		**10,064.8**		10,076.1		9,514.8
Headline PBIT	**16.7%**	**1,680.6**	16.5%	1,661.6	16.1%	1,531.0
Share of results of associates (excluding exceptional gains/losses		**(69.5)**		(78.8)		(72.4)
Headline operating profit	**16.0%**	**1,611.1**	15.7%	1,582.8	15.3%	1,458.6

Headline diluted earnings per ordinary share:

	2014	2013	2012
Headline earnings (£m)	**1,135.8**	1,088.1	966.2
Earnings adjustment:			
Dilutive effect of convertible bonds (£m)	**–**	10.6	26.1
Diluted headline earnings (£m)	**1,135.8**	1,098.7	992.3
Weighted average number of ordinary shares (m)	**1,337.5**	1,360.3	1,352.6
Headline diluted earnings per ordinary share	**84.9p**	80.8p	73.4p

Reconciliation of free cash flow:

	2014 £m	2013 £m	2012 £m
Cash generated by operations	**2,108.8**	1,784.1	1,291.1
Plus:			
Interest received	**69.8**	51.3	56.6
Investment income	**11.9**	10.1	1.2
Dividends from associates	**52.2**	56.7	44.7
Share option proceeds	**25.0**	42.4	56.0
Proceeds on disposal of property, plant and equipment	**5.9**	7.3	123.5
Movement in working capital and provisions	**(295.0)**	133.4	388.2
Less:			
Interest and similar charges paid	**(249.1)**	(254.7)	(228.3)
Purchases of property, plant and equipment	**(177.9)**	(240.7)	(290.3)
Purchases of other intangible assets (including capitalised computer software)	**(36.5)**	(43.8)	(39.8)
Corporation and overseas tax paid	**(289.9)**	(273.3)	(257.0)
Dividends paid to non-controlling interests in subsidiary undertakings	**(57.7)**	(53.2)	(51.9)
Free cash flow	**1,167.5**	1,219.6	1,094.0



Company profit and loss account

For the year ended 31 December 2014

	Notes	2014 £m	2013 £m
Turnover		–	–
Operating income/(costs)		9.9	(6.0)
Operating profit/(loss)		9.9	(6.0)
Income from shares in subsidiary undertakings		–	257.5
Interest receivable and similar income	33	2.4	38.1
Interest payable and similar charges	34	(94.2)	(138.4)
Revaluation of financial instruments		14.5	–
(Loss)/profit on ordinary activities before taxation		(67.4)	151.2
Taxation on profit on ordinary activities	35	–	–
(Loss)/profit on ordinary activities after taxation		(67.4)	151.2

Note
The accompanying notes form an integral part of this profit and loss account.

All results are derived from continuing activities.

Company statement of total recognised gains and losses

For the year ended 31 December 2014

	2014 £m	2013 £m
(Loss)/profit on ordinary activities after taxation	(67.4)	151.2
Exchange adjustments of foreign currency net investments	(10.0)	–
Total recognised gains and losses relating to the year	(77.4)	151.2

Note
The accompanying notes form an integral part of this statement of total recognised gains and losses.

Company balance sheet

As at 31 December 2014

	Notes	2014 £m	2013 £m
Fixed assets			
Investments	36	**12,764.8**	12,662.6
		12,764.8	12,662.6
Current assets			
Debtors			
– due within one year	37	**1,612.6**	1,619.6
– due after one year	38	**27.7**	–
Cash at bank and in hand		**429.3**	–
		2,069.6	1,619.6
Current liabilities			
Creditors: amounts falling due within one year	39	**(2,424.9)**	(1,687.6)
Net current liabilities		**(355.3)**	(68.0)
Total assets less current liabilities		**12,409.5**	12,594.6
Creditors: amounts falling due after more than one year	40	**(1,744.0)**	(1,022.5)
Net assets		**10,665.5**	11,572.1
Capital and reserves			
Called-up share capital	42	**132.6**	134.9
Share premium account	42	**508.0**	483.4
Shares to be issued	42	**0.3**	0.5
Other reserves	42	**(90.0)**	–
Capital redemption reserve	42	**2.7**	–
Own shares	42	**(93.7)**	(14.3)
Profit and loss account	42	**10,205.6**	10,967.6
Equity share owners' funds		**10,665.5**	11,572.1

Note
The accompanying notes form an integral part of this balance sheet.

The financial statements were approved by the Board of Directors and authorised for issue on 20 April 2015.

Sir Martin Sorrell
Group chief executive

Paul Richardson
Group finance director

Notes to the Company financial statements

32. Accounting policies
The principal accounting policies of WPP plc (the Company) are summarised below. These accounting policies have all been applied consistently throughout the year and preceding year.

a) Basis of accounting
The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards and the Companies (Jersey) Law 1991. The financial statements are prepared on a going concern basis, further details of which are in the Directors' report on page 178.

b) Translation of foreign currency
Foreign currency transactions arising from operating activities are translated from local currency into pounds sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are translated at the period-end exchange rate. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

c) Investments
Fixed asset investments are stated at cost less provision for impairment.

d) Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

e) UITF 44: Group and treasury share transactions
Where a parent entity grants rights to its equity instruments to employees of a subsidiary, and such share-based compensation is accounted for as equity-settled in the consolidated financial statements of the parent, UITF 44 requires the subsidiary to record an expense for such compensation in accordance with FRS 20 (Share-based payments), with a corresponding increase recognised in equity as a contribution from the parent. Consequently, in the financial statements of the parent (WPP plc), the Company has recognised an addition to fixed asset investments of the aggregate amount of these contributions of £102.2 million in 2014 (2013: £105.4 million), with a credit to equity for the same amount.

f) Foreign currency and interest rate hedging
The Company's policy on interest rate and foreign exchange rate management sets out the instruments and methods available to hedge interest and currency risk exposures and the control procedures in place to ensure effectiveness.

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. Note 41 contains details of the fair values of the derivative instruments used for hedging purposes.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow or net investment hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the consolidated income statement.

33. Interest receivable and similar income

	2014 £m	2013 £m
Interest receivable from subsidiary undertakings	2.1	13.0
Interest receivable on financial instruments	0.3	25.1
	2.4	38.1

34. Interest payable and similar charges

	2014 £m	2013 £m
Interest payable on corporate bonds	64.8	100.5
Bank and other interest payable	16.2	20.5
Interest payable to subsidiary undertakings	13.2	17.4
	94.2	138.4

35. Taxation on loss on ordinary activities
The tax assessed for the year differs from that resulting from applying the blended rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are explained below:

	2014 £m	2013 £m
(Loss)/profit on ordinary activities before tax	(67.4)	151.2
Tax at the blended rate of 21.50% thereon	14.5	(35.1)
Factors affecting tax charge for the year:		
Revaluation of financial instruments	3.1	–
Non-taxable dividend income	–	59.9
Unrecognised losses carried forward	(17.6)	(24.8)
Current tax charge for the year	–	–

36. Fixed asset investments

The following are included in the net book value of fixed asset investments:

	Subsidiary undertakings £m
1 January 2014	12,662.6
Additions	102.2
31 December 2014	**12,764.8**

Fixed asset investments primarily represent 100% of the issued share capital of WPP Jubilee Limited, a company incorporated in Great Britain. Fixed asset investments were purchased in a share-for-share exchange. At 31 December 2014 cost and net book value were the same. Details of indirect subsidiaries are given in note 29.

37. Debtors: amounts falling due within the year

The following are included in debtors falling due within one year:

	2014 £m	2013 £m
Amounts owed by subsidiary undertakings	**1,612.1**	1,610.6
Other debtors	**0.5**	9.0
	1,612.6	1,619.6

38. Debtors: amounts falling due after one year

The following are included in debtors falling due after more than one year:

	2014 £m	2013 £m
Fair value of derivatives	**27.7**	–

39. Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	2014 £m	2013 £m
Bank overdrafts	**1,411.9**	1,518.8
Amounts due to subsidiary undertakings	**888.0**	119.6
Interest payable on corporate bonds	**45.1**	44.3
Share purchases – close period commitments	**78.8**	–
Other creditors and accruals	**1.1**	4.9
	2,424.9	1,687.6

40. Creditors: amounts falling due after more than one year

The following are included in creditors falling due after more than one year:

	2014 £m	2013 £m
Corporate bonds	**1,002.1**	1,022.5
Amounts due to subsidiary undertakings	**741.9**	–
	1,744.0	1,022.5

Corporate bonds include £400 million of 6% bonds due April 2017 and €750 million of 6.625% bonds due May 2016.

41. Financial instruments

Currency derivatives

The Company utilises currency derivatives to hedge significant future transactions and cash flows and the exchange risk arising on translation of the Company's investments in foreign operations. The Company is a party to a variety of foreign currency derivatives in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the principal markets of the Company's indirect investments.

At 31 December 2014, the fair value of the Company's currency derivatives is estimated to be £nil.

Changes in the fair value relating to the ineffective portion of the currency derivatives amounted to a gain of £10.0 million which is included in the revaluation of financial instruments for the year. This gain resulted from a £10.0 million gain on hedged items.

The amounts taken to and deferred in equity during the year for currency derivatives that are designated and effective hedges was a charge of £10.0 million.

These arrangements are designed to address significant exchange exposure and are renewed on a revolving basis as required.

Interest rate swaps

The Company uses interest rate swaps as hedging instruments in fair value hedges to manage its exposure to interest rate movements on its borrowings. Contracts with a nominal value of £200 million have fixed interest receipts of 6.00% until April 2017 and have floating rate payments averaging LIBOR plus 0.65%.

The fair value of interest rate swaps entered into at 31 December 2014 is estimated to be an asset of £27.7 million. These amounts are based on market values of equivalent instruments at the balance sheet date and are included within debtors: amounts falling due after one year.

Changes in the fair value relating to the ineffective portion of interest rate swaps amounted to a loss of £0.6 which is included in the revaluation of financial instruments for the year. This gain resulted from a £20.0 million gain on hedging instruments and a £20.6 million loss on hedged items.

An analysis of the Company's financial assets and liabilities by accounting classification is set out below:

	Derivatives in designated hedge relationships £m	Held for trading £m	Loans & receivables £m	Amortised cost £m	Carrying value £m
2014					
Cash at bank and in hand	–	–	429.3	–	429.3
Bank overdrafts	–	–	–	(1,411.9)	(1,411.9)
Corporate bonds	–	–	–	(1,002.1)	(1,002.1)
Trade and other receivables: amounts falling due within one year	–	–	1,612.6	–	1,612.6
Trade and other payables: amounts falling due within one year	–	–	–	(888.0)	(888.0)
Trade and other payables: amounts falling due after more than one year	–	–	–	(741.9)	(741.9)
Derivative assets	27.7	–	–	–	27.7
Share purchases – close period commitments	–	(78.8)	–	–	(78.8)
	27.7	(78.8)	2,041.9	(4,043.9)	(2,053.1)

42. Equity share owners' funds
Movements during the year were as follows:

	Ordinary share capital £m	Share premium £m	Shares to be issued £m	Other reserves £m	Capital redemption reserve £m	Own shares £m	Profit and loss account £m
1 January 2014	134.9	483.4	0.5	–	–	(14.3)	10,967.6
Ordinary shares issued	0.4	24.6	(0.2)	–	–	–	0.2
Treasury share additions	–	–	–	–	–	(412.5)	–
Treasury share allocations	–	–	–	–	–	0.6	(0.6)
Treasury share cancellations	(2.7)	–	–	–	2.7	332.5	(332.5)
Net loss for the year	–	–	–	–	–	–	(67.4)
Dividends paid	–	–	–	–	–	–	(460.0)
Equity granted to employees of subsidiaries	–	–	–	–	–	–	102.2
Exchange adjustments of foreign currency net investments	–	–	–	(10.0)	–	–	–
Share purchases – close period commitments	–	–	–	(80.0)	–	–	(3.9)
31 December 2014	**132.6**	**508.0**	**0.3**	**(90.0)**	**2.7**	**(93.7)**	**10,205.6**

Other reserves at 31 December 2014 comprise an equity reserve of £80.0 million (2013: £nil) and a translation reserve of £10.0 million (2013: £nil).

Reconciliation of movements in equity share owners' funds for the year ended 31 December 2014:

	2014 £m	2013 £m
(Loss)/profit for the year	**(67.4)**	151.2
Equity granted to employees of subsidiaries	**102.2**	105.4
Ordinary shares issued under the scheme of arrangement	**–**	11,238.7
Ordinary shares issued	**25.0**	42.2
Dividends paid	**(460.0)**	(397.3)
Shares issued on conversion of bond	**–**	449.9
Share issue/cancellation costs	**–**	(0.4)
Treasury share additions	**(412.5)**	(17.6)
Exchange adjustments of foreign currency net investments	**(10.0)**	–
Share purchases – close period commitments	**(83.9)**	–
Net (reduction)/addition to equity share owners' funds	**(906.6)**	11,572.1
Opening equity share owners' funds	**11,572.1**	–
Closing equity share owners' funds	**10,665.5**	11,572.1

At 31 December 2014 the Company's distributable reserves amounted to £10,001.7 million (2013: £10,862.1 million). Further details of the Company's share capital are shown in note 26.

43. Guarantees and other financial commitments
The Company guarantees a number of Group banking arrangements and other financial commitments on behalf of certain subsidiary undertakings.

Independent auditors' report

Opinion on financial statements of WPP plc

In our opinion:

- the Group financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2014 and of the Group's profit and the parent company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies (Jersey) Law 1991.

The financial statements comprise the accounting policies, the consolidated income statement (excluding the US dollar information), the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated balance sheet, the consolidated statement of changes in equity, the parent company profit and loss account and balance sheet and the related notes 1 to 43. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Separate opinion in relation to IFRSs as issued by the IASB

As explained in the accounting policies to the Group financial statements, in addition to applying IFRSs as adopted by the European Union, the Group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Going concern

We have reviewed the directors' statement on page 178 that the Group is a going concern.

We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. As part of our risk assessment procedures we obtained an understanding of and tested the design, implementation and operating effectiveness of internal controls (at Group level and at each of the full scope audit components) that respond to the identified risks, in addition to performing the substantive audit procedures detailed below.

Risk	How the scope of our substantive audit procedures responded to the risk
Revenue recognition – accounting for media volume income Assessing the timing of recognition and valuation of media volume income earned on media contracts in accordance with the underlying contractual terms is an area of complexity. Given the complexity involved this is considered to be a key audit risk. Refer to page 121 (Review of the Audit Committee) and page 184 (accounting policy).	We have: ▪ Challenged the timing of recognition and valuation of media volume income earned on media contracts and assessed the ageing of balance sheet provisions. ▪ Checked that management could demonstrate that persuasive evidence exists in respect of the arrangement with the supplier at the time revenue is recorded. ▪ Closely monitored the trend of media volume income recognised against prior year activity.
Goodwill Determining whether the carrying value of goodwill is recoverable requires management to make significant estimates concerning the estimated future cash flows and associated discount rates and growth rates based on management's view of future business prospects. The Group is highly acquisitive. As such, given the magnitude of the goodwill balance (2014: £9,979 million, 2013: £9,473 million), and the relative sensitivity to certain inputs to the impairment testing process, in particular the discount rate, the valuation of goodwill is considered a key audit risk. Refer to page 121 (Review of the Audit Committee), page 182 (accounting policy) and page 204 (financial disclosures).	In order to address this key audit risk we audited the assumptions used in the impairment model for goodwill. In doing so, we: ▪ Challenged the key assumptions used, including specifically the operating cash flow projections, discount rates, and long term growth rates. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to revenue growth and operating margin. ▪ Compared these assumptions to externally derived data (where applicable) as well as forming our own assessment. ▪ Our internal fair value specialists assisted in computing an independent assessment of the discount rates used and assessing the methodology used in preparing the impairment testing model. ▪ We considered the sensitivity of the impairment testing model to changes in key assumptions. We also considered the adequacy of the Group's disclosures in respect of its goodwill impairment testing and whether disclosures about the sensitivity of the outcome of the impairment assessment to reasonably possible changes in key assumptions properly reflected the risks inherent in such assumptions.
Taxation There is uncertainty in respect of resolving matters with tax authorities around the world. The highly disaggregated nature of the Group coupled with its acquisitive nature means that there are a number of different tax jurisdictions in which the Group could be liable to pay tax, making potential tax exposures a key audit risk. Therefore assessing the Group's exposure to significant tax risks and the level of provisions recognised is an area of judgement. Refer to page 121 (Review of the Audit Committee), page 186 (accounting policy) and pages 200 and 207 (financial disclosures).	We have: ▪ Discussed and considered all significant taxation exposures with Group management including their tax specialists. ▪ Together with our internal taxation specialists we challenged the estimates and judgements made by management when calculating the income tax payable in each territory and the associated provisions held. ▪ We reviewed correspondence with taxation authorities in significant locations where available, as well as reviewing the support or opinions received from external counsel and other advisors where management has utilised such opinions to make assumptions on the level of taxation payable.

Risk	How the scope of our substantive audit procedures responded to the risk
Restructuring costs and IT transformation In the current year the Group implemented a significant restructuring program which has resulted in restructuring costs of £89 million, primarily severance costs, being recognised in the income statement. In addition, the Group incurred costs of £39 million in relation to an IT transformation project, which will result in a substantial portion of the Group operating on a consistent global IT platform in the future. The recognition of restructuring and IT costs requires judgement in arriving at the categorisation and magnitude of each of these charges, including consideration of timing of net economic outflows and the extent to which the Group is committed to such actions at the balance sheet date. The presentation in the financial statements also requires consideration of whether the amounts included in the charge shall be added back when calculating headline earnings. For this reason, such charges were a key area of audit focus. Refer to page 121 (Review of the Audit Committee) and page 198 (financial disclosures).	Our audit procedures were designed to test that the expenses incurred were accurately recorded, capturing both amounts paid during the year and amounts estimated and accrued. ▪ In order to assess compliance with IFRS requirements, when testing restructuring charges we inspected underlying information and supporting documentation, such as formal communication with employees, to confirm that severance provisions recognised at the year-end are appropriately specific and committed to. ▪ As part of our procedures, we assessed the expenses with reference to historical average spend to ensure the expenses were part of discrete and identifiable projects that were outside the normal course of the Group's operations, in order to ensure that excluding the costs from 'Headline' items was appropriate. ▪ With respect to the IT transformation costs we further considered the nature of the activity for costs incurred through inspection of underlying supporting documentation, in order to assess whether expensing the costs was the correct treatment.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £62.2 million (2013: £52.5 million), which, as in 2013, is below 5% of pre-tax profit, and below 1% of equity. Materiality is higher than for the year ended 31 December 2013 primarily as a result of higher pre-tax profit achieved in 2014.

We agreed with the Audit Committee that we would report to the committee all audit differences in excess of £0.5 million (2013: £0.5 million) that affected the consolidated income statement. Where differences only impacted the consolidated balance sheet, we reported on differences over £1.0 million (2013: £1.0 million). We also reported differences below that threshold that, in our view, warranted reporting on qualitative grounds, together with disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

As a result of the highly disaggregated nature of the Group, with operations in 111 countries and more than 3,000 offices among more than 150 companies within the Group, a significant portion of audit planning time is spent to ensure the scope of our work is appropriate to address the Group's identified risks of material misstatement. In selecting the components that are in scope each year, we refresh and update our understanding of the Group and its environment, including obtaining an understanding of the Group's system of internal controls, and assessing the risks of material misstatement at the Group level, in order to check that the units selected provide an appropriate basis on which to undertake audit work to address the identified risks of material misstatement. Such audit work represents a combination of procedures, all of which are designed to target the Group's identified risks of material misstatement in the most effective manner possible. Those entities subject to audit provide for coverage of over 83% of the Group's consolidated revenue (2013: 78%); achieved through a combination of direct testing and specified audit procedures (including substantive analytical review procedures) performed by the Group auditor and/or component auditors across the world. Our audit work at the components is executed at levels of materiality appropriate for such components, which in all instances are lower than Group materiality. In order to support our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit, we tested the consolidation process and carried out analytical procedures at the parent entity level using our bespoke data analytics tool.

How we work closely with component auditors

The Group audit team plans its visits to component auditors based on a carefully designed program; one that is put in place to check that appropriate oversight and guidance is provided to the component auditors through a combination of:

- upfront team briefings to all component teams;
- site visits;
- central review of documentation; and
- risk assessment discussions and detailed workpaper reviews.

These are designed so that the Senior Statutory Auditor visits all key locations across the Group on a regular basis.

In years when we do not visit a key location we will:

- include the component audit partner in our team briefing;
- discuss their risk assessment; and
- review documentation of the findings from their work.

We also hold quarterly meetings with management at a regional and global level to ensure we update our understanding of the Group and its environment on an on-going basis.

Opinion on other matters prescribed by our engagement letter

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006 as if that Act had applied to the Company; and
- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under our engagement letter we are required to report if in our opinion certain disclosures of directors' remuneration that would be required by the UK Companies Act 2006 have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the UK Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Graham Richardson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
London, United Kingdom
20 April 2015

Five-year summary

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Income statement					
Billings[1]	**46,186.3**	46,209.3	44,405.3	44,791.8	42,683.6
Revenue	**11,528.9**	11,019.4	10,373.1	10,021.8	9,331.0
Net sales[1]	**10,064.8**	10,076.1	9,514.8	9,238.5	8,560.5
Operating profit	**1,507.3**	1,410.3	1,241.1	1,192.2	973.0
Headline EBITDA[2]	**1,909.5**	1,896.3	1,755.7	1,640.5	1,439.0
Headline PBIT[2]	**1,680.6**	1,661.6	1,531.0	1,429.0	1,228.7
Profit before taxation	**1,451.9**	1,295.8	1,091.9	1,008.4	851.3
Headline PBT[2]	**1,512.6**	1,458.0	1,317.1	1,229.1	1,033.6
Profit for the year	**1,151.5**	1,012.1	894.7	916.5	661.0
Net sales margin[2]	**16.7%**	16.5%	16.1%	15.5%	14.4%
Balance sheet					
Non-current assets	**14,238.2**	13,255.2	13,452.9	13,406.2	13,087.6
Net current liabilities	**(80.2)**	(22.0)	(671.9)	(508.6)	(817.3)
Net assets	**7,826.8**	7,846.5	7,060.6	6,894.3	6,647.9
Net debt	**(2,275.4)**	(2,240.4)	(2,821.2)	(2,464.8)	(1,888.4)
Average net debt	**(3,000.8)**	(2,988.7)	(3,202.5)	(2,811.0)	(3,056.0)

	2014	2013	2012	2011	2010
Our people					
Revenue per employee (£000)	**95.0**	94.1	90.6	91.1	92.0
Net sales per employee (£000)	**82.9**	86.0	83.1	84.0	84.4
Staff cost per employee (£000)	**53.1**	55.3	53.3	53.4	53.6
Average headcount	**121,397**	117,115	114,490	109,971	101,387
Share information					
Headline[3] – basic earnings per share	**86.9p**	84.1p	77.7p	71.0p	59.3p
– diluted earnings per share	**84.9p**	80.8p	73.4p	67.7p	56.7p
Reported – basic earnings per share	**82.4p**	72.4p	66.2p	67.6p	47.5p
– diluted earnings per share	**80.5p**	69.6p	62.8p	64.5p	45.9p
Dividends per share[4]	**38.20p**	34.21p	28.51p	24.60p	17.79p
Dividend pay-out ratio on headline diluted earnings per share	**45%**	42%	39%	36%	31%
Share price – high	**1,383.0p**	1,383.0p	894.5p	846.5p	795.0p
– low	**1,117.0p**	905.5p	669.0p	578.0p	572.5p
Market capitalisation at year-end (£m)	**17,831.3**	18,612.5	11,236.8	8,554.4	9,982.4

Notes

1 Billings and net sales are defined on page 238.

2 The calculation of 'headline' measures of performance (including headline EBITDA, headline PBIT, net sales margin and headline PBT) is set out in note 31 of the financial statements.

3 Headline earnings per share for 2014, 2013 and 2012 is set out in note 9 of the financial statements.

4 Dividends per share represents the dividends declared in respect of each year.

The information on this page is unaudited.

Financial glossary

Term used in Annual Report	US equivalent or brief description
Allotted	Issued
ADRs/ADSs	American Depositary Receipts/American Depositary Shares. The Group uses the terms ADR and ADS interchangeably. One ADR/ADS represents five ordinary shares
Average net debt and net debt	Average net debt is calculated as the average daily net borrowings of the Group. Net debt at a period end is calculated as the sum of the net borrowings of the Group, derived from the cash ledgers and accounts in the balance sheet
Billings	Billings comprise the gross amounts billed to clients in respect of commission-based/fee-based income together with the total of other fees earned
Called-up share capital	Ordinary shares, issued and fully paid
Constant currency	The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying budgeted 2014 exchange rates to local currency reported results for the current and prior year. This gives a US dollar-denominated income statement which exclude any variances attributable to foreign exchange rate movements
ESOP	Employee share ownership plan
Estimated net new billings	Net new billings represent the estimated annualised impact on billings of new business gained from both existing and new clients, net of existing client business lost. The estimated impact is based upon initial assessments of the clients' marketing budgets, which may not necessarily result in actual billings of the same amount
EURIBOR	The euro area inter-bank offered rate for euro deposits
Finance lease	Capital lease
Free cash flow	Free cash flow is calculated as headline operating profit before non-cash charges for share-based incentive plans, depreciation of property, plant and equipment and amortisation of other intangible assets, including dividends received from associates, interest received, investment income received, proceeds from the issue of shares, and proceeds from the disposal of property, plant and equipment, less corporation and overseas tax paid, interest and similar charges paid, dividends paid to non-controlling interests in subsidiary undertakings, purchases of property, plant and equipment and purchases of other intangible assets
Freehold	Ownership with absolute rights in perpetuity
Headline earnings	Headline PBT less taxation (excluding tax charge/deferred tax relating to gains on disposals of investments and subsidiaries, net deferred tax credit in relation to the amortisation of acquired intangible assets and other goodwill items, deferred tax credit relating to restructuring costs and, in 2012, the deferred tax on gain on sale of freehold property in New York and tax credit relating to restructuring costs) and non-controlling interests
Headline EBITDA	Profit before finance income/costs and revaluation of financial instruments, taxation, investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of intangible assets, share of exceptional losses/gains of associates, depreciation of property, plant and equipment, gains/losses on remeasurement of equity interest on acquisition of controlling interest and Group restructuring costs; and, in 2012, the gain on sale of freehold property in New York and costs incurred in changing the corporate structure of the Group
Headline operating profit	PBIT excluding share of results of associates before investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, gains/losses on remeasurement of equity interest on acquisition of controlling interest and Group restructuring costs; and, in 2012, the gain on sale of freehold property in New York and costs incurred in changing the corporate structure of the Group

Term used in Annual Report	US equivalent or brief description
Headline PBIT	Profit before finance income/costs and revaluation of financial instruments, taxation, investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, share of exceptional losses/gains of associates, gains/losses on remeasurement of equity interest on acquisition of controlling interest and Group restructuring costs; and, in 2012, the gain on sale of freehold property in New York and costs incurred in changing the corporate structure of the Group
Headline PBT	Profit before taxation, investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, share of exceptional losses/gains of associates, gains/losses arising from the revaluation of financial instruments, gains/losses on remeasurement of equity interest on acquisition of controlling interest and Group restructuring costs; and, in 2012, the gain on sale of freehold property in New York and costs incurred in changing the corporate structure of the Group
IFRS/IAS	International Financial Reporting Standard/International Accounting Standard
LIBOR	The London inter-bank offered rate
Net sales/Net sales margin	Net sales are revenue less direct costs. Net sales margin is calculated as headline PBIT (defined above) as a percentage of net sales. The Group has previously used the terms gross margin and gross profit to refer to net sales.
OCI	Consolidated statement of comprehensive income
Operating margin	Headline PBIT as a percentage of net sales
Profit	Income
Profit attributable to equity holders of the parent	Net income
Pro forma ('like-for-like')	Pro forma comparisons are calculated as follows: current year, constant currency actual results (which include acquisitions from the relevant date of completion) are compared with prior year, constant currency actual results, adjusted to include the results of acquisitions for the commensurate period in the prior year. The Group uses the terms 'pro forma' and 'like-for-like' interchangeably
Sarbanes-Oxley Act	An Act passed in the US to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes
Share capital	Ordinary shares, capital stock or common stock issued and fully paid
Share premium account	Additional paid-in capital or paid-in surplus (not distributable)
Shares in issue	Shares outstanding
Turnbull Report	Guidance issued by the Institute of Chartered Accountants in England & Wales on the implementation of the internal control requirements of the Combined Code and the UK Corporate Governance Code at the request of the London Stock Exchange
UK Corporate Governance Code	The UK Corporate Governance Code published by the Financial Reporting Council dated September 2012

About share ownership

Information for share owners

Share owners' register

A register of share owners' interests is kept at the Company's registrar's office in Jersey and is available for inspection on request. The register includes information on nominee accounts and their beneficial owners.

Analysis of shareholdings at 31 December 2014

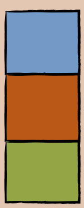
Issued share capital as at 31 December 2014: 1,325,747,724 ordinary shares.

Number of shares held	Number of holders	% owners	Shareholdings	% Outstanding
1-100	2,363	16.29	81,440	0.01
101-250	1,525	10.51	276,278	0.02
251-500	1,872	12.90	712,214	0.05
501-1,000	1,962	13.52	1,469,833	0.11
1,001-5,000	2,308	15.91	5,277,691	0.40
5,001-10,000	691	4.76	4,998,710	0.38
10,001-25,000	849	5.85	13,975,809	1.05
25,001-50,000	679	4.68	24,709,956	1.86
50,001-100,000	656	4.52	47,571,811	3.59
100,001-500,000	1,122	7.73	252,814,704	19.07
500,001-1,000,000	249	1.72	174,023,718	13.13
1,000,001-2,000,000	120	0.83	161,776,422	12.20
2,000,001-3,000,000	39	0.27	95,010,736	7.17
3,000,001-4,000,000	31	0.21	106,110,761	8.00
4,000,001 and above	42	0.30	436,937,641	32.96
Total	**14,508**	**100%**	**1,325,747,724**	**100%**

Share owners by geography	%	Share owners by type	%
UK	33	Institutional investors	94
US	35	Employees	3
Rest of world	32	Other individuals	3
Total	**100**	**Total**	**100**

Share owners by geography %

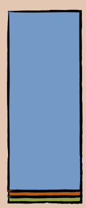
UK	33
US	35
Rest of world	32



Share owners by type %

Institutional investors	94
Employees	3
Other individuals	3

* In addition 1.35% of the Company's share capital (excluding treasury shares) is under option to employees.



Dividends

Ordinary share owners have received the following dividends in respect of each financial year:

	2014	2013	2012	2011	2010
Interim or first interim dividend per ordinary share	**11.62p**	10.56p	8.80p	7.46p	5.97p
Final or second interim dividend per ordinary share	**26.58p**	23.65p	19.71p	17.14p	11.82p
Total	**38.20p**	34.21p	28.51p	24.60p	17.79p

Financial calendar

- The 2014 final dividend will be paid on 6 July 2015 to share owners on the register at 5 June 2015.
- Interim statements for the half-year ending 30 June are issued in August.
- Quarterly trading announcements are issued in April and October.
- Interim dividends are paid in November.
- Preliminary announcements of results for the financial year ending 31 December are issued in the first quarter.
- Annual Reports are posted to share owners in April.
- Annual General Meetings are held in London in June.

Share price

The closing price of the shares at 31 December was as follows:

	At 17 April 2015	2014	2013	2012	2011	2010
Ordinary 10p shares	**1,543.0p**	1,345.0p	1,380.0p	888.0p	675.5p	789.5p

Share price information is also available online at wpp.com/investor.

Online information

WPP's public website, wpp.com, provides current and historical financial information, news releases, trading reports and share price information. Go to wpp.com/investor.

Access numbers/Ticker symbols

	NASDAQ	Reuters	Bloomberg
Ordinary shares	–	WPP.L	WPP LN
American Depositary Shares	WPPGY	WPPGY.O	WPPGY US

Registrar and transfer office

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey
JE1 1ES
Enquiry number: 0870 707 1411

American Depositary Receipts (ADRs) office

Citibank N.A.
PO Box 43077
Providence
RI 02940-3077

Telephone enquiries: within the US +1 877 248 4237
Telephone enquiries: outside the US +1 781 575 4555
E-mail enquiries: citibank@shareholders-online.com

WPP registered office

Queensway House
Hilgrove Street
St Helier
Jersey
JE1 1ES

The Company's registered number is 111714.

American Depositary Receipts (ADRs)

Each ADR represents five ordinary shares.

ADR holders receive the annual and interim reports issued by WPP plc.

WPP plc is subject to the informational requirements of the US securities laws applicable to foreign companies and files an annual report on Form 20-F and other information with the US Securities and Exchange Commission. These documents are available at the Commission's website, sec.gov. Our reports on Form 20-F are also available from our Investor Relations department in New York.

ADR dividends

ADR holders are eligible for all stock dividends or other entitlements accruing on the underlying WPP plc shares and receive all cash dividends in US dollars. These are normally paid twice a year.

Dividend cheques are mailed directly to the ADR holder on the payment date if ADRs are registered with WPP's US depositary. Dividends on ADRs that are registered with brokers are sent to the brokers, who forward them to ADR holders. WPP's US depositary is Citibank N.A. (address on page 242).

Dividends per ADR in respect of each financial year are set out below.

	2014	2013	2012	2011	2010
In £ sterling					
Interim[1]	**58.10p**	52.80p	44.00p	37.30p	29.85p
Final[2]	**132.90p**	118.25p	98.55p	85.70p	59.10p
Total	**191.00p**	171.05p	142.55p	123.00p	88.95p
In US dollars[3]					
Interim[1]	**95.72¢**	82.61¢	69.75¢	59.80¢	46.15¢
Final[2]	**218.95¢**	185.01¢	156.22¢	137.39¢	91.37¢
Total	**314.67¢**	267.62¢	225.97¢	197.19¢	137.52¢

[1] Prior to 2013, first interim dividend.
[2] Prior to 2012, second interim dividend.
[3] These figures have been translated for convenience purposes only, using the approximate average rate for the year shown on page 190. This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

Dollar amounts paid to ADR holders depend on the sterling/dollar exchange rate at the time of payment.

No withholding tax is imposed on dividends paid to ADR holders and there will be no entitlement to offset any part of the notional UK taxation credit against any US taxation liability. The dividends received will be subject to US taxation.

Tax information

UK taxation

Income tax on cash dividends

Cash dividends received from WPP plc by individual share owners resident in the UK will generally be subject to UK income tax on the gross amount of any dividends paid by WPP with a tax credit equal to one-ninth of the dividend received; tax credits are not repayable to UK holders with no tax liability.

Individuals whose income is within the basic tax rate band are liable to tax at 10% on the dividend income and the tax credit will satisfy their income tax liability on UK dividends. For higher tax rate payers the rate of tax on dividend income for dividends is 32.5% whilst for individuals with income of £150,000 or more, from 6 April 2013 the rate is 37.5%, with relief available for the tax credit referred to above. The gross amount of the cash dividend will be regarded as the top slice of the WPP share owner's income and will be subject to UK income tax as set out above.

Capital gains tax

The market value of an ordinary share at 31 March 1982 was 39p. Since that date rights issues have occurred in September 1986, August 1987 and April 1993. For capital gains tax purposes the acquisition cost of ordinary shares is adjusted to take account of such rights issues. Since any adjustments will depend on individual circumstances, share owners are advised to consult their professional advisors.

Capital gains

As liability to capital gains tax on a disposal of WPP shares will depend on individual circumstances, share owners are advised to consult their professional advisors.

Eleven artists, one continent

It is said that this is the African century*.

To celebrate WPP's 30th Annual Report, we're featuring (mostly) contemporary paintings from the sub-Saharan African countries of Tanzania, Kenya and South Africa.

The 11 artists we're showing have widely differing backgrounds; their subjects as varied as the continent itself. All are inspired by Africa and have their own authentic African voice. Many are collected by individuals and institutions and, famous in their home countries, are increasingly making a mark on the international stage.

Africa has unique characteristics that contribute to the power of its art. Its heritage art objects, mastered over millennia, include highly stylised wood carvings, textiles, basketry and beadwork. They are some of the world's most inspirational artefacts and artistic points of reference. The vast African landscape informs the work too. Its open skies, diverse people, rich wildlife and climate provide spectacular texture, light and colour.

The motivation to assert individualism regardless of circumstance or background is strong. There's also an independent and liberated approach to constructing it. Paint, mixed media and upcycled materials are all applied with style. These unique sensibilities produce strident and flamboyant work abundant in meaningful personal statements, rich in social, political and economic commentary.

A glimpse into this powerful combination can be seen in the animal portraits depicted by the Tingatinga school of painters. The movement began with the late **Edward Saidi Tingatinga**, who was born in the early 1950s on the Tanzania and Mozambique border. In the 1960s, he started making and selling naïve and surrealistic paintings created with inexpensive or found materials, such as hardboard and bicycle paint. His subjects, mainly African wildlife and savannah, teem with joy and energy.

His legacy continues in the Tingatinga Arts Cooperative Society. Its brightly patterned style is now generic and practised by generations of artists. Works by the Cooperative's **Saidi Chilamboni, Ajaba Abdallah** and the late **Omari Amonde** are featured in this Report. The Tingatinga visual language has even been translated into an animated children's TV series originally commissioned in the UK and made in Nairobi.

Abstract and codified visions of wildlife are a frequent feature in Tingatinga artworks and beyond. A thick texture resembling a woven basket can be seen representing feathers in the bodies of Tingatinga artist Ajaba Abdallah's set of mythical birds. Spots that look like beadwork rather than fur fill out flat shapes in Saidi Chilamboni's animals.

Kenya boasts a thriving contemporary art scene and one that is gaining recognition internationally. Known as the painter's painter, **Richard Kimathi** is one of the country's most acclaimed artists. His cat has mask-like facial features. Its eyes stare out in a knowing gaze. Kimathi trained in graphics before turning to fine art. He was commissioned by the UN to design a limited edition stamp in 2000 and in 2014 exhibited in London alongside other East African artists.

Working in oil on canvas, Kenyan **James Mbuthia's** paintings have a dream-like quality. He also makes sculpture, woodcuts and recycled pieces. He is founder of *Art Without Borders Kenya*, a workshop that enables artists to bring art to children in need. His work has been extensively exhibited in Kenya, has appeared in many books and publications, and is widely collected.

By contrast, Kenyan artist **Wawi Amasha** sells her work in California. Her fine art crosses over into design work and vice versa. She employs a medley of traditional patterns and colours in her paintings. There's no room for mechanical perspective in her pieces, which often feature crowds of stylised dancing women. She is inspired by African traditions and the continent's natural way of life.

Kenyan colourist **Mary Collis** is one of her country's leading expressionist artists and an ardent champion of contemporary African art. Based in Kenya and South Africa, she uses colour to depict the energy and beauty of the natural world in uplifting and almost transcendental paintings. Swathes of bright hues capturing the African light make up her signature style. Her subjects range from figurative landscape to complex abstract. Collis has had numerous one-woman exhibitions in Africa, Europe and the Americas. She was co-founder of RaMoMA modern art museum in Nairobi. Collis's work is collected all over the world.

Nairobi-born **Peterson Kamwathi** is recognised as one of Kenya's most inventive conceptual artists. He produces collages of abstract generic figures made from thick layers of mixed media on canvas and paper. Much of his work has been in printmaking, where he is a master of the woodcut. There is often political content to his paintings as in his 'Kenyan Bulls' series which convey his views through the imagery of cattle, the traditional measure of wealth and status across the country. Kamwathi has been artist-in-residence at Kentucky University, Bath Spa University and the London Print Studio. Beyond the continent, his work has been exhibited in New York, London, Edinburgh, Vienna, Washington and Amsterdam. He sells worldwide.

Katharine Ambrose has spent most of her adult life in South Africa. Recognised for her captivating Lowry-like depictions of daily rural and township life, she paints complex scenes melding people and landscape in a blaze of activity. Ambrose employs oil, acrylic and mixed media to create her panoramas busy with communities in their surroundings. She works directly in the field, painting school, rural or village scenes. Her work is collected by many South African institutions.

South Africa's **Frank Ross** makes his striking 3D artworks using a tapestry of discordant acrylic paint and mixed media. Densely painted sections are supplemented by emphatic outlines and hammered-on rubber or metal. He started out working in a canning factory and ran his own business before being compelled to make art in middle age. A prolific artist, his paintings show the intensity and toughness of township life. People, buildings, vehicles and landscape coalesce in life-affirming collages. He had a sell-out exhibition in Switzerland in 2009.

[1]United Nations News Centre, 25/09/2013, *The Wall Street Journal*, 22/05/2012, *The Globe and Mail*, 24/11/2012.

For the past nine years, WPP's Annual Reports have drawn visual inspiration from different geographical markets important to our clients and our companies. Since 2005, we have looked to artists from India, China, Africa, Brazil, the US, Eastern Europe, the UK, Indonesia and last year, Mexico, for our visual cue.

This year we focus again on Africa – "a newly-empowered continent, one full of possibilities and confident of its future," in the words of WPP CEO Sir Martin Sorrell – to feature (mostly) contemporary artists from Tanzania, Kenya and South Africa, whose joyous vibrant work is as diverse as the continent itself. Altogether 11 artists' works are included in the Report.

In the past 10 years, the number of people employed by WPP companies across the African continent has increased almost 20-fold to over 28,000 people (including associates).

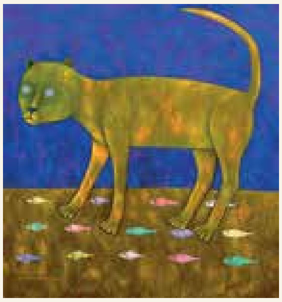
James Mbuthia, Kenya

Who Do I Marry **(page 9)**
Acrylic on canvas

Peterson Kamwathi, Kenya

Nchi 1 Barcode **(pages 44 and 45)**
Woodcut print

Richard Kimathi, Kenya



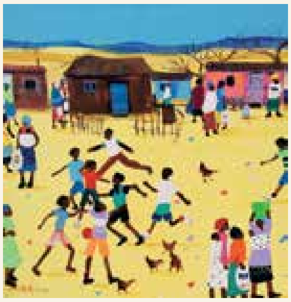
Guard Of Honour **(pages 166 and 167)**
Oil on Canvas

About the artists
Eleven artists, one continent

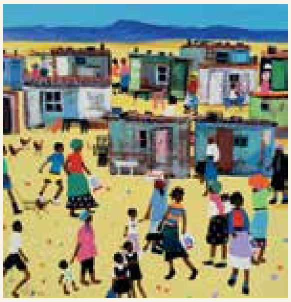
Mary Collis, Kenya

New Erica's Garden **(page 15)**
Oil on canvas

Katharine Ambrose, South Africa



Saturday Soccer **(page 20)**
Acrylic on canvas
Fine Art Portfolio



Shopping Day **(page 158)**
Acrylic on canvas
Fine Art Portfolio

Wawi Amasha, Kenya

Daily Chores **(pages 105 and 106)**
Acrylics on canvas

Edward Saidi Tingatinga, Tanzania

Birds Family **(pages 86 and 87)**
Mixed media

Frank Ross, South Africa

Training for Soccer **(page 240)**
Mixed media

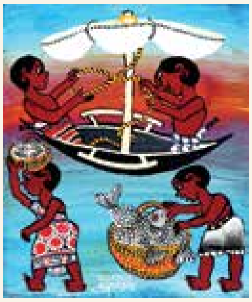
Ajaba Abdallah, Tanzania

Birds **(pages 112 and 113)**
Mixed media

Saidi Chilamboni, Tanzania

The Leopard **(cover)**
Mixed media

Omari Amonde, Tanzania



Bringing In The Fish **(pages 180 and 181)**
Mixed media

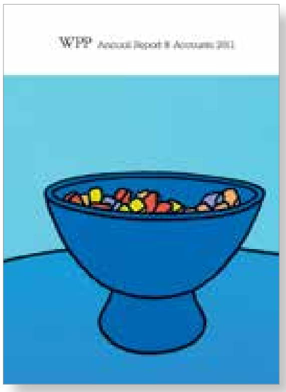
Awards for recent WPP Annual Reports

2010

LACP Vision Awards
Platinum Award, in Top 100 Annual Reports and Top 50 Annual Reports EMEA.

International ARC Awards
Gold, Bronze and three Honours Awards.

Galaxy Awards
Honours, Online Annual Report.



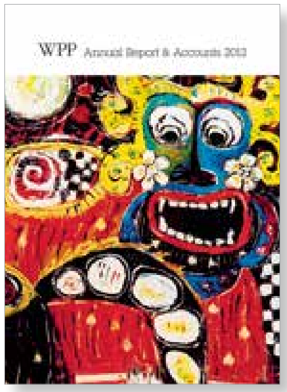
2011

LACP Vision Awards
Two Gold Awards, and ranked in Top 100 Annual Reports Worldwide and Top 50 Annual Reports EMEA.

Galaxy Awards
Honours, Design.

Communicate magazine's Corporate and Financial Awards
Silver for Best Online Annual Report.

PwC Building Public Trust Awards
Highly Commended, People Reporting.



2012

LACP Vision Awards
Gold Award and ranked in the Top 50 Annual Reports EMEA.

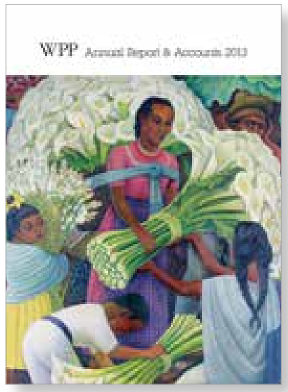
International ARC Awards
Gold Award.

Galaxy Awards
Gold Award.

Communicate magazine's Corporate and Financial Awards
Gold for Best Printed Report, Silver for Best Online Report.

PwC Building Public Trust Awards
Winner.

Astrid Awards (for design communications)
Bronze Award.



2013

LACP Vision Awards
Ranked 5 out of Top 100 Annual Reports Worldwide. Ranked 3 out of Top 80 Annual Reports EMEA.

LACP Vision Awards
Four Platinum Awards:

- Industry Excellence, Print.
- Industry Excellence, Online.
- Best Annual Report Narrative, Worldwide.
- Best Annual Report Narrative, EMEA.

Where to find us

Parent company centres

WPP New York
100 Park Avenue
New York NY 10017
Tel +1 (212) 632 2200

WPP London
27 Farm Street
London W1J 5RJ
Tel +44 (0)20 7408 2204

WPP Asia Pacific
Yebisu Garden Place Tower, 25/F
4-20-3 Ebisu
Shibuya-ku
Tokyo 150-6025
Tel +813 3280 9506

WPP China
Room 3101, 31/F The Center
989 Changle Road
Shanghai 2000 31
Tel +86 21 2405 0096

Group information

If you would like further general information about WPP, its companies or any of the programs, publications or initiatives mentioned in this Annual Report, please visit our website, **wpp.com**, or email **enquiries@wpp.com**

Business development

For more about WPP companies' professional services, please contact:
George Rogers
george.rogers@wpp.com

Gyve Safavi
gyve.safavi@wpp.com

Contact points

Investor relations
Paul Richardson
Group finance director
Tel +1 (212) 632 2200
paul.richardson@wpp.com

Chris Sweetland
Deputy Group finance director
Tel +44 (0)20 7408 2204
chris.sweetland@wpp.com

Fran Butera
Investor relations director
Tel +1 (212) 632 2235
fran.butera@wpp.com

Investor information
Investor relations material and our financial statements are available online at wpp.com/investor.

Corporate communications and media relations
Feona McEwan
Group communications director
Tel +44 (0)20 7408 2204
feona.mcewan@wpp.com

North America
Kevin McCormack
Tel +1 (212) 632 2239
kevin.mccormack@wpp.com

Asia Pacific
Belinda Rabano
Tel +86 10 8520 3066
belinda.rabano@wpp.com

EMEA
Chris Wade
Tel +44 (0)20 7408 2204
chris.wade@wpp.com

Sustainability
Vanessa Edwards
Head of sustainability
Tel +44 (0)20 7408 2204
vanessa.edwards@wpp.com

Parent company regional contacts

WPP Asia Pacific
Scott Spirit
Chief strategy officer and chief digital officer
scott.spirit@wpp.com

WPP Latin America
Ann Newman
ann.newman@wpp.com

WPP Japan
Stuart Neish
stuart.neish@wpp.com

WPP Regional, Sub-Regional and Country Managers

Andina region (Bolivia, Colombia, Ecuador & Peru):
Roberto Coimbra
Australia & New Zealand:
Geoff Wild
Central & Eastern Europe:
David Lhota
Greater China:
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Designed by Addison Group
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