WPP

Annual Report & Accounts 2015

Contents

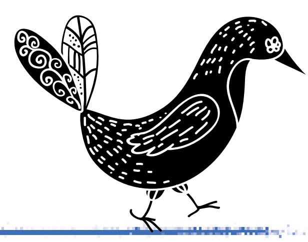
The island in the sun
This year, our Annual Report has drawn inspiration from the vibrant art of Cuba, a Caribbean island coming in from the cold. See pages 234 to 237 for information about the artworks and Cuban artistic culture.

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/annualreport2015

Sustainability Report*
wpp.com/sustainabilityreport2015-16

Pro bono work 2015*
wpp.com/probonoreport2015-16

*June 2016

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 160 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 352 of the Fortune Global 500, all 30 of the Dow Jones 30 and 77 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. Some 830 clients are now served in three distinct disciplines. Over 550 clients are served in four disciplines, and these clients account for almost 52% of Group revenues. Group companies also work with 448 clients across six or more countries.

Collectively, over 190,000 people (including associates) work for WPP companies, out of over 3,000 offices in 112 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

The case for sticking your neck out

by Sir Martin Sorrell

The danger of losing your head notwithstanding, at WPP we are very much in favour of sticking your neck out. Establishing an office in Havana, the day after Washington announced the reopening of the US Embassy last July, no doubt caused palpitations in the internal audit department and red lights to flash all over the risk dashboard. We did much the same in Myanmar three years earlier when sanctions were lifted. It is not beyond the realms of possibility that Iran will become our 113th country of operation in the course of the next year or so.

For some these are risky moves. We see them as market leadership.

From WPP's entrepreneurial beginnings, with two people in one room and a stake in a manufacturer of wire baskets and teapots, to the acquisition of J. Walter Thompson and Ogilvy & Mather, the consolidation of media buying under Mindshare and later GroupM, the identification of the digital and data revolutions, and our unique, cross-Group, 'horizontal' approach to serving clients, the Company's story has been one of doing things differently.

Sir Martin Sorrell's article begins on page 87.

Sorry to Disappoint You – But the Business We're in is Unusually Low in Risk

(Which is why experiment and adventure can be so confidently explored)

by Jeremy Bullmore

To be reminded just how unlikely we are to make a catastrophic error is to be liberated: liberated to be less of a slave to caution; liberated to experiment, both in content and in levels of expenditure; liberated to test the waters, to try things out, to suck it and see. The penalties for getting it wrong will be barely measurable. The rewards for getting it right can be heady.

Read Jeremy Bullmore's essay on pages 103 to 105.

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. 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.
2. 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.
3. Increase the share of revenues from new media to 40-45% of revenues.
4. 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 technology, data and content.

Our Strategic report starts on page 24. Our 2015 financial statements are presented in full on pages 171 to 229 and at wpp.com/investor.

How we're doing

Financial summary

WPP celebrated its thirtieth birthday in 2015 with another record year: revenue, profitability, net sales margins and earnings per share all reached new highs, despite strong currency headwinds and a generally low-growth global environment.

Billings*

£47,632m

Reported +3.1%
Constant +4.9%

Revenue

£12,235m

Reported +6.1%
Constant +7.5%

Net sales*

£10,524m

Reported +4.6%
Constant +5.8%

Headline EBITDA*

£2,002m

Reported +4.9%
Constant +7.7%

Headline PBIT*

£1,774m

Reported +5.6%
Constant +8.7%

Net sales margin*

16.9%

Reported +0.2%[1]
Constant +0.4%[1]

Headline PBT*

£1,622m

Reported +7.3%
Constant +11.2%

Reported profit before tax

£1,493m

Reported +2.8%
Constant +7.3%

Headline diluted EPS*

93.6p

Reported +10.2%
Constant +13.3%

Reported diluted EPS*

88.4p

Reported +9.8%
Constant +13.4%

Dividends per share

44.69p

Reported +17.0%
Constant +17.0%

(% change from 2014 in reported and constant currency)

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

2015 results

Reported billings were £47.6 billion, up almost 5% in constant currencies, driven by a strong overall leadership position in net new business league tables for the fourth year in a row. Revenue was up over 6% to £12.2 billion and up well over 7% in constant currencies.

Dividends increased by 17% to 44.69p, a new high. This represents a dividend pay-out ratio of 47.7% of headline diluted earnings per share, compared with 45.0% in 2014. The newly targeted pay-out ratio of 50% could well be achieved by the end of 2016, a year ahead of target.

Headline PBIT was up well over 5% to £1.774 billion and up well over 8% in constant currencies. Net sales margins increased by 0.2 margin points to an industry-leading 16.9% and, on a constant currency basis, were up 0.4 margin points, ahead of the targeted constant currency increase of 0.3 margin points.

Reported profit before interest and tax rose 7% to £1.679 billion from £1.569 billion, up well over 10% in constant currencies. Headline EBITDA increased by almost 5% to £2.002 billion, crossing £2 billion for the first time, up well over 7% in constant currencies. Headline profit before tax was up over 7% to £1.622 billion and reported profit before tax was up almost 3% to £1.493 billion. Diluted headline earnings per share rose by over 10% to 93.6p (an all-time high) and diluted reported earnings per share were up almost 10% to 88.4p, both reflecting strong like-for-like revenue and net sales growth, margin improvement and the benefit of acquisitions.

The value of the Group's non-controlled investments rose by almost £500 million to £1.2 billion during the year, chiefly reflecting the increasing value of our content businesses, primarily VICE, and the partnership formed during the year with comScore.

With a current equity market capitalisation of approximately £21.4 billion, the total enterprise value of your Company is approximately £25.5 billion, a multiple of 12.8 times 2015 headline EBITDA.

Free cash flow and net debt

Free cash flow amounted to almost £1.3 billion in 2015, over £1 billion for the fifth consecutive year. This free cash flow was absorbed by £0.7 billion of net cash acquisition payments and investments, £0.6 billion of share buy-backs and £0.5 billion of dividends, a total outflow of £1.8 billion. This resulted in a net cash outflow of £0.5 billion, before any changes in working capital. Average net debt was therefore £3.6 billion in 2015, compared to £3.1 billion in 2014, at 2015 exchange rates, and net debt at 31 December 2015 was £3.2 billion, against £2.3 billion at 31 December 2014. The average net debt to headline EBITDA ratio in 2015 was 1.8 times, which is in the middle of the Group's target range of 1.5-2.0 times.

Revenue growth

Our reported revenue growth for the year was 6.1%, and on a constant currency basis, which excludes the impact of currency movements, revenue was up 7.5%. This difference of 1.4% reflects strong foreign currency headwinds in the second half: chiefly due to the strength of the pound sterling, primarily against the euro, partly offset by the weakness of the pound sterling against the US dollar.

On a like-for-like basis, which excludes the impact of currency and acquisitions, revenue was up 5.3%, with net sales up 3.3%. In the fourth quarter, like-for-like revenue was up well over 6%, the strongest quarter of the year, following like-for-like growth in the third quarter of well over 4%, due to stronger growth in the fourth quarter in North America, the UK and Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe, partly offset by slightly slower growth in Western Continental Europe. Like-for-like net sales were up almost 5% in the fourth quarter, the strongest quarter of the year, with all regions, except the UK and Western Continental Europe, recording their strongest quarter of the year.

Geographic performance

North America, with constant currency revenue growth of over 11% in the final quarter and like-for-like growth of well over 9%, strengthened further, exceeding the strong growth seen in the first nine months, an improvement over the third quarter year-to-date constant currency growth of well over 6% and like-for-like growth of over 6%. On a full-year basis, constant currency revenue was up almost 8%, with like-for-like up over 7%.

In the UK, constant currency revenue was up over 8%, with like-for-like up over 4% on a full-year basis. Net sales were up almost 8% in constant currency, with like-for-like up almost 3%.

Western Continental Europe revenue grew by well over 4% like-for-like (well over 5% in the second half), compared with almost 4% in 2014.

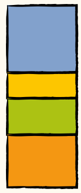
In Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, on a constant currency basis, revenue growth in the fourth quarter remained strong at over 9%, ahead of the first nine months growth of over 8%. Like-for-like revenue growth in the fourth quarter was over 6%, slightly lower than the almost 7% in quarter one. On a full year basis, constant currency net sales growth in the region as a whole was over 7% with like-for-like net sales up 3%.

Sector performance

Advertising and Media Investment Management was the strongest performing sector, with

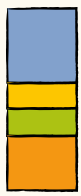
2015 revenue by geography %

North America	37
UK	14
Western Continental Europe	20
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	29



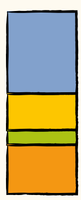
2015 headline PBIT[1] by geography %

North America	41
UK	14
Western Continental Europe	15
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	30



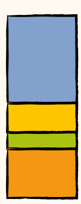
2015 revenue by sector %

Advertising and Media Investment Management	45
Data Investment Management	20
Public Relations & Public Affairs	8
Branding & Identity, Healthcare and Specialist Communications	27



2015 headline PBIT[1] by sector %

Advertising and Media Investment Management	48
Data Investment Management	16
Public Relations & Public Affairs	9
Branding & Identity, Healthcare and Specialist Communications	27



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

constant currency revenue growth of almost 10% for the year, and 9% in quarter four.

Data Investment Management revenue grew by almost 6% in the fourth quarter on a constant currency basis, the strongest quarter of 2015, and 1.4% like-for-like. Net sales showed a similar pattern, up over 5% in constant currency in quarter four and almost 1% like-for-like. On a full-year basis, revenue was up 3.5% in constant currency, but down 0.2% like-for-like, with the second half stronger than the first half.

The Group's Public Relations & Public Affairs businesses continued the growth shown earlier in the year. On a full-year basis, revenues were up well over 4% in constant currency and 3% like-for-like.

At the Group's Branding & Identity, Healthcare and Specialist Communications businesses (including direct, digital and interactive), constant currency revenue grew strongly at over 11% in quarter four (as with most of our businesses, the strongest quarter of 2015) and like-for-like revenue was up almost 9%, a significant improvement over quarter three. Full-year revenue was up over 7% in constant currency and over 5% like-for-like.

In 2015, the reported headline net sales margin was up 0.2 margin points to 16.9%, achieving the highest reported comparative level in the industry.

Industry rankings

For the fifth 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; and, for the second year in a row, Warc's Most Effective Holding Company.

The Group is ranked first for both net new business and retentions in media investment management by RECMA.

Who runs WPP

Non-executive chairman

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

Executive directors

Sir Martin Sorrell
Chief executive

Paul Richardson
Finance director
Chairman of the Sustainability Committee

Non-executive directors

Jacques Aigrain
Chairman of the Audit Committee
Member of the Compensation Committee

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

Sir John Hood
Chairman of the Compensation Committee

Ruigang Li
Member of the Nomination and Governance Committee

Daniela Riccardi
Member of the Nomination and Governance Committee

Nicole Seligman
Senior independent director

Hugo Shong
Member of the Nomination and Governance Committee

Timothy Shriver
Member of the Compensation Committee

Sally Susman
Member of the Nomination and Governance Committee

Sol Trujillo
Member of the Audit Committee

Members of the Advisory Board

Jeremy Bullmore

John Jackson

Bud Morten

Koichiro Naganuma

John Quelch

Richard Rivers

Guiseppe Sala

Cuneyd Zapsu

Company Secretary

Marie Capes

Directors' biographies appear on pages 108 to 110.

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, COSO and the FRC guidance on risk management and internal control.

Further details on corporate governance, and how we comply, can be found on pages 163 to 167.

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 121 to 153.

Sustainability

Sustainability issues increasingly impact the products, 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

- Clients who engaged with us on sustainability were worth at least £1.29 billion to the Group in 2015, equivalent to 11% of revenues.

People

- We invested £41.1 million on training in 2015.
- At year-end 2015, women comprised 29% of the WPP Board, 33% of directors and executive leaders of our companies and 54% of total employees.

Environment

- We have cut our carbon footprint per employee to 2.07 tonnes of CO_2e, a 39% reduction from 2006.

Social contribution

- In 2015, our social investment was worth £19.4 million, equivalent to 1.3% of reported profit before tax.
- In addition, WPP media agencies negotiated free media space worth £24.4 million on behalf of pro bono clients.

Read a summary of our performance and activities in 2015 on pages 155 to 161.

Who we are


TAXI
AKQA
OgilvyOne worldwide
WUNDERMAN
GC Global Counsel
cognifide
deepblue
metro
ieg.
H&O
ALWAYS Total Field Marketing Solutions
Lightspeed GMI
cba designing brands with heart
ghg greyhealth group
SOHO SQUARE
DSG DEWEYSQUAREGROUP
SYZYGY
the food group INNOVATIVE FOOD MARKETING
JOHANNES LEONARDO
ADK
Ogilvy CommonHealth Worldwide
THE STORE WPP THE WPP GLOBAL RETAIL PRACTICE
KANTAR RETAIL
Adgistics
MEC
MillwardBrown
KBM GROUP part of the wunderman network
essence.
maxus
IMRB international
FITCH
The Government & Public Sector Practice
cohn&wolfe
Mando
bdg
Eicoff
KANTAR WORLDPANEL
DIGIT
UNITED VISIONS moving media
DAVID
BPG group
addison group
Burson-Marsteller
Team Detroit
WUNDERMAN HEALTH
The Farm Group
IPAN HILL+KNOWLTON STRATEGIES
Y&R
WPP SCANGROUP
PRISM
HS Ad
TAPSA Y&R
Blue Hive
S&H SUDLER&HENNESSEY
msc The Marketing Outsourcing Company
cerebra
H+ART
Benenson Strategy Group
mirum Never lose your sense of wonder.
THE PARTNERS
BARROWS Shopper Conversion Specialists
Ogilvy & Mather Advertising
john st.
WPP Digital
blast radius
quisma
Buchanan
POSSIBLE
gkk dialog group
PENN SCHOEN BERLAND
HighCo
SANTO
GROUPSJR
at interlude
THE DATA ALLIANCE WPP
bottlerocket
FINSBURY
WPP


KANTAR
XAXIS
SET
commarco
GRASS ROOTS inspiring people
fisheye
Salmon SHAPING FUTURE COMMERCE
pace
imagina
dovetail
adpeople worldwide
BRAVO
THE JUPITER DRAWING ROOM
HOGARTH
gci health
CHIME
Landor
Globant we are ready
CATALYST
MJM
EWA Bespoke Communications
KANTAR MEDIA
neo@Ogilvy
Ogilvy Public Relations
Ogilvy
TNS
9ine SPORTS & ENTERTAINMENT
HILL+KNOWLTON STRATEGIES
SMOLLAN
kinetic
BATES CHI&PARTNERS
F.biz
the futures company
spafax content on the go
Richard Attias & Associates
B|W|R Public Relations
uwg
GAIN THEORY
geometry global
groupm
Joule
FORWARD Worldwide
MAX
MEDIACOM People first, better results
tenthavenue
b. burrows
WEXLER|WALKER
wing
lab STORE
PeclersParis ...fashioning the future
Antidote
COLEY PORTER BELL
KKLD*
HERING SCHUPPENER
ESP
vbat
QGA PUBLIC AFFAIRS
ADDEDVALUE
mutualmobile
PRIME POLICY GROUP
VML
acceleration
RED FUSE COMMUNICATIONS
*S,C,P,F...
J. WALTER THOMPSON WORLDWIDE
Lambie-Nairn
ICONMOBILE
clarion something new
CHI&PARTNERS
WPP AUNZ
MINDSHARE
GPG
rockfish
KANTAR HEALTH
P R
GREY
SCHOLZ & FRIENDS
CHOREOGRAPH
blue state digital
2GIG

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

WPP-Scangroup
wpp-scangroup.com

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

WPP AUNZ
wppaunz.com

Y&R■
yr.com

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

tenthavenue:
tenthavenue.com

Forward
forwardww.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

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■
landor.com

PeclersParis★
peclersparis.com

The Partners★
the-partners.com

SET●
set-live.com

VBAT★
vbat.com

Healthcare Communications

Feinstein Kean Healthcare†
fkhealth.com

GCI Health
gcihealth.com

ghg
ghgroup.com

Ogilvy CommonHealth Worldwide†
ogilvychww.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 Group XP
★ A member of The Partnership
⁺ Part of the Wunderman network
* A Commarco company
Ω A J. Walter Thompson company
▲ Partnership with GroupM/Kantar
As at April 2016.

Sudler & Hennessey■
sudler.com

Wunderman World Health+
wundermanworldhealth.com

VML■
vml.com

Wunderman■
wunderman.com

Imagina[3]
mediapro.es

United Visions*
uv.tv

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

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

Mitú[3]
mitunetwork.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

The Weinstein Company[3]
weinsteinco.com

WildTangent[3]
wildtangent.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

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

Mirum[Ω]
mirumagency.com

OgilvyOne Worldwide†
ogilvy.com

SJR◆
groupsjr.com

Smollan Group[1]
smollan.co.za

Specialist Communications

Corporate/B2B
OgilvyOne Business†
ogilvyonebusiness.com

Demographic marketing
Bravo■
bebravo.com

UniWorld[1]
uwg.is

Wing
insidewing.com

Employer branding/ recruitment
JWT INSIDE[Ω]
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[1]
chimegroup.com

ESP
espglobal.com

PRISM Group
prismteam.com

Real estate marketing
PACE
paceadv.com

Media & production services
The Farm Group
farmgroup.tv

H+O
hogarth-ogilvy.com

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
syzygy.net

WPP Digital partner companies

Ace Metrix[3]
acemetrix.com

AppNexus[3]
appnexus.com

CMC Capital[3]

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 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. 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

HORIZONTALITY

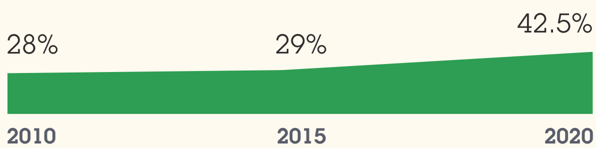
Advance horizontality by ensuring our people work together for the benefit of clients

NEW MARKETS

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

Cross-Group client teams

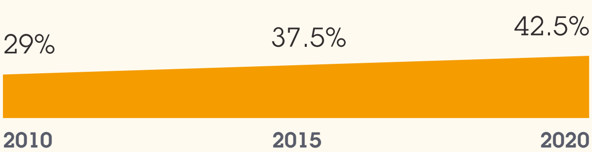
Are we on target?



NEW MEDIA

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

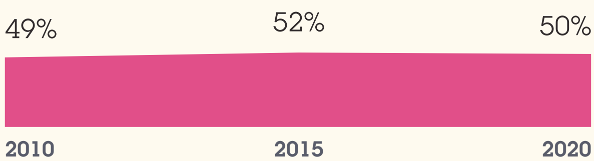
Are we on target?



TECHNOLOGY, DATA & CONTENT*

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

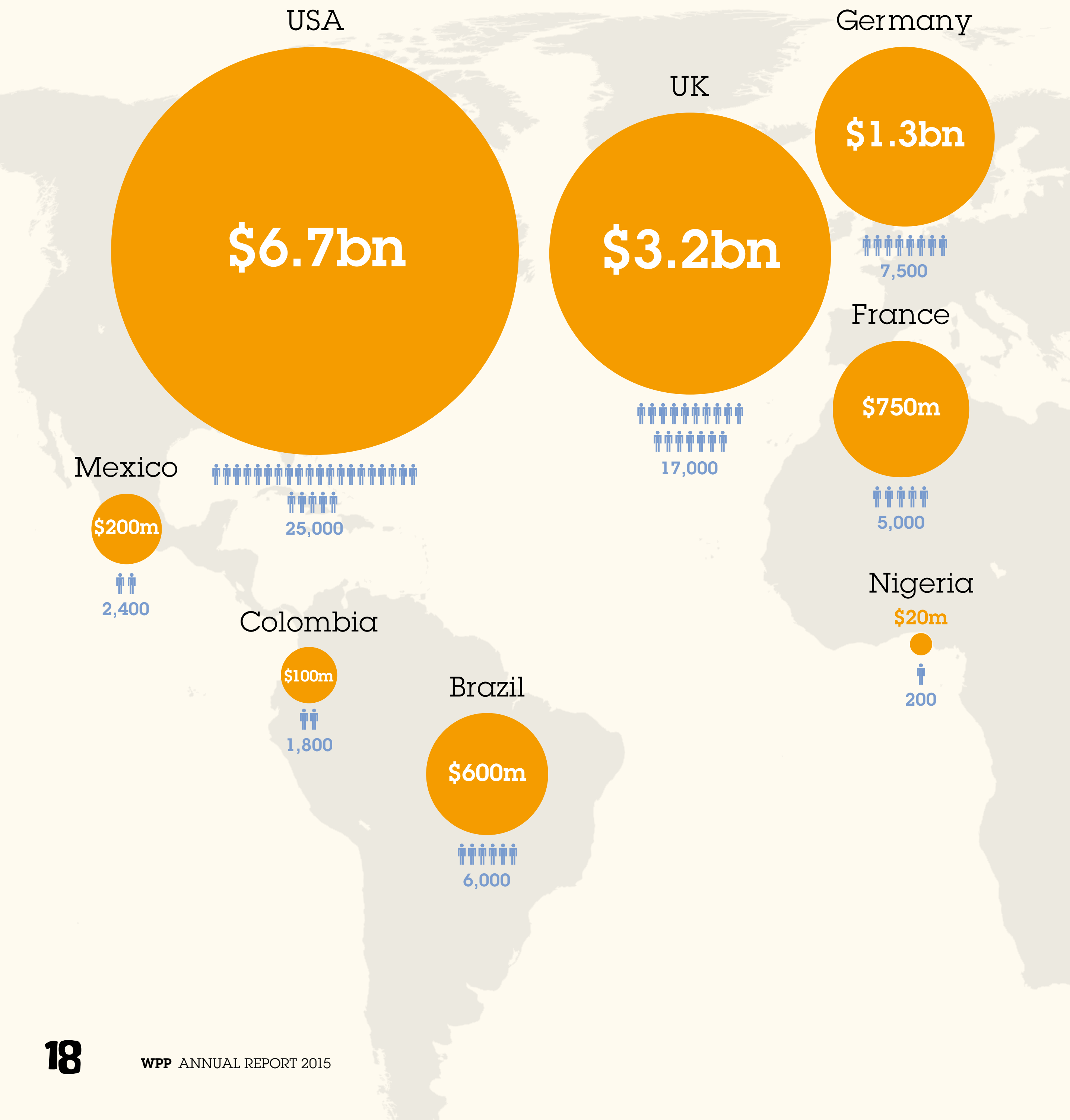
Are we on target?



* Also known as Data Investment Management & Application of Technology

WPP: a global company

WPP companies now operate in 112 countries; the latest: Cuba. Here we show WPP's strength in growth markets of the world as well as in some of our key mature markets.



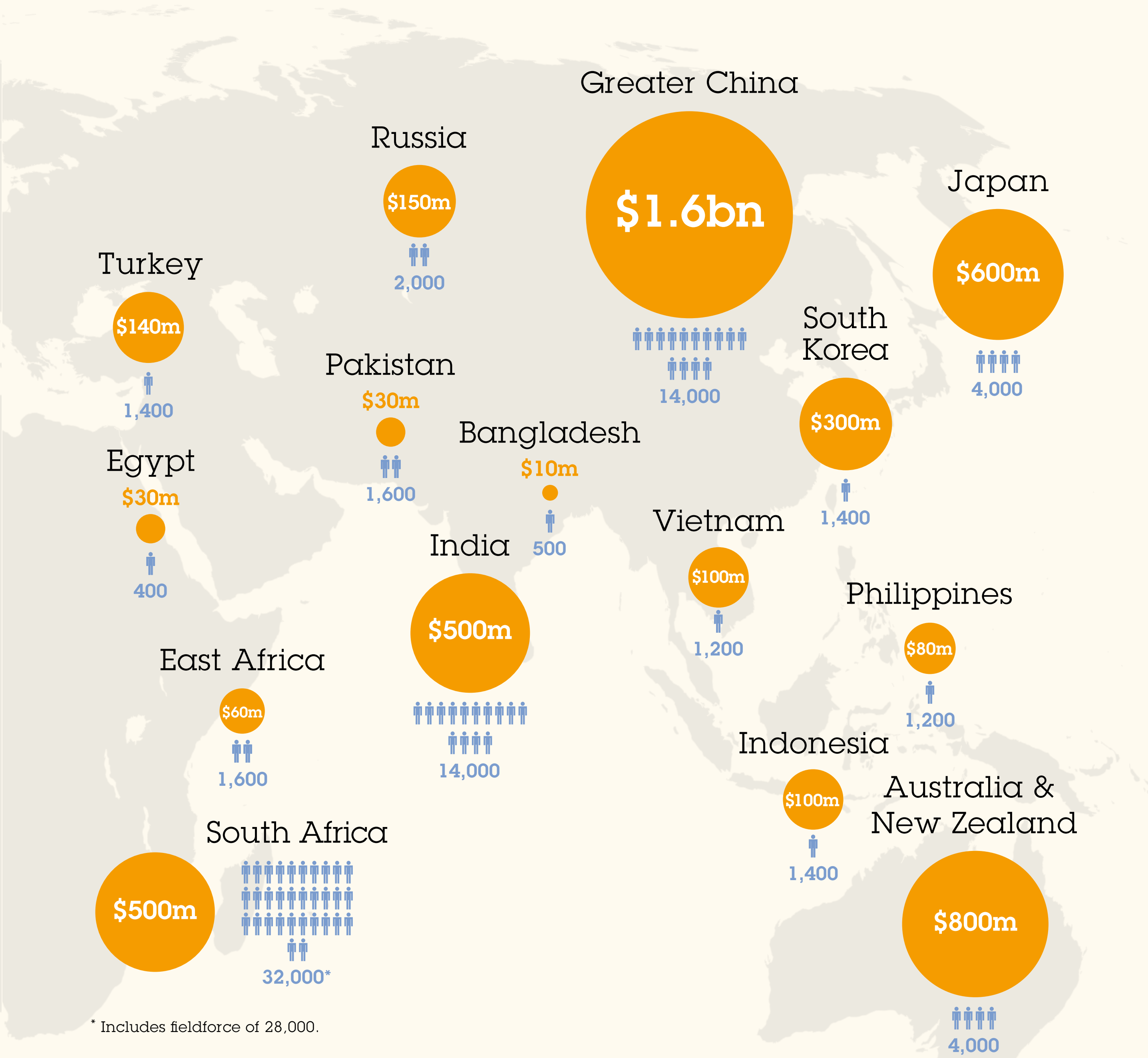
Revenues denote the collective figure for all WPP companies (including associates) in a given country and are reported at 2015 constant currency rates.

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

As at 31 December 2015.

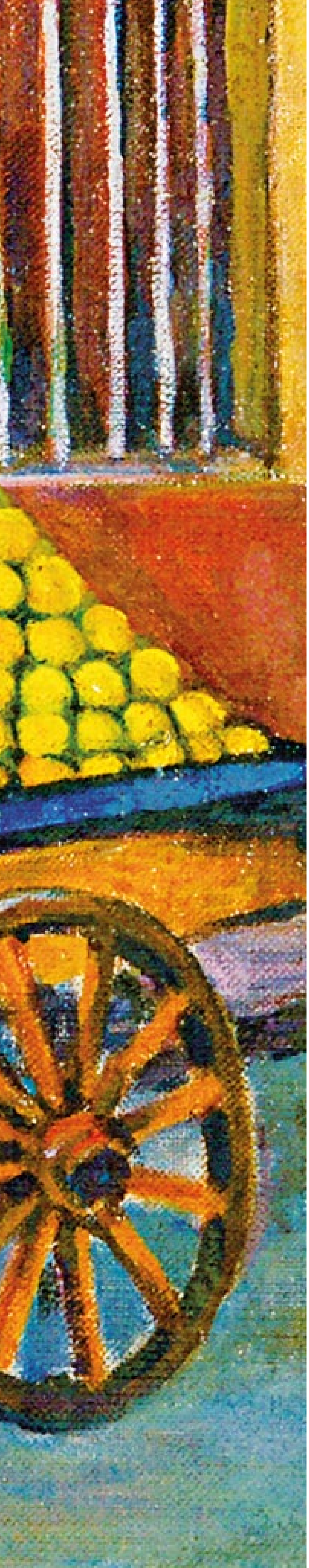
REVENUE

PEOPLE



* Includes fieldforce of 28,000.


2¢



How we're doing

Financial summary

	2015	2014	Change %
Billings[1]	**£47,632m**	£46,186m	+3.1
Revenue	**£12,235m**	£11,529m	+6.1
Net sales[1]	**£10,524m**	£10,065m	+4.6
Headline EBITDA[2]	**£2,002m**	£1,910m	+4.9
Headline operating profit[2]	**£1,705m**	£1,611m	+5.8
Reported operating profit	**£1,632m**	£1,507m	+8.3
Headline PBIT[2]	**£1,774m**	£1,681m	+5.6
Net sales margin[2]	**16.9%**	16.7%	+0.2*
Headline PBT[2]	**£1,622m**	£1,513m	+7.3
Reported PBT	**£1,493m**	£1,452m	+2.8
Headline earnings[2]	**£1,229m**	£1,136m	+8.2
Reported earnings	**£1,160m**	£1,077m	+7.7

Headline diluted earnings per share[2,3]	**93.6p**	84.9p	+10.2
Reported diluted earnings per share[3]	**88.4p**	80.5p	+9.8
Ordinary dividend per share	**44.69p**	38.20p	+17.0
Ordinary dividend per ADR[4]	**$3.42**	$3.15	+8.6

Net debt at year-end	**£3,211m**	£2,275m	+41.1
Average net debt[5]	**£3,562m**	£3,001m	+18.7
Ordinary share price at year-end	**1,563.0p**	1,345.0p	+16.2
ADR price at year-end	**$114.74**	$104.10	+10.2
Market capitalisation at year-end	**£20,237m**	£17,831m	+13.5

At 14 April 2016	
Ordinary share price	**1,656.0p**
ADR price	**$117.38**
Market capitalisation	**£21,423m**

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

1 Billings and net sales are defined on page 228.

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

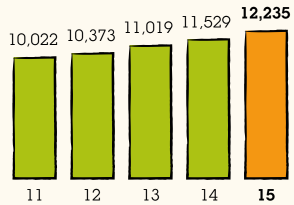
4 One American Depositary Receipt (ADR) represents five ordinary shares. These figures have been translated for convenience purposes only using the Consolidated income statement exchange rates shown on page 180. This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

5 Average net debt is defined on page 228.

* Margin points.

Financial summary

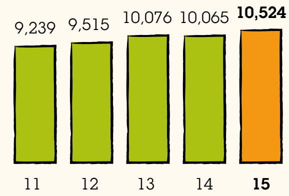
Revenue £m



12,235m

Reported revenue was up 6.1% at £12,235 million. On a constant currency basis, revenue was up 7.5% and, on a like-for-like basis, revenue was up 5.3%.

Net sales £m

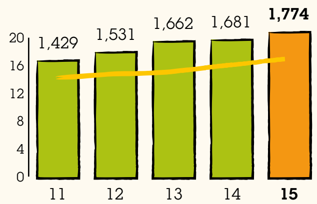


10,524m

Reported net sales were up 4.6% at £10,524 million. On a constant currency basis, net sales were up 5.8% and, on a like-for-like basis, net sales were up 3.3%.

Headline PBIT[1] £m

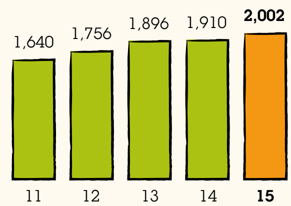
Net sales margin[1] %



1,774m

Headline PBIT was up 5.6% to £1,774 million. Net sales margin was up 0.2 margin points (0.4 margin points on a constant currency basis) to an industry-leading 16.9%.

Headline EBITDA[1] £m

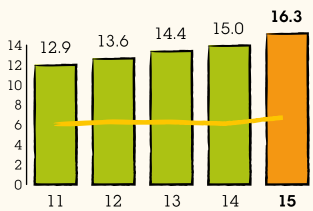


2,002m

Headline EBITDA (headline earnings before interest, taxation, depreciation and amortisation) rose by 4.9% (7.7% in constant currencies), crossing £2 billion for the first time.

Return on equity[2] %

Weighted average cost of capital (WACC)

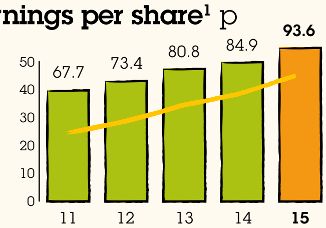


16.3%

Return on equity increased to 16.3% in 2015, while the weighted average cost of capital rose to 6.7%.

Headline diluted earnings per share[1] p

Dividends per share p



93.6p

Headline diluted earnings per share were up 10.2% to 93.6p. Dividends were up 17.0% to 44.69p per share, giving a payout ratio of 47.7% compared with 45.0% in 2014.

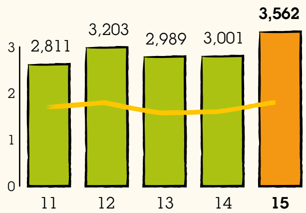
[1] The calculation of 'headline' measurements of performance (including headline EBITDA, headline PBIT, net sales margin and headline earnings) is shown in note 31 of the financial statements.

[2] Return on equity is headline diluted earnings per share divided by equity share owners' funds per share.

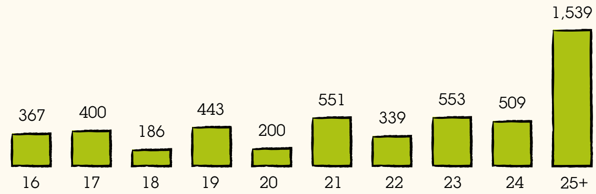
Average net debt £m

Average net debt to headline EBITDA[2] ratio

3,562m



Debt maturity[3] £m

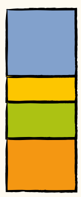


Average net debt was up at £3.6 billion in 2015, reflecting incremental spend on acquisitions, share buy-backs and dividends. The average net debt to headline EBITDA ratio increased to 1.8 times, in the middle of the Group's target range of 1.5-2.0 times.

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.

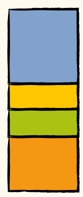
2015 revenue by geography %

North America	37
UK	14
Western Continental Europe	20
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	29



2015 headline PBIT[1] by geography %

North America	41
UK	14
Western Continental Europe	15
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	30

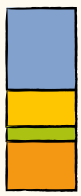


In 2015, 29% of the Group's revenue came from Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe. Our target is to increase this to 40-45% of revenues over the next five years.

Profit growth was strongest in North America in 2015, with margins of almost 19%.

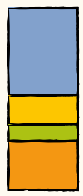
2015 revenue by sector %

Advertising and Media Investment Management	45
Data Investment Management	20
Public Relations & Public Affairs	8
Branding & Identity, Healthcare and Specialist Communications	27



2015 headline PBIT[1] by sector %

Advertising and Media Investment Management	48
Data Investment Management	16
Public Relations & Public Affairs	9
Branding & Identity, Healthcare and Specialist Communications	27



Marketing services comprised 55% of our revenues in 2015, a little less than 2014. Revenue growth was strongest in Advertising and Media Investment Management at almost 10% in constant currencies.

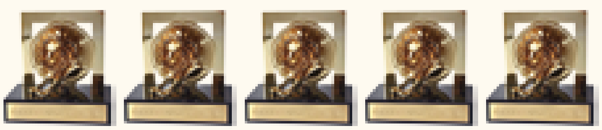
PBIT contributions were broadly in line with prior year, with Data Investment Management and Public Relations & Public Affairs showing significant margin growth.

[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.

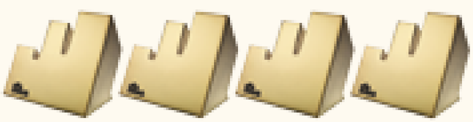
Strategic report to share owners*

Dear share owner

Your Company celebrated its thirtieth birthday in 2015 with another record year: revenue, profitability, net sales margins and earnings per share all reached new highs, despite strong currency headwinds in the second half and a generally low-growth global environment. For the fifth 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; and, for the second year in a row, Warc's Most Effective Holding Company.



Cannes International Festival of Creativity
Holding Company of the Year
2011, 2012, 2013, 2014, 2015



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

warc 100 WORLD'S TOP HOLDING COMPANY 2015 & 2016

* This strategic report to share owners should be read in conjunction with and as part of the Directors' report on pages 113 to 161 and the section headed How we comply on pages 163 to 169.

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 and horizontality across clients, countries and regions has been raised to our number one strategic priority.

Your share price increased by over 16% in 2015, closing at 1,563.0p at year end. Since then it has strengthened further to 1,656.0p, up a further 6%, at the time of writing, reflecting our record results for 2015, as well as slightly stronger global stock markets in recent weeks. Dividends increased by 17% to 44.69p, a new high. This represents a dividend pay-out ratio of 47.7% of headline diluted earnings per share, compared with 45.0% in 2014. It now seems possible that the newly targeted pay-out ratio of 50% will be achieved by the end of 2016, one year ahead of target.

Reported billings were £47.6 billion, up almost 5% in constant currencies, driven by a strong overall leadership position in net new business league tables for the fourth year in a row and GroupM topping both the RECMA media tsunami net new business and retention tables. Revenue was up over 6% to £12.2 billion and up well over 7% in constant currencies. Net sales were up well over 4% and almost 6% in constant currencies. Including 100% of associates and investments, revenue is estimated to total around £17 billion (over $27 billion). Headline PBIT was up well over 5% to £1.774 billion and up well over 8% in constant currencies. Net sales margins increased by 0.2 margin points to an industry-leading 16.9% and, on a constant currency basis, were up 0.4 margin points, ahead of the targeted constant currency increase of 0.3 margin points.

Reported profit before interest and tax rose 7% to £1.679 billion from £1.569 billion, up well over 10% in constant currencies. Headline EBITDA increased by almost 5% to £2.002 billion, crossing £2 billion for the first time, up well over 7% in constant currencies. Headline profit before tax was up over 7% to £1.622 billion and reported profit before tax was up almost 3% to £1.493 billion. Diluted headline earnings per share rose by over 10% to 93.6p (an all-time high) and diluted reported earnings per share were up almost 10% to 88.4p, both reflecting strong like-for-like revenue and net sales growth, margin improvement and the benefit of acquisitions.

Return on equity increased 1.3 percentage points to 16.3% in 2015 compared with 15.0% in 2014, while the weighted average cost of capital increased to 6.7% in 2015 from 6.1% in 2014. Additionally, the value of the Group's non-controlled investments rose by almost £500 million to £1.2 billion during the year, chiefly reflecting the increasing value of our content businesses, primarily VICE, and the partnership formed during the year with comScore.

Free cash flow amounted to almost £1.3 billion in 2015, over £1 billion for the fifth consecutive year. This free cash flow was absorbed by £0.7 billion of net cash acquisition payments and investments, £0.6 billion of share buy-backs and £0.5 billion of dividends, a total outflow of £1.8 billion. This resulted in a net cash outflow of £0.5 billion, before any changes in working capital. Average net debt was therefore £3.6 billion in 2015, compared to £3.1 billion in 2014, at 2015 exchange rates, and net debt at 31 December 2015 was £3.2 billion, against £2.3 billion at 31 December 2014. The average net debt to headline EBITDA ratio in 2015 was 1.8 times, which is in the middle of the Group's target range of 1.5-2.0 times.

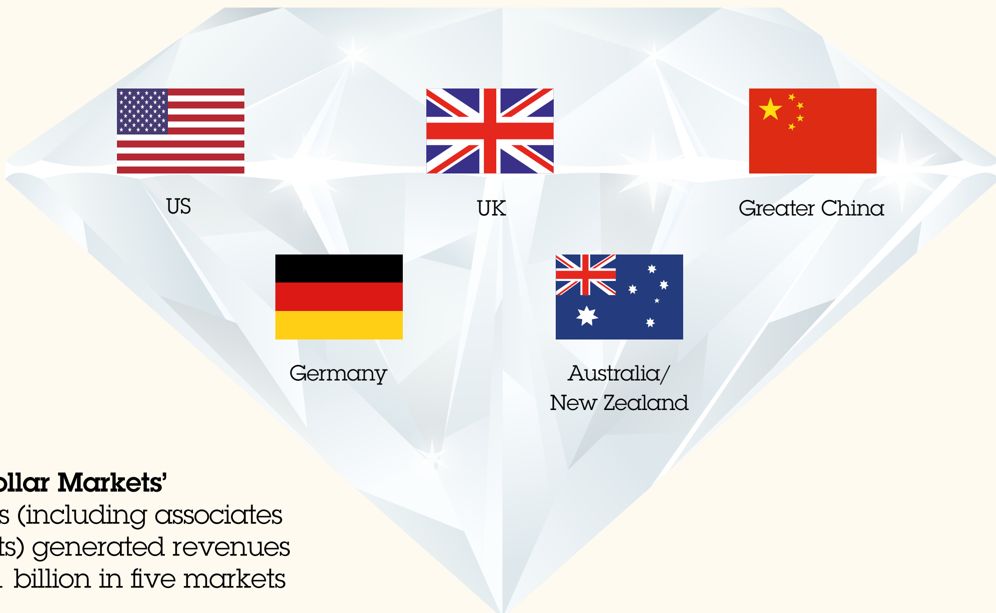
Headline interest cover in 2015 was 11.7 times. So far, in the first two months of 2016, average net debt is up at £3.5 billion against £2.7 billion for the same period in 2015, at 2016 exchange rates, reflecting the same factors as the full-year average for 2015. Our long-term debt is currently rated Baa2 and BBB and our short-term debt P2 and A2, by Moody's and Standard & Poor's respectively.

With the equity market capitalisation at the time of writing of approximately £21.4 billion, the total enterprise value of your Company is approximately £25.5 billion, a multiple of 12.8 times 2015 headline EBITDA.

Revenue growth impacted by strong currency headwinds in the second half

Our reported revenue growth for the year was 6.1%, and on a constant currency basis, which excludes the impact of currency movements, revenue was up 7.5%. This difference of 1.4% reflects strong foreign currency headwinds in the second half: chiefly due to the strength of the pound sterling, primarily against the euro, partly offset by the weakness of the pound sterling against the US dollar.

On a like-for-like basis, which excludes the impact of currency and acquisitions, revenue was up 5.3%, with net sales up 3.3%. In the fourth quarter, like-for-like revenue was up well over 6%, the strongest quarter of the year, following like-for-like growth in the third quarter of well over 4%, due to stronger growth in the fourth quarter in North America, the UK and Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe, partly offset by slightly slower growth in Western Continental Europe. Like-for-like net sales were up almost 5% in the fourth quarter, the strongest quarter of the year, with all regions, except the UK and Western Continental Europe, recording their strongest quarter of the year.



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

Constant currency[1] revenue growth %

North America	15	7.9
	14	10.0
UK	15	8.4
	14	16.0
Western Continental Europe	15	4.7
	14	5.1
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	15	8.5
	14	15.8

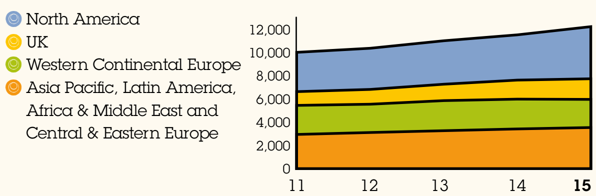
Constant currency[1] net sales growth by geography %

North America	15	4.7
	14	3.4
UK	15	7.8
	14	7.1
Western Continental Europe	15	4.3
	14	2.5
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	15	7.3
	14	12.5

Net sales margin[2] by geography %

North America	15	18.8
	14	17.9
UK	15	16.2
	14	15.8
Western Continental Europe	15	13.7
	14	12.9
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	15	16.8
	14	18.3

Revenue by geography £m



[1] See definition on page 228.
[2] The calculation of net sales margin is set out in note 31 of the financial statements.

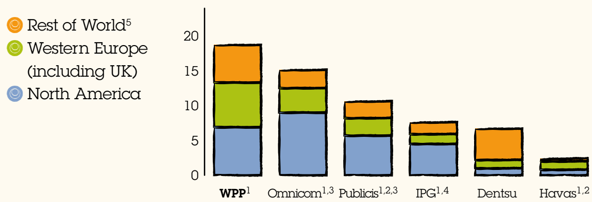
North America leads the way

North America, with constant currency revenue growth of over 11% in the final quarter and like-for-like growth of well over 9%, strengthened further, exceeding the strong growth seen in the first nine months, an improvement over the third quarter year-to-date constant currency growth of well over 6% and like-for-like growth of over 6%. Particularly strong growth was achieved in Advertising and Media Investment Management, parts of the Group's Public Relations & Public Affairs businesses and Branding & Identity, direct, digital and interactive operations. On a full-year basis, constant currency revenue was up almost 8%, with like-for-like up over 7%. Net sales were up well over 4% in constant currency, with like-for-like up over 4%.

The UK rate of growth in the final quarter, although lower than quarter three, remained strong at well over 6% in constant currency, compared to well over 7% in quarter three, with like-for-like growth of almost 3%, well ahead of the 1% seen in quarter three. The Group's Advertising, Public Relations & Public Affairs, Branding & Identity and direct, digital and interactive businesses performed particularly well. Despite the slight slow-down in the rate of revenue growth, net sales remained strong, with constant currency growth of almost 7%, slightly down on quarter three, with like-for-like growth of 3.5% compared with over 2% in quarter three. On a full-year basis, constant currency revenue was up over 8%, with like-for-like up over 4%. Net sales were up almost 8% in constant currency, with like-for-like up almost 3%.

Western Continental Europe, although remaining patchy from a macroeconomic point of view, continued the

2015 revenue by geography versus peers $bn



[1] WPP – reportable US$'s per WPP results. Omnicom, IPG, Publicis and Havas – company presentations for 2015 with CEE estimated at 3%.
[2] FX. Havas and Publicis assumes $1 = €0.9013 based on the average for 2015.
[3] OMC and PUB CEE based on analyst estimates.
[4] IPG assumes Canada is ca 1.5% of revenue.
[5] Rest of World. Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe.

improvement seen in quarter three, with constant currency revenue growth of well over 6%, the highest rate of quarterly growth in 2015, and partly driven by acquisitions. Like-for-like revenue was up over 5% in the final quarter, down slightly on the 6% seen in quarter three. Similarly, net sales growth on a constant currency basis was up over 7% in the final quarter, the highest rate of quarterly growth in 2015, compared to over 4% in quarter three, again partly driven by acquisitions. On a like-for-like basis, net sales were up 3% in the final quarter, compared with well over 4% in quarter three. For the year, Western Continental Europe revenue grew by well over 4% like-for-like (well over 5% in the second half), compared with almost 4% in 2014, with net sales growth of 2.5% like-for-like (well over 3% in the second half), compared to over 1% in 2014. Belgium, Denmark, Germany, Italy and Turkey all showed good growth in the final quarter, but Austria, France, Ireland, the Netherlands, Spain, Sweden and Switzerland were tougher.

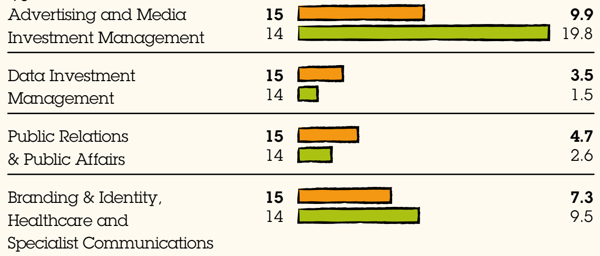
In Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe, on a constant currency basis, revenue growth in the fourth quarter remained strong at over 9%, ahead of the first nine months growth of over 8%. Like-for-like revenue growth in the final quarter was over 6%, the second highest quarter of 2015, slightly lower than the almost 7% seen in quarter one. Growth in the fourth quarter was driven principally by Asia Pacific, Latin America and Africa, the CIVETS[1], the Next 11[2] and the MIST[3]. Central & Eastern Europe, after the improvement seen in quarter three, slipped back slightly, with full-year like-for-like revenue down over 1%. Constant currency net sales growth in the region as a whole was over 7%, with like-for-like net sales up 3%. In Asia, Bangladesh, Cambodia, India, Indonesia, Myanmar, Pakistan and Vietnam, had double-digit like-for-like growth, while Japan and Malaysia were more challenging.

Quarter four in Latin America was the strongest of the year, with like-for-like revenue up almost 8%, compared with quarter three, the next highest, with over 4%. Like-for-like net sales grew over 7% in quarter four, also the highest quarterly growth in 2015, with full-year growth of almost 5% (over 6% in the second half compared with well over 2% in the first half).

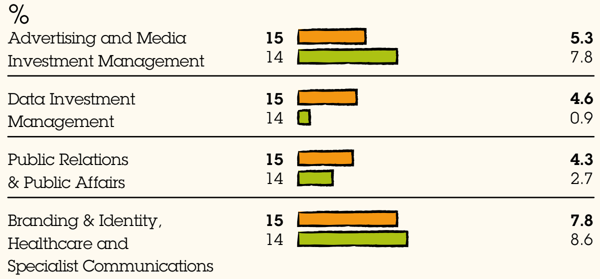
Africa also grew strongly, with like-for-like revenue up over 8% in both quarter four and the full year, driven by the Group's Media Investment Management, Data Investment Management and direct, digital and interactive businesses. In Central & Eastern Europe, like-for-like

[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.

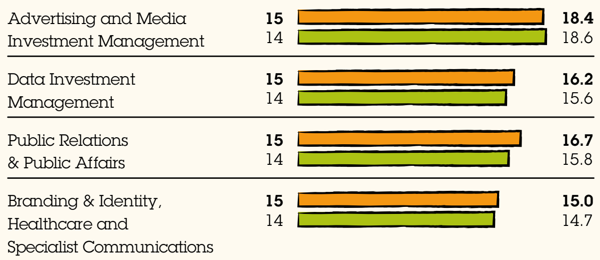
Constant currency[1] revenue growth by sector %



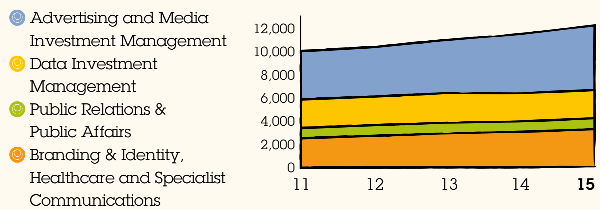
Constant currency[1] net sales growth by sector %



Net sales margin[2] by sector %



Revenue by sector £m



[1] See definition on page 228.
[2] The calculation of net sales margin is set out in note 31 of the financial statements.

revenue was up over 1% in quarter four, compared with 3% in quarter three, with Croatia, the Czech Republic, Hungary and Kazakhstan up strongly. Poland, Russia and the Slovak Republic were tougher.

Full-year revenue for the BRICs[4], which account for over $2.8 billion of revenue, was up well over 3% on a like-for-like basis, with the Next 11 and the CIVETS up over 9% and well over 11% respectively. The MIST was up almost 8%. In 2015, 29% of the Group's revenue came from Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe – down slightly from almost 30% in 2014, due to the strength of sterling against the currencies of many of the markets in these regions still having a significant impact. On a net sales basis, there was also a slight drop to almost 30%, which compares with the Group's strategic objective of 40-45% in the next five years. Markets outside North America now account for 63% of our revenue.

[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 growth of almost 10% for the year, and 9% in quarter four. Like-for-like revenue was up over 8% for both the year and quarter four. Advertising grew strongly in North America and Latin America in quarter four, but the UK, Continental Europe and Africa were more difficult and, overall, Advertising remained challenged. Media Investment Management showed strong like-for-like growth, with double-digit growth in all regions and sub-regions, except the UK and the Middle East.

Of the Group's advertising networks, J. Walter Thompson Worldwide, Ogilvy & Mather and Grey performed well in quarter four. 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, but with a slightly weaker second half, principally in the UK. 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 almost 9%. The strong revenue and net sales growth across most of the Group's businesses, partly offset by the challenges in the

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

Group's Advertising businesses in most regions, resulted in the combined net sales margin of this sector dropping 0.2 margin points to 18.4%, but improving by 0.2 margin points in constant currency.

In 2015, J. Walter Thompson Worldwide, Ogilvy & Mather, Y&R and Grey generated estimated net new business billings of almost £1.1 billion ($1.7 billion). GroupM (the Group's Media Investment Management arm, which includes Mindshare, MEC, MediaCom, Maxus, GroupM Connect, Xaxis and now Essence), together with tenthavenue, generated estimated net new business billings of £3.8 billion ($6.0 billion). The Group's net new billings totalled £5.6 billion ($8.6 billion), slightly down on the £5.8 billion ($9.3 billion) recorded in 2014.

Data Investment Management revenue grew by almost 6% in the fourth quarter on a constant currency basis, the strongest quarter of 2015, and 1.4% like-for-like. Net sales showed a similar pattern, up over 5% in constant currency in quarter four and almost 1% like-for-like. On a full-year basis, revenue was up 3.5% in constant currency, but down 0.2% like-for-like, with the second half stronger than the first half. Net sales showed a similar trend, with a stronger second half on both a constant currency and like-for-like basis. The mature markets were more difficult, remaining under pressure, but in the faster growth markets net sales were up almost 2%. Syndicated research continues to show resilience, with like-for-like net sales growth up well over 2%, but custom research, which accounts for almost half of Data Investment Management net sales, was down by a similar amount.

Kantar Worldpanel, Kantar Health, Kantar Retail and IMRB all showed strong like-for-like net sales growth, while TNS, Millward Brown and Lightspeed were more challenged. There seems to be a growing recognition of the value of 'real' first-party data businesses, rather than those that depend on third-party data. Net sales margins improved by 0.6 margin points to 16.2% and by 1.1 margin points in constant currency. Good cost control and the continued benefits of restructuring contributed to the improvement in net sales margins. Although there has been further improvement during 2015, 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.

The Group's Public Relations & Public Affairs businesses continued the growth shown earlier in the year, with a stronger second half and even stronger quarter four. Constant currency revenue growth in quarter four was over 8%, and like-for-like net sales were up almost 6%, with strong growth in all regions, but particularly in the UK, Latin America and Africa & the Middle East. On a full-year basis, revenues were up well over 4% in constant currency and 3% like-for-like. Ogilvy Public Relations, Cohn & Wolfe and the specialist Public Relations & Public Affairs businesses in the US, the UK and Germany performed well, with Burson-Marsteller and Hill+Knowlton Strategies less buoyant. An improving top-line and good control of costs resulted in net sales margins for the year improving by 0.9 margin points to 16.7% and by 1.0 margin point in constant currency.

At the Group's Branding & Identity, Healthcare and Specialist Communications businesses (including direct, digital and interactive), constant currency revenue grew strongly at over 11% in quarter four (as with most of our businesses, the strongest quarter of 2015) and like-for-like revenue was up almost 9%, a significant improvement over quarter three. Full-year revenue was up over 7% in constant currency and over 5% like-for-like. The Group's direct, digital and interactive businesses, especially JWT Mirum (the digital arm of J. Walter Thompson Worldwide), WPP Digital and VML performed strongly, with parts of the Group's Healthcare Communications and Branding & Identity businesses slower. Net sales margins for the sector as a whole improved 0.3 margin points to 15.0% and by 0.3 margin points in constant currency.

In 2015, 37.5% of the Group's revenue came from direct, digital and interactive, up over one percentage point from the previous year, with revenue growing well over 7% like-for-like.

Margins reach new high, ahead of target

Net sales margins were up 0.2 margin points to a new historical high of 16.9% and increased 0.4 margin points in constant currencies, ahead of the Group's margin target of 0.3 margin points, excluding currency. Over the last three years, reported net sales margins have improved by 0.8 margin points and by 1.2 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 are a more meaningful measure of comparative top-line growth, although we know competitors do have significant principal media, 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 on a transparent opt-in basis 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, that reporting practices should be standardised. Thus, it is possible that revenue and the revenue growth rate could increase, whilst net sales and the net sales growth rate remain the same and, therefore, the latter presents 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. In 2015, the reported headline net sales margin was up 0.2 margin points to 16.9%, achieving the highest reported comparative level in the industry.

Operating costs contained

During 2015, 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 2.6%, 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 decreased by 1.9% in 2015. On the same basis, the number of people in the Group at 31 December 2015 decreased by 1.6% compared with the end of 2014. These average and point-to-point figures partly reflect the transfer of almost 1,500 staff to IBM in the first half of 2015, as part of the strategic partnership agreement and IT transformation program, together with the continuing sound management of headcount and staff costs in 2015 to balance revenue and costs. On a like-for-like basis, revenue and net sales increased by 5.3% and 3.3% respectively.

Reported staff costs, excluding incentives, increased by 3.2% and rose by over 4% in constant currency. Staff costs included £24 million ($37 million) of severance costs compared with £37 million ($63 million) in 2014. Incentive costs amounted to £331 million ($505 million), which was 16.2% of headline operating profit before incentives and income from associates, compared with £313 million ($512 million) or 16.3% in 2014. Achievement of target objectives generates 15% of operating profit before bonus as an incentive pool.

Net sales margins, before all incentives and income from associates, were 19.3%, up 0.2 margin points, compared with 19.1% last year. The Group's staff cost-to-net sales ratio, including severance and incentives, decreased by 0.8 margin points to 63.2% compared to 64.0% in 2014, indicating an improvement in productivity.

As a result of all this, headline PBIT was up well over 5% to £1.774 billion from £1.681 billion and up well over 8% in constant currencies.

In 2015, the Group generated exceptional gains of £296 million, largely representing gains on the sale of certain Kantar internet measurement businesses to comScore Inc., the sale of the Group's interests in e-Rewards and Chime Communications plc, together with re-measurement gains of £165 million, which included a gain of £132 million in relation to the acquisition of a majority stake in IBOPE in Latin America. These were partly offset by investment write-downs of £79 million, resulting in a net gain of £217 million, which in accordance with prior practice, has been excluded from headline profit. The Group also incurred £106 million of restructuring costs which largely comprised £52 million of severance costs, primarily in relation to certain of the Group's Data Investment Management businesses in Western Continental Europe, and £37 million of IT transformation costs. With £29 million of one-off IT asset write-downs, this all resulted in a net exceptional gain of £82 million. After all these gains and restructuring costs, reported PBIT rose by 7% to £1.679 billion from £1.569 billion, up well over 10% in constant currencies.

Net finance costs (excluding the revaluation of financial instruments) were £152 million, down almost 10% from £168 million in 2014. This reflected the beneficial impact of lower bond coupon costs resulting from refinancing maturing debt at cheaper rates, partially offset by lower income from investments. Headline profit before tax increased by over 7% (over 11% in constant currencies) to £1.622 billion and reported profit before tax was up almost 3% (over 7% in constant currencies) to £1.493 billion, the latter reflecting lower relative levels on the revaluation of financial instruments.

The Group's headline tax rate was 19.0%, compared with 20.0% in 2014, and on reported profit before tax was 16.6% against 20.7% in 2014. The reported tax rate is lower than the headline tax rate because most of the gains on disposals of subsidiaries and investments, and the gains on re-measurement of equity interests, are not taxable. Reported profit after tax rose by over 8% (almost 12% in constant currencies) to £1.245 billion.

Diluted headline earnings per share rose by over 10% (over 13% in constant currencies) to 93.6p and diluted reported earnings per share increased by almost 10% (over 13% in constant currencies) to 88.4p.

Parallel universes

The Group's record performance in 2015, its fifth record year in a row, was particularly creditable given the absence of any maxi- or mini-quadrennial factors, and the slowdown in worldwide GDP growth, both nominal and real, in the second half of the year and into 2016. Pleasingly, bottom-line growth and net sales margin improvement has been particularly strong, beyond budget, target and last year. Revenue and net sales growth were also better, or similar, with all geographies and sectors (except data investment management) growing revenue and net sales on both a constant currency and like-for-like basis. Like-for-like revenue and net sales were up almost 5% and over 2% respectively in the first six months and up almost 6% and over 4% for the second half. Revenue and net sales momentum continues, with the two-year half-yearly growth rates at 13.6% and 6.4% to 13.5% and 6.6% respectively. Our operating companies are still hiring cautiously and responding to any geographic, functional and client changes in revenue – positive or negative. On a constant currency basis, headline PBIT was above budget and well ahead of last year and the increase in the net sales margin was well above the Group's full-year target of a 0.3 margin points improvement on a constant currency basis.

Despite this strong performance, the always on, Don Draperish general industry optimism seems misplaced. To survive in the advertising and marketing services sector, you have to remain positive, indeed optimistic, seeing the glass half-full and industry and company reports generally continue, understandably, to reflect that attitude. However, general client behaviour does not reflect that state of mind, as tepid GDP growth, low or no inflation and consequent lack of pricing power encourage a focus on cutting costs to reach profit targets, rather than revenue growth. In addition, there seem to be little, if any, reason for an upside breakout from the current levels of real or nominal GDP growth, which remain stuck around 3% to 4% and below the pre-Lehman trend rate, which by definition was unsustainable. In fact, in recent months, whilst real GDP forecasts have remained steady, nominal forecasts have deteriorated significantly to under 3%, due to the strength of the US dollar, although the same pundits expect inflation (somewhat optimistically?) to increase in the coming years. In this respect, oil price reductions, the Iranian nuclear 'armistice' and the international currency wars have not been helpful black or grey swans. The faster growth markets of the BRICs and Next 11, located in Asia, Latin America, Africa & the Middle East and Central & Eastern Europe continue to grow faster than the slower markets of North America and Western Europe, although the growth gap has narrowed significantly as Brazil, Russia and China have slowed and the US and UK, and even some parts of Western Continental Europe, have quickened.

> **"Brand investment drives top-line like-for-like sales growth, which, in turn, is the biggest determinant of total share owner return"**

Geopolitical issues remain top of business leaders' concerns. The continuing crisis in the Ukraine and consequent bilateral sanctions, continued tensions in the Middle East and North Africa and the continuing risk, despite the negotiated agreement, of a 'Grexit', or even more seriously now, a 'Brexit' from the European Union top the agenda. Lower oil prices and first-time and continued quantitative easing in Europe and continued easing in Japan may seem to bottom or underpin the recovery and a continued, but somewhat patchy, US recovery and UK and Indian strength may help confidence. But concerns about China, aggravated by the recent renminbi devaluation and stock market decline, and Brazil remain, although we remain unabashed bulls of both.

Countries and opportunities like Indonesia, the Philippines, Vietnam, Egypt, Nigeria, Mexico, Colombia and Peru and now post-Macri Argentina add to confidence (and maybe even Cuba and Iran will), along with a mild recovery in Western Continental Europe, chiefly in Germany, Spain and Italy. France remains soft, although there are some small signs of improvement.

But there are other 'grey swans', chiefly three. First, will the Federal Reserve pre-Christmas tightening falter, or even reverse and what will be the further impact on bond and equity markets? Although interest rates are likely to remain lower, longer than many anticipate, due to mediocre growth rates, when the tightening comes, as it inevitably will, it may have a dramatic impact on bond and equity valuations, as recent gyrations in the markets indicate. Will continued renminbi weakness, for example, blow the Federal Reserve Bank off course from further tightening in 2016?

Secondly, the somewhat surprising result of the UK General Election (at least to the pollsters), with the Conservatives winning an overall majority, has resulted in an uncertainty-stimulating European Union referendum, now pegged for 23 June. In addition, the reduction of the still remaining, substantial, UK budget deficit, is being re-addressed in the context of a new fixed five-year political cycle.

Finally, the free fall in the oil price, although effectively a tax cut for consumers, has not resulted, it seems, in increased consumer spending, perhaps due to the lingering, psychological impact of that now infamous weekend in September 2008. Moreover, oil producing states and their sovereign wealth funds have had to pull in their investment horns, which in turn has caused concerns in relation to energy bank loans to both public and private sectors and the liquidity of banks themselves.

So all in all, whilst clients are certainly more confident than they were in September 2008 post-Lehman, with stronger balance sheets (over $7 trillion in net cash and limited leverage), sub-trend long-term global GDP growth at around 2.5% to 3.0% real and 3.5% to 4.0% nominal, combined with these levels of geopolitical uncertainty, with low inflation or fears of deflation resulting in limited pricing power, with short-term focused activist investors and strengthened corporate governance scrutiny, make them unwilling to take further risks.

They, therefore, focus on costs, rather than revenue growth. If you are trying to run a legacy business, at one end of the spectrum you have the disrupters, like Uber and Airbnb, and at the other end you have the cost-focused models like 3G or JAB in fast-moving consumer goods and Valeant and Endo in pharmaceuticals (although their models are under considerable pressure currently), whilst in the middle, towering above you, you have the activists led by such as Nelson Peltz, Bill Ackman and Dan Loeb, with a perception of stressing short-term performance – maybe they need a marketing campaign to establish they really are long term? Not surprising then, that corporate leaders tend to be risk averse. The average 'life expectancy' of US CEOs is around six to seven years, US CFOs around four to five years and US CMOs two years. No wonder conservatism rules.

Interestingly, the company structures that offend corporate governance with 'geared' voting structures, seem to be the ones that encourage more long-term strategic thinking. In these conditions, procurement and finance take the lead over marketing and investment and suppliers are encouraged to play the additional roles of banks and/or insurance companies. At best, clients focus 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 know from our own annual Millward Brown *BrandZ Top 100 Most Valuable Global Brands* report, that brand investment drives top-line like-for-like sales growth, which, in turn, is the biggest determinant of total share owner return. Investment in the top 10 brands from this report annually over the last 10 years would yield a total investment return 300% greater than the MSCI.

We see little reason, if any, for this pattern of behaviour to change in 2016, with continued caution being the watchword. There is certainly no evidence, based on 2015, to suggest any such change in behaviour, although one or two institutional investors, including, most notably, BlackRock, Legal & General and the UK Government, are saying that they are tiring with some companies' total focus on short-term cost cutting and would favour strategies based more on the long-term and top-line growth and the end to quarterly reporting.

Outlook for 2016

The pattern for 2016 looks very similar to 2015, but with the bonus of the maxi-quadrennial events of the visually-stunning Rio Olympics, the UEFA Euro Football Championships and, of course, the US Presidential Election to boost marketing investments, as usual by up to 1% or so, above advertising as a proportion of GDP.

Forecasts of worldwide real GDP growth still hover around 3.0% to 3.5%, with recently reduced inflation estimates of 0.5% giving nominal GDP growth, in dollars, of even less than 3%. 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, it should be 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, the latter should continue to purchase or invest in brands in both fast and slow growth markets to stimulate top-line sales 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, particularly as equity valuations have been, at least until recently, strong. The recent, potentially record, spike in merger and acquisition activity may be driven more by companies running out of cost-reduction opportunities, rather than trying to find revenue growth opportunities or synergies.

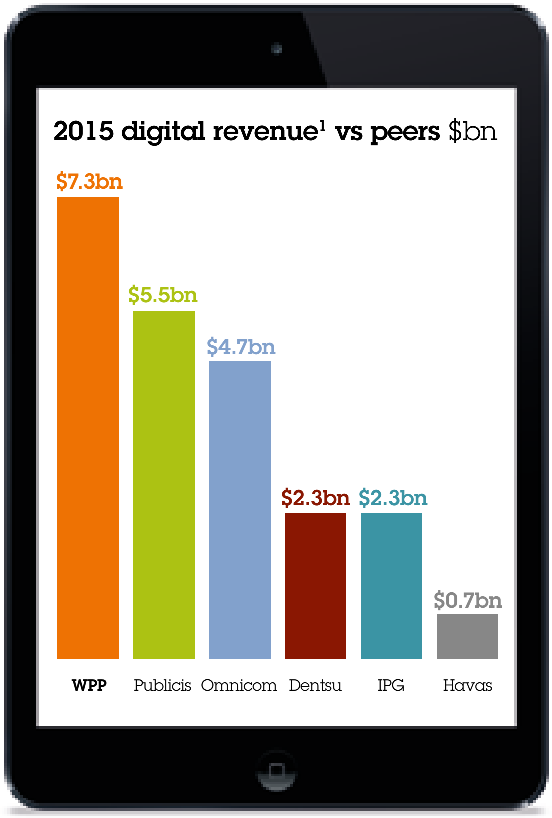
In 2016, our prime focus will remain on growing revenue and net sales faster than the industry average, driven by our leading position in the new markets, in new media, in Data Investment Management, including data analytics and the application of technology, in creativity and 'horizontality' – the increasing 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 29%, 37.5% and 20% of the Group's revenues of $19 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 and 2015 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. Flexible staff costs (including incentives, freelance and consultants) remain close to historical highs of above 8% of net sales and continue to position the Group extremely well should current market conditions deteriorate. Some commentators and analysts believe that the markets are signalling a recession. Whilst some countries may technically go into recession (i.e. two consecutive quarters of negative GDP growth), we do not believe there will be a general recession. More likely the markets are adjusting to continued low growth; so lower, longer – both growth and interest rates.

The budgets for 2016 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 & the 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 2016 budgets show like-for-like revenue growth of well over 3% and net sales growth of over 3% and a target net sales margin improvement of 0.3 margin points excluding the impact of currency.

At the time of writing, we have revenue and profit data for the first two months of 2016. The Group has had a good start to the year, with like-for-like revenue growth up over 5% in the first two months and net sales



[1] Peer digital revenue according to Sanford Bernstein percentages applied to FY 2015 US$ revenue.

up over 3% on the same basis, again reflecting the divergence between revenue and net sales in the Group's Media and Data Investment Management businesses.

All regions and sectors, except Data Investment Management, showed revenue and net sales growth, with Advertising and Media Investment Management, digital, direct and interactive and the specialist communications businesses up the strongest. 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 two months were significantly above budget.

Horizontality

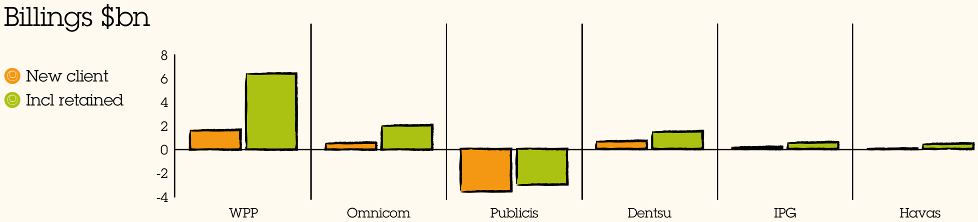
Including associates, the Group currently employs almost 190,000 people in over 3,000 offices in 112 countries, now including Cuba. It services 352 of the Fortune Global 500 companies, all 30 of the Dow Jones 30, 77 of the NASDAQ 100, and 830 national or multinational clients in three or more disciplines. Over 550 clients are served in four disciplines and these clients account for over 52% of Group revenue. The Group also works with 448 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 across clients, countries and regions (a strategy the Group has pursued for many years), 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 have decided that up to half of operating company incentive pools are funded and allocated on the basis of Group-wide performance in 2016 and beyond. Horizontality has been accelerated through the appointment of 45 Global Client Leaders for our major clients, accounting for over one-third of total revenue of almost $20 billion, and 17 Regional, Sub-Regional and Country Managers in a growing number of 'test' markets and sub-regions covering 51 of the 112 countries in which we operate.

> **Horizontality across clients, countries and regions (a strategy the Group has pursued for many years), is clearly becoming an increasingly important part of our clients' strategies**

The Group continues to lead the industry in coordinating communication services geographically and functionally through parent company initiatives and winning Group pitches. For example, the Group has been very successful in the recent tsunami of Media Investment Management pitches, chiefly in the US and is now ranked first by RECMA, for both net new business reviews and retentions. The swing factor between the most and least successful firms totals approximately $6 billion on net new business currently (even more including retentions) and will probably go higher in due course. This has resulted in an increase in our global Media Investment Management market share to about a third and market leadership in all regions, with North America now at around 30%.

RECMA media reviews 2015[1,2]
Billings $bn



[1] RECMA 2016 *Major Wins 2015 – 44 largest pitches & moves.*
[2] Adjusted for Publicis loss of Walmart and WPP win of Sony (Omnicom/Carat loss).

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. 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.
2. 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.
3. Increase the share of revenues from new media to 40-45% of revenues.
4. 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 technology, data and content.

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

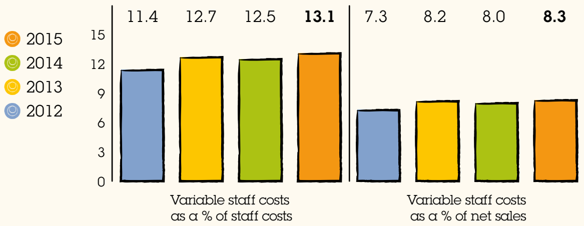
Here are six objectives which represent our key performance indicators (KPIs). For an assessment of how we performed against them in 2015, read on.

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 2015, we achieved a margin of 16.9% 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 two to four years, with 2016 being the first year of significant delivery.

2 Second, to increase flexibility in the cost structure. In 2015, flexible staff costs (including incentives, freelance and consultants) remained close to historical highs of above 8% of net sales and continue to position the Group extremely well should current market conditions deteriorate.

Change in variable costs %

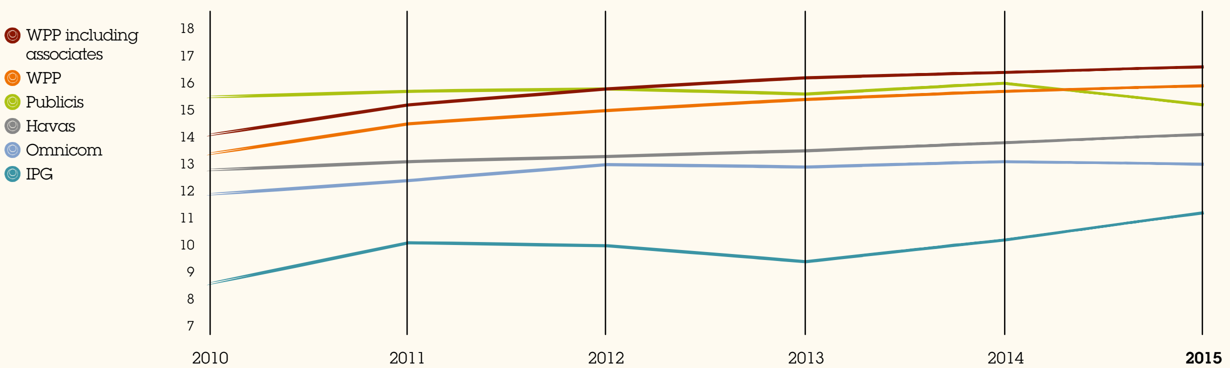


3 Third, to enhance share owner value and maximise the return on investment on the Company's substantial free cash flow of almost £1.3 billion (or almost $2.0 billion) per annum. As capital expenditure remains relatively stable, there are broadly three alternative uses of funds: acquisitions, share buy-backs 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 small- to medium-sized 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 issues that are starting to surface elsewhere in the industry, particularly in faster-growing markets like Brazil, India and China.

Our acquisition focus in 2015 was again on the triple play of faster-growing geographic markets, new media and data investment management, including the application of

Headline operating margins[1] vs peers %



[1] Based on headline operating profit as a proportion of net sales as defined on page 228, 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, data and content, totally consistent with our strategic priorities in the areas of geography, new communication services and measurability. In 2015, the Group spent almost £650 million on initial acquisition payments, net of cash acquired and disposal proceeds.

Whilst talent and creativity (in the broadest sense) remain the key potential 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 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 Bruin Sports Capital.

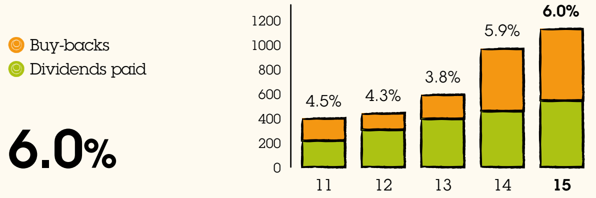
Net acquisition spend is currently targeted at around £300-£400 million per annum, excluding slightly more significant 'one-offs', like the purchase of a controlling stake in IBOPE in Latin America and our investment in comScore. We will continue to seize opportunities in line with our strategy.

Dividends. As outlined in the June 2015 AGM statement, the achievement of the previous targeted pay-out ratio of 45% one year ahead of schedule, raised the question of whether the pay-out ratio target should be increased further. Following that review, your Board decided to up the dividend pay-out ratio to a target of 50%, to be achieved by 2017, and, as a result, declared an increase of almost 37% in the 2015 interim dividend to 15.91p per share, representing a pay-out ratio of 47.5% for the first half, against the traditionally lower first-half pay-out of 40% in the previous year. This has the effect of evening out the pay-out ratio between the two half-year periods and consequently balancing out the dividend payments themselves, although the pattern of profitability and hence dividend payments seems likely to remain one-third in the first half and two-thirds in the second half.

Given your Company's strong progress, your Board has recommended an increase of 8.3% in the final dividend to 28.78p per share, which, together with the interim dividend of 15.91p per share, makes a total of 44.69p per share for 2015, an overall increase of 17.0%. This represents a dividend pay-out ratio of 47.7%, compared to a pay-out ratio of 45.0% in 2014.

It now seems possible that the newly targeted pay-out ratio of 50% will be achieved by the end of 2016, one year ahead of target. Dividends paid in respect of 2015 will total approximately £575 million.

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 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 2015 net debt to EBITDA ratio was under 1.8 times, at the mid-point of our market guidance of 1.5-2.0 times. Share buy-backs in 2015 cost £588 million, representing 3.0% of issued share capital, at the top-end of our target range.

In 2015, the Company returned over £1.1 billion to share owners, including share buy-backs, an increase of 17% over 2014. Funds returned to share owners total £3.5 billion over the last five years and £5.2 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 2015 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 13th 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.

Following recent events, we are, even more importantly, focusing on gender sensitivity and the appropriateness and effectiveness of male interactions with women. 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. (More information about additional programs, including WPP Stella, appears on page 156.)

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 2015, with the fifth intake of 100 students.

In 2015, WPP partnered with the Indian School of Design and Innovation to offer a three-year undergraduate course on marketing communications; and, in 2016, your Company has announced the launch of the WPP Africa Academy in Johannesburg, South Africa, in collaboration with the Red & Yellow School of Logic and Magic. This initiative will enable WPP companies across Africa to access high quality, relevant and cost-effective training programs for their agency people.

After more than 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. Of those recruited to the program since 1995, 109 are women and 72 are men.

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 website content, 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 2016, wpp.com was rated No.2 out of over 500 corporate websites assessed for accessibility by SiteMorse.

Property management

In 2015, we saw the benefit of more 'agile working', supported by more technology in the office environment, as our property portfolio was reduced by nearly 1% to end the year with 24.0 million square feet while net sales were up almost 6% in constant currency and average headcount grew by almost 3%. As a result, the establishment cost-to-net-sales ratio dropped by 0.2 margin points to 6.9%, contributing substantially to the Group's overall margin improvement.

We have also ensured our new buildings are designed to focus on sustainability and we look to achieve BREEAM standard in the UK and LEED standard in the US and similar standards elsewhere. Our operating companies' workplaces continue to be cited for their creativity, innovation and effectiveness.

2016 will see the completion of our Shanghai WPP Plaza co-location, housing 3,000 of our people, the shared space at Sea Containers House in London housing 2,300 people, and the renovation of our shared space on Lexington Avenue in New York. These new co-location projects all meet our new planning standards and support our horizontality goal. Longer-term co-location projects are in the planning stage for New York, São Paulo and central Madrid, where the former Telefónica building will house more than 40 Group companies.

Our goal is to continue to deliver excellent work space, while reducing the portfolio further and so mitigate the impact of property inflation. Our focus on continuing to reduce the establishment cost-to-net-sales ratio will help the Group achieve its margin targets for 2016, and beyond.

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 2015, 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. Australia, Hong Kong and Singapore will be implemented in 2016. Capturing and making sense of 'big data' is increasingly driving procurement opportunity assessment and new project activities across the Group.

For 2016, we will continue our focus on the key drivers of supplier cost, combined with an increased emphasis on internal demand management (what we buy, why we buy and how we buy). 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 2015, we continued to make considerable progress in the transformation of the Group's IT capability. In March 2015, we launched the new global IT function simultaneously with the creation of the IT shared services organisation. To demonstrate a key step towards horizontality, we successfully deployed Microsoft Office365 as our single collaboration and email platform throughout the Group. Other key achievements included establishing a single global service desk for over 150,000 IT users, to support the IT infrastructure.

Key strategic partnership agreements were signed in 2015 to transform additional IT services, including managed print and telecommunications. September 2015 marked a second landmark, where we extended our strategic partnership with IBM for the transformation of back office application support and maintenance. This phase went live in March 2016 with the transfer of service responsibility and approximately 300 people to IBM.

As a result of the IT transformation, IT costs in 2015 were held to a like-for-like growth rate that was in line with net sales growth and significantly less than revenue growth on the same basis. 2016 should see the first year of significant cost reduction.

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 5.3% put your Company near the top-end of the pack in 2015, and followed a leading position 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 16.9% in 2015 was the highest reported level in the industry. We continue to believe that profitable growth is preferable to sacrificing margins.

> **"Our net sales margin of 16.9% in 2015 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 £5.6 billion ($8.6 billion) were won in 2015, with the Group first overall in net new business tables for the fourth 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 2015, but the full benefit will be seen in 2016.

The Group has been actively engaged in the tsunami of media investment management reviews, chiefly in the US, totalling approximately $20 billion. The Group has been particularly successful in these reviews and is now ranked first by RECMA, both for net new business and retentions. There is, probably, more net new business to come, increasingly driven by the Group's differentiation in technology, data and content.

Our practice development activities are also aimed at helping us position our portfolio in the faster-growing geographic and functional areas. The Group completed 52 acquisitions and investments in 2015: 18 were in new markets; 37 in quantitative and digital; and 8 were driven by individual client or agency needs. Out of all these transactions, 11 were in both new markets and quantitative and digital.

Specifically, in 2015, acquisitions and increased equity stakes were completed in Advertising and Media Investment Management in the US, the UK, France, Germany, the Netherlands, Turkey, South Africa, Singapore, Australia, New Zealand and Mexico; in Data Investment Management in the US, the UK, the Czech Republic, Israel and Brazil; in Public Relations & Public Affairs in the US, Germany and India; in Branding & Identity in the US and the UK; in direct, digital and interactive in the US, the UK, Belgium, Germany, Sweden, Lebanon, the UAE, South Africa, Peru and China; in Healthcare Communications in the US, the UK and Australia; and in sports marketing in the US.

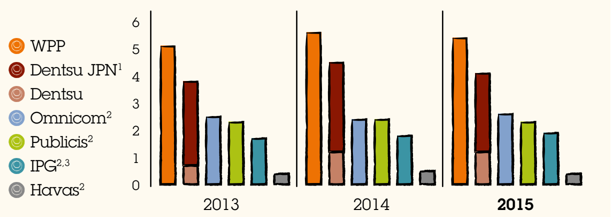
A further 15 acquisitions and investments were made in the first two months of 2016, with one in Advertising and Media Investment Management; two in Data Investment Management; three in Public Relations & Public Affairs; seven in direct, digital and interactive; one in Healthcare Communications; and one in sports marketing.

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

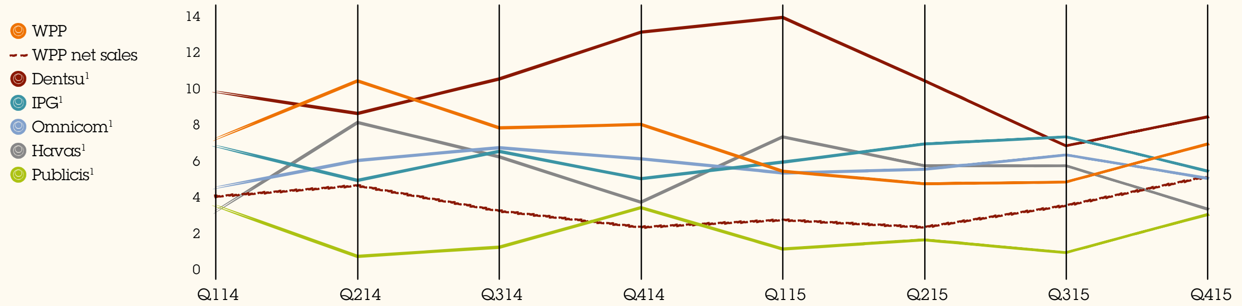
We intend to expand our strong networks – J. Walter Thompson, Ogilvy & Mather, Y&R, Grey, Bates CHI&Partners, Scangroup, Mindshare, MEC, MediaCom, Maxus, tenthavenue, TNS, Millward Brown, Kantar

Revenue in faster-growing markets 2013-2015 $bn



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

Organic revenue growth vs peers %



[1] Peer data sourced from company presentations.

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 data panels and have established a Kantar-wide operational capability. We will reinforce our growing position in media research through Kantar Media and Kantar IBOPE Media, which include our investments in television and internet audience research and Marktest, Finpanel and CSM/CTR, and which, combined, is the market leader outside North America. Combined with our licensee partners in Europe and Asia Pacific, we currently measure television and/or internet audiences in 52 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 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.

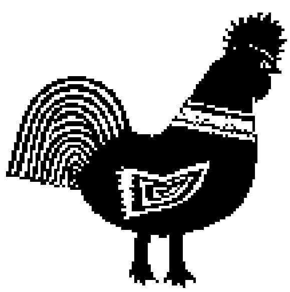
The creative capability of the Group is led by John O'Keeffe, WPP's worldwide creative director. John reminds us constantly that while many issues facing WPP are very important – margin growth, acquisitions, geographical spread and the like – the creative quality of the work will always be priority No.1. 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 2015, we celebrated our ninth 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.

> **"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 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 fifth 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 named WPP the Most Effective Holding Company, for a fourth consecutive year, and Warc named WPP the most effective Holding Company for the second year in a row. Congratulations to all the WPP companies throughout the world for another amazing year.



Assessing and managing our risks

Risk management and internal control

We recognise that the success of the strategic objectives of the Group discussed in this report depends to a significant extent on the identification, understanding of and response to the risks that the Group faces. The Board, with support from the Audit Committee, has overall responsibility for the system of internal control and risk management in the Group and has reviewed the design and effectiveness of the system during the year and up to the date of this report and carried out a robust assessment of the principal risks facing the Group. The system of controls described below is designed to manage or mitigate, but may not eliminate, the risks of failure to achieve WPP's strategic objectives and is not an absolute assurance against material misstatement or loss.

Control environment and culture

The quality and competence of our people, their integrity, ethics and behaviour and the culture embedded within the Group 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 Board, sets out the principal obligations of all employees. Senior executives throughout the Group are required to sign this Code each year and all employees are required on joining the Group, and at regular intervals, to complete the WPP How We Behave, Anti-Bribery and Corruption and Privacy & Data Security Awareness training modules, which embed all of the principles of the Code in addition to operating company training programs. The WPP Policy Book which is updated with control bulletins includes required practices in many operational, tax, legal and human resource areas. Breaches or alleged breaches of the Code are investigated by the director of internal audit, head of compliance, the Group chief counsel and external advisers where appropriate. Group companies are also required to follow the Data Code of Conduct and 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, and anonymously, if necessary. Through 60 calls to this helpline, a number of issues have been raised during 2015, all of which have been followed through and investigated where appropriate and reported to the Audit Committee. The Compensation Committee continues to review how the Group's performance rewards support the risk management and internal control systems. The adoption of clawback provisions during 2015 to take effect in 2016 and discussed on page 122 underline the principles of the Code of Conduct.

Risk assessment

The Group uses a three lines of defence model in relation to risk management.

First, each operating company undertakes monthly and quarterly procedures and day-to-day management activities to review their operations and business risks, supported by Group policies, training and SOX and reviews within their network.

Secondly, the operating network reviews are formally communicated to the Group chief executive, the Group finance director and senior parent company executives in monthly reports and quarterly review meetings and, in turn, to the Board. 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 includes the possibility of winning or losing major business, succession and the addition or loss of a key executive; introduction of new legislation in an important market; sustainability, including risks relating to marketing ethics, privacy and employment; political instability and changes in accounting or corporate governance practice.

Thirdly, internal audit at the Company, with Audit Committee oversight and external resource as required, provides an independent review of risk management and internal control.

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 2015, 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.

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 and issued by the IASB.

The Disclosure Committee gives further assurance that publicly-released information is free from material omission or misstatement.

Principal risks and uncertainties

The Board has carried out a robust assessment of the principal risks and uncertainties affecting the Group as at 31 December 2015 and up to the date of this report and which are described in the table below and overleaf. These risks relate to the Group and the industry in which we operate and the strategic decisions taken by the Board. A risk dashboard and map are discussed regularly by the Audit committee and bi-annually by the Board.

Principal risk	Potential impact and any change from the prior year	How it is managed
Clients		
The Group competes for clients in a highly-competitive and evolving 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.	The competitive landscape in the industry in which we operate is constantly evolving. 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 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 be impacted by loss of reputation and be limited by clients' policies on conflicts of interest.	Operating companies seek to establish reputations in the industry and an ethical culture that attract and retain talent and clients, including by improving the quality of their creative output and technical capability. 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 to identify the potential risk of client loss.

Principal risk	Potential impact and any change from the prior year	How it is managed
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 16.2% of revenues in the year ended 31 December 2015. 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 and the 'Team' model seeks to ensure the Group maintains partnership relationship with major clients. Operating companies seek to establish reputations, talent and technical capability in the industry and an ethical culture that attract and retain clients and key talent. Brand Check at every Board meeting and regular dialogue between executive directors of the Company and directors of the Group's largest clients.
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 new data protection laws, in particular the GDPR in the EU 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 is reliant 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 and client loss 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 risk of a data breach, cyber attack or potential infringement of data protection laws has increased in 2015.	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. Our people are required to take Privacy & Data Security Awareness training and understand the WPP Data Code of Conduct and WPP policies on data privacy and security. The WPP Data Health Checker survey is performed annually to understand the scale and breadth of data collected by WPP agencies, so the 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.
Financial		
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 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 and the Board.

Principal risk	Potential impact and any change from the prior year	How it is managed
Operational		
The Group's performance could be adversely impacted if it failed to ensure adequate internal control procedures are in place in relation to the Group's increased media trading.	Failure to ensure that trading activities are compliant with client obligations where relevant could adversely impact client relationships and business volumes. The risks associated with media trading have increased in 2015 as the volume of trading has increased.	The principles of adherence to the terms of client contracts are embedded through the networks and reinforced by audits at a WPP and network level. Regular monitoring of KPIs for trading are undertaken to identify trends and issues. An authorisation matrix on inventory trading is agreed with the Company and the Audit Committee.
People and succession		
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 roles at the parent and operating companies, including but not limited to the founder CEO and long-serving members of the management team.	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 founder CEO has over 30 years' service with the Company and is identified with the success of the Group's strategy and a failure to plan for his succession could impact investor confidence in the Company.	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 date. 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 for CEO, CFO and key executives of the Company is undertaken by the Board and Nomination and Governance Committee on a regular basis and a pool of potential internal and external candidates identified in emergency and planned scenarios. Compensation Committee oversight for the Group's incentive plans and compensation.
Regulatory, sanctions, anti-trust and taxation		
The Group may be subject to regulations restricting its activities or effecting changes in taxation.	Changes in local or international tax rules, for example prompted by the OECD's emerging recommendations on Base Erosion and Profit Shifting (a global initiative to improve the fairness and integrity of tax systems), or new challenges by tax or competition authorities, may expose the Group to significant additional tax liabilities or impact the carrying value of our deferred tax assets, which would affect the future tax charge. These risks to the Group have increased in 2015.	The Group actively monitors any proposed regulatory or statutory changes and consults with government agencies and regulatory bodies where possible on such proposed changes. Annual briefings to the Audit Committee of significant changes in tax laws and their application and regular briefings to the executive directors. The Group engages advisors and legal counsel to obtain opinions on tax legislation and principles.

Principal risk	Potential impact and any change from the prior year	How it is managed
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 instil 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, independently operated 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. As certain EU sanctions in relation to Iran have been lifted the risk of non-compliance has reduced since 2015.	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.

Longer-term viability statement

The directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The directors' assessment of the Group's viability for the next three years, has been made with reference to the Group's current position and prospects and changing competitive landscape. This period has been chosen as it aligns with our three-year plan and budget. Sensitivity analysis has been applied to reflect the potential impact of one or a combination of the principal risks on the Group and consequential contract breach, loss of reputation, client loss and inability to win new business and the impact of revenue loss. Based on the results of this analysis and the assumption that the global economy and markets continue to function and there is no flock of 'black swans', the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

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.

Sustainability matters

The Group's commitment to, and investment in, sustainability supports major business wins, increases access to talent, improves efficiency and reduces risks to our business. We estimate that clients who engaged with WPP on our approach to sustainability were worth £1.29 billion out of our total revenues of £12.2 billion to the Group in 2015.

We are in business for the long term and, like all leading companies today, we recognise our wider responsibilities and the opportunity to generate value for share owners, clients, our people and the world at large through our business. Sustainability at WPP cuts across all areas: 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, as they feel the impact of long-term demographic, environmental and social trends, they need a marketing services provider who understands the changing landscape and shares their values. Our track record on sustainability gives us credibility.

A summary of the Group's approach to sustainability can be found on pages 155 to 161, including our commitment to respect human rights on page 158. Please also see our annual Sustainability Report on the work our clients and our people do in this important area.

Sustainability performance summary

	2015	2014	2013
Value of client business supported by our sustainability credentials[1]	**£1.29bn**	£1.35bn	£1.26bn
Gender diversity (% female employees)	**54%**	54%	54%
Gender diversity (% female executive leaders)	**33%**	31%	32%
Investment in training	**£41.1m**	£38.2m	£40.0m
Carbon footprint (tonnes of CO_2 per employee)	**2.07**	2.28	2.35
Social contribution[2]	**£43.8m**	£46.9m	£39.4m

[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…

WPP companies have always been conscious of the need for diversity in the workplace; and not just out of a sense of moral responsibility, which we take very seriously. On behalf of their clients, our companies' people are responsible for understanding, and appealing to, just about every one of the world's seven billion citizens. And while we have never believed that only a teenager can understand a teenager or only a pensioner can understand a pensioner, there can be no doubt that diversity among our people is a professional necessity. For us, diversity is not simply a question of race, colour or gender; at least as important is a diversity of attitude, of mind-set, of ways of approaching problems. Uniform, conventional thinking will never of itself meet the demands of our clients. Clearly, given recent events at one of our operating companies, we have to redouble our efforts to emphasise the importance and acceptance of diversity across the Group.

The results reported here, presented in dispassionate numbers, are all the product of the inventive work of tens of thousands of talented individuals – and with no two alike. They come from countless different backgrounds and have countless different ways of looking at the world. They embody skills that range from the statistician to the screenwriter. They represent perhaps the most diverse example of diversity of any single organisation.

We welcome this opportunity to salute them all and thank them for everything they have done to make 2015, another record year, as good a year as it has been.

Roberto Quarta
Chairman

Sir Martin Sorrell
Group chief executive

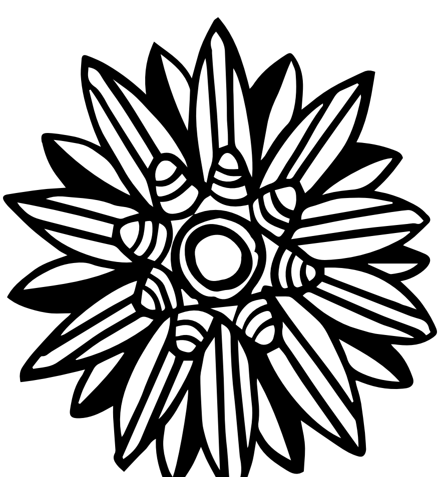
Paul Richardson
Group finance director

In Memoriam

Roger Agnelli
1959-2016

We mourn the loss of Roger Agnelli, his wife Andréia, son, João, daughter, Anna Carolina and their spouses – along with their pilot – in a tragic aircraft accident in São Paulo on 19 March 2016. Roger had been a WPP Board director since 2013.

We miss his insight, charm, humour and smile – a true Brazilian.

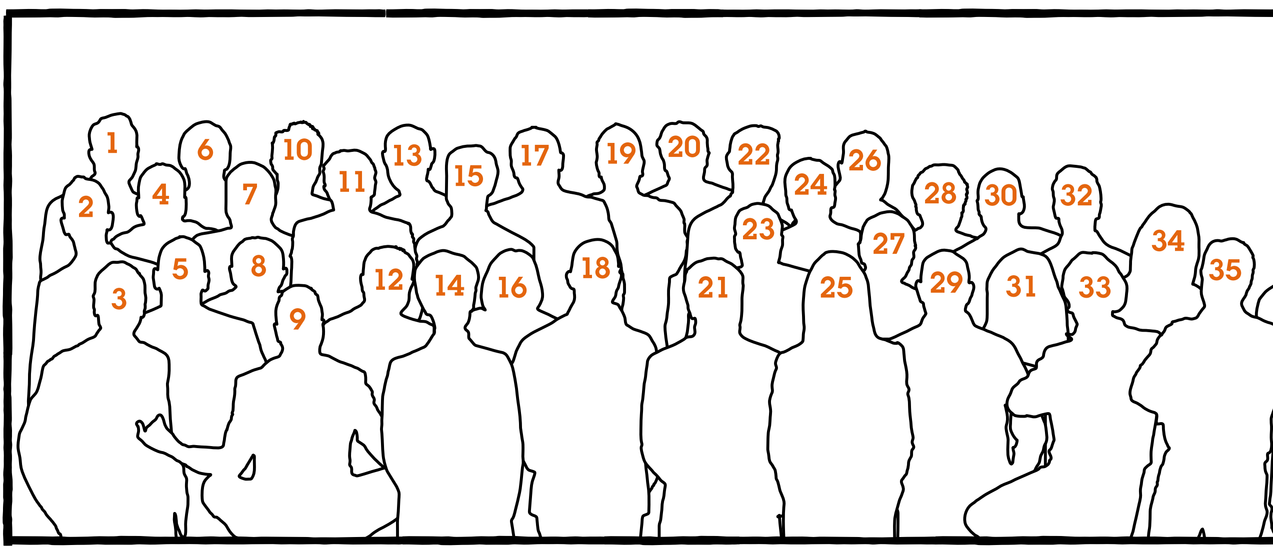


Forward-looking statements

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 44 to 47, 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.

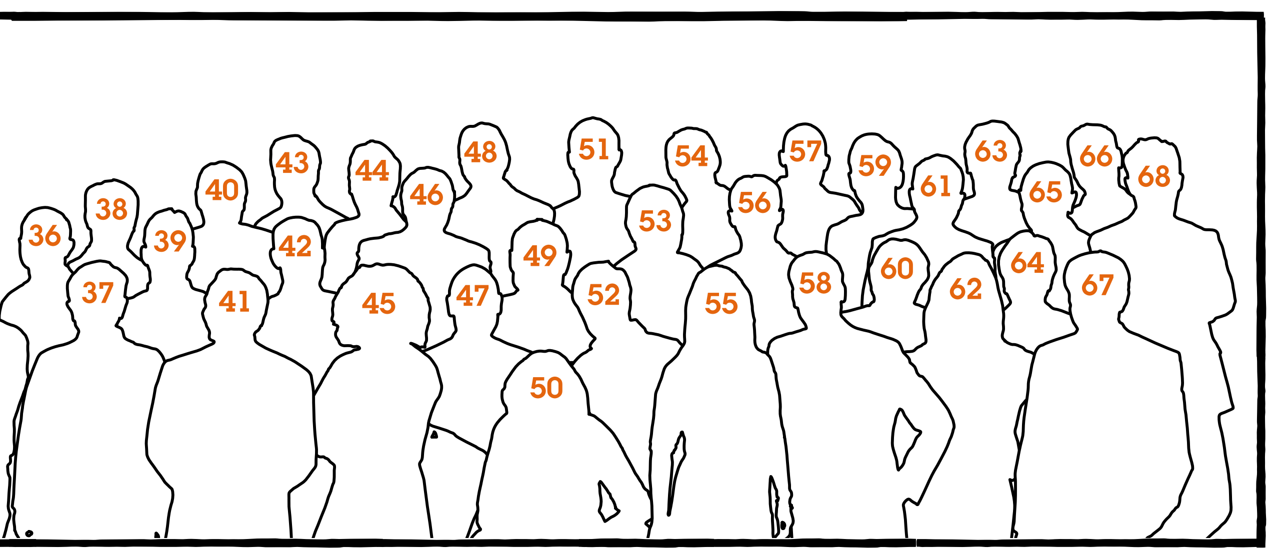
Reports from our company leaders*

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 2015.



1. Mark Inskip
2. Mario Simon
3. Eric Salama
4. Laurence Mellman
5. Brian Gleason
6. Brian Fetherstonhaugh
7. Michael Coates
8. Dominic Proctor
9. Matt Giegerich
10. Ajaz Ahmed
11. David Mayo
12. Peter Law-Gisiko
13. Michael Gross
14. Michelle Harrison
15. Rupert Day
16. Mary-Ellen Howe
17. David Day
18. Toby Southgate
19. Matt Eastwood
20. Johnny Hornby
21. Simon Bolton
22. Travyn Rhall
23. Frank-Michael Schmidt
24. Andy Brown
25. Donna Imperato
26. Nick Emery
27. Josep Montserrat
28. Joel Benenson
29. Bart Michels
30. Charles Courtier
31. Wendy Lund
32. Christian Juhl
33. David Sable
34. Sabina Teshler
35. Jed Beitler

* More on our leaders at wpp.com/annualreport2015



36. Phil Smiley
37. Preeti Reddy
38. Steve Pattinson
39. Eric Hoyt
40. Ralf Hering
41. John Seifert
42. Donald Baer
43. David Moore
44. Stuart Smith
45. Tamara Ingram
46. Jack Martin
47. Miles Young
48. Christopher Graves
49. Jim Heekin
50. Lois Jacobs
51. Stefano Zunino
52. Mark Read
53. Sir Martin Sorrell
54. Jim Prior
55. Lynnette Cooke
56. Hidehiko Otake
57. Richard Ingleton
58. Jon Cook
59. Roland Rudd
60. Lynn Vos
61. Steve Harding
62. Lindsay Pattison
63. Shane Atchison
64. Christian Tiedemann
65. Stephen Allan
66. Dan Khabie
67. Irwin Gotlieb
68. Mark Povey

ADVERTISING

J. Walter Thompson

Report by Tamara Ingram
Chief executive officer

I am both excited and honoured to be leading a company with more than 151 years of delivering Pioneering Solutions to its clients.

As a network of pioneers, J. Walter Thompson has an innate thirst for transformation that has fuelled the agency's momentum over the last year.

I am eager to continue that journey, and Matt Eastwood, our worldwide chief creative officer, along with Guy Murphy, our worldwide planning director, have led the launch of our new North Star, a new agency creative process that will elevate our creative product and ensure that we develop more Pioneering Solutions for our clients.

In pursuing that goal, I absolutely believe that the diversity of people and diversity of spirit will produce diversity of ideas that will serve as our guideposts as we move forward.

> **"The 'Promise of Cuba' is the first major agency report to explore emerging opportunities for North American brands"**

Harnessing that diversity of ideas was integral to the launch of J. Walter Thompson Intelligence, a new specialised practice offering a unique blend of research, innovation and data analytics. Central to the practice is the Innovation Group, our trends forecasting consultancy. The Group has offered our client partners invaluable insight into consumer behaviors in 'The Future 100,' 'Generation Z – Brazil,' and most recently, the 'Promise of Cuba,' the first major agency report to explore emerging opportunities for North American brands in the country since the normalisation of US-Cuba diplomatic relations.

Adding to our intellectual capital, we launched Female Tribes, a global initiative that represents our largest effort yet in provoking real change in the conversations that brands have with and about female consumers.

And, of course, in today's business landscape, delivering Pioneering Solutions requires deep digital and tech expertise. In 2015, we saw Mirum, our global digital agency network, mark its milestone first anniversary.

Mirum has hit its stride and truly blossomed under the fantastic leadership of Dan Khabie. It has not only been an incredible collaborative partner for the clients it shares with J. Walter Thompson Worldwide, but it's also put its unique stamp on work for clients of its own: Mirum led the development of Hum, Verizon's connected vehicle platform, from inception to product launch.

This unified network added Mazda and Getty to its client roster in North America, expanded its relationship with Qualcomm globally, picked up ASUS in Asia, and Dubai Tourism in MEA; and was named a Visionary in Gartner's Digital Marketing Services Magic Quadrant Report.

Mirum also grew in India, where Social Wavelength joined the global digital network as Mirum India.

To feed this always-on digital world, we added to our solutions toolkit with Colloquial, our new content-marketing joint venture with Group SJR that is up and running in Mexico City, Sydney, London and New York.

And we continued to bolster our leadership team to support our growth objectives.

Stefano Zunino was appointed to the newly created role of CEO of the Americas, overseeing Colloquial, Mirum and J. Walter Thompson in the North America and Latin America regions.

Maria Teresa Arnal was appointed CEO of J. Walter Thompson Company in Mexico, a testament to our commitment to deep transformation and the integration of communications and digital innovation in Latin America.

We also fortified our creative bench-strength, elevating Brent Choi to CCO of our New York and Canada offices, and naming Senthil Kumar as the regional CCO and creative partner to Tarun Rai, CEO of J. Walter Thompson South Asia.


warc100


WPP


2016


CANN
Peter Blake

And we've invested in training the next generation of creative leaders. Our international Helen Lansdowne Resor (HLR) Scholarship, launched in support of young female creative talent, also saw its first group of scholarship winners last summer.

New business and organic growth were equally robust, with wins throughout the global network, including Abbott, AstraZeneca, Apollo, Bristol-Myers Squibb, Cargill, Challenger, Cobra Puma Golf, Crabtree & Evelyn, Dubai Tourism, Egypt Tourism, FindIt Malaysia, Hotels.com, JP Morgan Private Bank, Special K, KPMG, Northwell Health and Treasury Wine Estates, among others.

2015 saw some of the most significant growth in our 151-year history. We expanded our roster of multinational clients, diversified our offering and broadened our talent base.

We created ideas that better connected to human truths and unleashed the strength of our creative potential; and ultimately, grew our clients' businesses.

As we look forward to 2016, we will put diversity at the top of our agenda and continue bolstering our creative product in order to deliver Pioneering Solutions to our clients.

Ogilvy & Mather

Report by Miles Young
Worldwide chairman
and
John Seifert
Worldwide chief executive officer

Perhaps one of the most interesting statistics of 2015 is that by the end of the year we were operating over 200 content studios for different clients around the world. Nothing illustrates more graphically how the nature of our business has changed. So what are they doing? The answer is – in various combinations – six primary things. First, they have a 'community' function, managing social media content very specifically; then they have an editorial role, playing off the news agenda; next they partner with established media to deliver content and scale; they leverage cultural 'buzz' in real-time; key curate and crowd-source content; and, finally, they generate leads using social and research data for effective targeting. And they do it all seamlessly. We believe we are at the pioneering edge of driving models such as these; for us this is not the future: it is the present.

> **"We have amazing talent and capabilities for the modern marketing world, and an enviable portfolio of clients and brands to grow with"**

But while we are doing that we are very conscious of what it is all *for*: for driving the power of the brand. Last year, we completed some significant research which showed that consumers value brands in the world of content by the degree to which they *do*, in other words the way in which they provide a real service to the consumer, and behave according to the way in which they talk. This theme of 'behavioral branding' is one on which we now are working with many clients in all regions and categories.

2015 was another outstanding year for Ogilvy – evidenced in terms of creative pre-eminence, new business success, new talent acquisition and discipline advances (with OgilvyOne, Ogilvy Public Relations and Geometry Global and H&O all performing strongly). As we have moved into 2016 so we are transitioning our leadership. After eight wonderful years, I am handing over my responsibilities to John Seifert. Ogilvy born and Ogilvy bred, John represents the very best of our own brand. It is a carefully planned transition, and will be completed by September 2016.

John writes:

"I inherit a company and brand that has revitalized in the last eight years, particularly creatively. Together with co-chairman, Tham Khai Meng, I am very clear about our opportunity: growth through great work.

We have amazing talent and capabilities for the modern marketing world, and an enviable portfolio of clients and brands to grow with.

We will continue to adapt our business system to transform how we work: faster, more connected, and more agile – and all globally. Great work demands: sharper thinking through deeper and more relevant brand, business, and market insights; big and enduring ideas that unify, breaking out from an explosion of fragmented content and delivery channels; and creative craft skills that enable irresistible storytelling and deeper audience engagement.

All this, is for one purpose: to better serve our clients by making their brands matter in our dynamic and ever-changing world."

I wish John and his new leadership team good fortune as they drive us forward into the new world of content and brands that *do*.

Ogilvy has been a family for me, not just a workplace, for almost 35 years. While I will continue to remain close to it, I cannot help but feel pangs of sadness, and a great sense of gratitude to all who live the family values of our brand day by day.

OgilvyOne Worldwide

Report by Brian Fetherstonhaugh
Chairman and chief executive officer

At OgilvyOne Worldwide, we measure our success against three core pillars: financial performance, strategic differentiation and creative excellence. In 2015, we delivered on our expectations in all three areas.

We set new all-time records for revenue and profit, driven by a combination of growth with current clients and new client wins. Special shout-outs go to several operations that contributed so significantly to our strong performance: OgilvyOne New York, Shanghai and our offices in India, Neo@Ogilvy Worldwide and The Lacek Group. It is also particularly gratifying to see that three of our newest additions to the OgilvyOne global network were among our top performers: Bottle Rocket, which specializes in mobile; Social Lab, our social marketing offering; and Verticurl, which specializes in marketing technology. All these achievements are testimony to the talent, innovation and fortitude of our network.

> **"We fully appreciate the power that digital has on how customers shop and buy"**

Strategically, 2015 was the year in which we consolidated our positioning as 'The Customer Agency.' We combine data and creativity to create compelling, personalized experiences that help clients win more customers and make them more valuable. Integral to our offering is DAVE, our proprietary strategic planning and execution methodology. DAVE stands for Data-inspired, Always-on, Valuable Experiences. It's an innovative approach for us globally and the results are clear: offices that embraced the DAVE process for client engagements had a substantially higher probability of success. In 2016, we will continue to invest in DAVE and bring it to our staff and clients every day and everywhere in the world.

OgilvyOne remains a dominant creative force in the industry. At the Cannes Lions International Festival of Creativity, we won a total of 14 awards, including four Silver and 10 Bronze Lions. We were once again by far the most awarded agency at the global Direct Marketing Association's ECHOs, outpacing the No.2 agency network by two to one. Over the course of 2015, we also added 17 Effies, 13 Clios and a host of Agency of the Year honors, for entities including Asia (Regional ECHOs), Gloo South Africa, OgilvyOne Business in the UK and OgilvyOne Mexico.

As a customer-centric agency, we fully appreciate the power that digital has on how customers shop and buy. OgilvyOne has been a pioneer in the field of interactive and digital marketing for over three decades and was recently named a Leader in *Gartner's Magic Quadrant for Global Digital Marketing Agencies* report. In 2016, we will deepen our digital capabilities in fast-growing areas such as customer experience design, mobile marketing and e-commerce. Our future continues to look bright.

Ogilvy Public Relations

Report by Christopher Graves
Global chairman
and
Dr Stuart Smith
Global chief executive officer

2015 was the year we returned to significant, profitable organic growth, further strengthened our leadership in creativity and redefined our purpose as a discipline within Ogilvy & Mather.

For four consecutive years we have dominated *The Holmes Report*'s Creativity Index. We won more Gold Lions, supported by the highly effective Chinese Names campaign (Visit Britain). We were named Agency of the Year, in both the UK and Asia Pacific, by *The Holmes Report*.

Our return to growth was driven by several factors. We grew our top 30 clients significantly and four new brands entered our top 10. We lead in the area of social and content, benefiting from the scale of the Ogilvy & Mather group. We invested in a new global marketing and business development function, improving our visibility and pitch wins.

> **"Earned influence will speed our growth through integration by defining a broader marketplace for PR services"**

We open-sourced our growth strategy, asking over 50 of our brightest minds from across many geographies and demographics to help force the pace of innovation. Over 65% of our country leaders are women and we improved diversity and inclusion at our highest levels by creating a new Executive Committee and Board. We invested in new leadership (UK, India, EMEA, Germany, Spain and Indonesia) through promotions and external hires. We proudly launched Ogilvy Pride in the UK and Hong Kong.

We demonstrated both our commitment to Latin America and to grow globally through acquisition (ConceptPR, Brazil). Asia Pacific thrives under the leadership of Scott Kronick. EMEA entered a new phase under the newly-promoted Michael Frohlich. In North America we saw continued growth in New York and Chicago (Jennifer Scott and Michele Anderson respectively), with our US healthcare practice growing strongly (Kate Cronin).

Growth also comes from differentiation. Our role in the industry, and within Ogilvy & Mather, is to redefine the unique purpose of public relations in a world where the lines between marketing disciplines are increasingly blurred. This year Ogilvy PR laid claim to the powerful concept called 'earned influence', a move recognized as one of 2015's top innovations in PR. Earned influence will speed our growth through integration by defining a broader marketplace for PR services. It recognizes the increasing appetite of CMOs for what we do, rejects a narrow definition of earned media and goes beyond concepts underpinning other thinking in the PR industry.

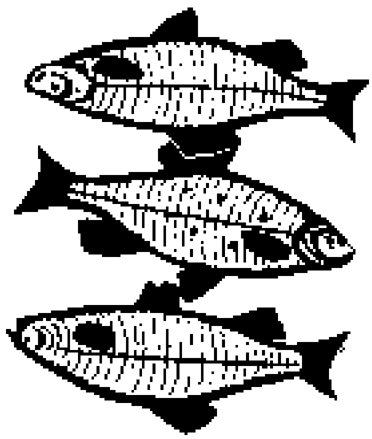
In 2016, we will push forward our aspiration that PR exists to harness the power of earned influence by creating campaign platforms for our clients that matter to the lives of consumers, customers and key opinion leaders. In doing so we hope Ogilvy PR will increasingly contribute to the effectiveness of all channels, not just earned, and shift behaviors, opinions and generate sales.

Ogilvy CommonHealth Worldwide

See report on page 76.

Geometry Global

See report on page 78.



Y&R Group

Report by Peter Stringham
Retiring chief executive officer

In my tenure as CEO of Young & Rubicam Group, it's been our mission to make collaboration among the companies as productive, as possible, for our clients. To that end, we've built cross-disciplinary training programs, expanded our Global Intelligence team and made Rubicam University a robust workshop that tackles a real client challenge in real-time. At the same time, we have encouraged each company to develop the capabilities and craft that make them unique.

As I retire and Peter Law-Gisiko succeeds me, I am confident that Young & Rubicam Group will remain a unique offering within WPP.

Report by Peter Law-Gisiko
Chief executive officer

We are all thankful to Peter Stringham for the leadership he has given Y&R Group over the past seven years. Peter has helped sustain the connective tissue that makes working together across Y&R Group and WPP on behalf of clients a seamless, productive and natural proposition.

Horizontality is a way of life for us, and always has been. More than four decades ago, Young & Rubicam staked out new territory by creating a way for its companies – all leaders in their disciplines – to connect and collaborate in a way that made us, as our mantra said: Best Alone. Better Together.

When you look at Y&R Group's companies – Y&R, VML, Wunderman, Burson-Marsteller, Cohn & Wolfe, Landor and Sudler & Hennessey – they are differentiated by the currency and relevance of their core capabilities. They are unified by a set of values, a collaborative ethos and a shared experience of more than 40 years of working side by side.

Looking at Y&R Group as a whole, we are armed to address every challenge marketers face today and tomorrow. Our capabilities align in the key areas of market demand: All our companies are digital to the core, with the digital thinking and technology that redefines the customer experience. We have big data and analytics that drive insights, innovation, targeting and messaging. We can create content that keeps pace with real-time, 24/7 media consumption. And we are great storytellers, adept at creating narratives and images and ideas that build brands that not only live in culture but create culture and resonate in the minds of consumers.

> **"Horizontality is a way of life for us, and always has been"**

Over the next pages, you will read the achievements of each of the companies. The Y&R Group remains unique in our industry as a long-standing group within a group, offering not only some of the world's strongest and most iconic marketing and communications brands but a proven history of working together and an outlook that embraces horizontality across WPP.

Y&R

Report by David Sable
Global chief executive officer

As digital took hold, no matter where you were or what you did in the industry, the conversation became all about *DIGITAL FIRST*. Then, industry buzz turned to mobile as device and software enabled us to untether and *MOBILE FIRST* became the password. Next came wearable, and now virtual reality seems to be following. And no doubt something else is sure to take its place in due time.

Our belief, our mantra – and we've spread the word from Davos to Mobile World Congress to DMEXCO – is this:

It's not digital first, or mobile first or wearable first.

It's *PEOPLE FIRST*.

Without the context, without the insight, without understanding basic human need and creating a narrative rooted in deep human truth, no marketing – digital, mobile or otherwise – will ever matter. How could it possibly?

It is important to remember this now, when there are so many incredible innovations like Facebook and Snapchat and YouTube changing the way we communicate and share content. They are all intrinsically filled with possibility, but without filling them with stories, they are merely empty software loops.

Digital, the basis of it all, makes the things we do more efficient and creates new opportunities for engagement. Mobile isn't about devices, it's about freedom and empowerment. Virtual reality isn't about glasses or gizmos, it's about unleashing imagination.

Being human to the core is what makes today's innovations and technology so powerful and efficient. It's what gives brands credibility as global citizens. It's what resonates and activates. And it's what makes things go viral.

Last year, for example, our New Zealand office came up with an idea for Burger King to support Peace One Day. It began with an understanding of the burger wars – itself a very human and humorous manifestation of brand loyalty. In an open letter placed in *The New York Times*, *Chicago Tribune* and *Miami Herald*, Burger King offered an 'olive branch' to McDonald's and suggested that, in the spirit of Peace Day, for one day they join burger forces and create a McWhopper.

A full range of content, digital and otherwise, as well as online engagement vehicles, events and activation gave people the ability to share, participate, and create struck such a chord that DIY McWhoppers were created, Instagrammed, Snapchatted, posted on Pinterest and Facebook, shared all around the world. Both Peace One Day and Burger King benefited.

Earlier this month, the McWhopper was awarded the GRANDY, the top award at the ANDY awards. Y&R also won the top award for Outstanding Public Service with GPY&R Brisbane's 'Melanoma Likes Me.'

> **Creativity is telling the story, innovation is how we share it and technology is how we engage with the story**

The most elegant stories are often quite simple. In the Philippines, our agency created a print ad for North Face. Dipped into water, the ad becomes an LED camping light with 24 hours of power, giving someone a pragmatic solution rooted in the brand's exploring nature.

And in Turkey, we worked with Vodafone to create a Cannes Grand Prix-winning 'secret campaign', 'Between Us', promoting an app to help women alert trusted friends when they are facing immediate domestic violence. The app has been activated over 100,000 times.

Cannes awarded us 89 Lions last year, including a Grand Prix and a Chimera Lion, placing us as the fourth most-awarded network for the fourth consecutive year. Perhaps even more important, we had more offices across more regions winning Lions than any other agency, a validation of our creative community and our Global Boutique philosophy.

Not unrelated, since 2015, we were named Agency of the Year in 19 markets, spanning Europe, Asia, Latin America and Australia/New Zealand. And our 42 Effies, won in every region, reflects the depth of our planning community. The strength across our network comes out of the same Global Boutique philosophy that recognizes the importance of local strength, while leveraging a global community that shares values, resources, tools and talent.

We promoted Andrew Dimitriou and Phil McDonald to lead Europe and Australia, respectively. We brought in Ramzy Abou-Ezzedine to lead the Middle East and John Lynn to lead Latin America. Leslie Sims joined Y&R New York as the Chief Creative Officer and *Adweek* named her one of the Top 10 Creatives doing breakthrough work at agencies. Ken Dowling returned to Y&R after many years to lead the US Navy business won in spring and to launch Y&R Memphis.

We began 2016 with the launch of a new platform at Davos. *Best Countries*, based on BrandAsset® Valuator data and created in partnership with US News & *World Report* and The Wharton School, gives exceptional insights on nations as brands. News of their countries' strengths had heads of state, including Justin Trudeau and Benjamin Netanyahu, as well as the German, Swedish, Dutch, Peruvian and Slovenian governments tweeting and quoting their rankings, and even merited a mention on Jimmy Kimmel's late night show. Going forward, we believe this an important tool not only for governments and tourism agencies, but for companies wanting a new filter for understanding markets around the world. This will be annual and we are already working to expand *Best Countries* to *Best Cities* thinking.

At the Y&R companies, we understand that creativity is telling the story, innovation is how we share it and technology is how we engage with the story. We have talented people in place who know how to leverage these incredible opportunities competitively, and we have a way of working together that drives great creative product and strong business results. We are optimistic that in 2016 we are positioned to help our clients meet today's market challenges, understand their customers in an unparalleled way, and create compelling stories that are brand- and business-building.

VML

Report by Jon Cook
Global chief executive officer

"A breakout year" is how *Advertising Age* described VML's 2015 performance when it recognized the agency in its annual A-List honors. We were thrilled to be included as one of the top 10 agencies chosen by *Ad Age*. It was a special recognition to top off a year in which – across the VML global network – we experienced the best financial growth in our 23-year history.

There were many groundbreaking aspects to the past 12 months – notably, becoming an active member of WPP's Global Team Ford. VML is supporting Ford on a variety of transformative initiatives, leveraging VML's maturing global network of 2,500 employees in 28 locations around the world.

Increasingly, VML is handling expanded global duties for client partners such as Bridgestone, Colgate, Wendy's and others. We also initiated major new global client partnerships with FedEx and the International Olympic Committee (IOC).

In the US, we dramatically expanded our presence in Chicago to 80 people – with significant expertise to support increasing opportunities with Kellogg's, Kimberly-Clark and PepsiCo. Additionally, VML secured significant agency of record relationships with Kashi and Motorola.

Our balance between creativity and technology continues to be VML's differentiator. Forrester Research named VML a Strong Performer for Digital Experience Service Providers among the foremost global providers.

At the same time, it was the most creatively-awarded year in our history. VML received notable recognition from every top-tier global awards competition, including Cannes Lions, Webby Awards, Effie Awards, One Show awards, CLIO Awards and more. From full television broadcast production to enterprise technology solutions, the breadth and scope of VML's capabilities have never been stronger.

VML is sincerely grateful to earn *Ad Age* A-List honors, although what continues to drive us forward is an unrelenting pursuit to be our clients' most important partner.

Wunderman

Report by Mark Read
Global chief executive officer

In January 2015, I joined Wunderman as CEO and began working closely with a team of very talented executives to build on Wunderman's unique strengths, of which there are many, and position us for success across a global network of 175 offices in 60 countries. As I reflect on our first year together, I am pleased to report that 2015 has been a period of tremendous progress.

We established Wunderman's positioning as 'Creatively Driven. Data Inspired', to showcase our unique ability to combine big, bold, creative ideas and insights with an unmatched knowledge of data and analytics. In a world where clients struggle to derive value from the mass of data they collect, Wunderman's offering is distinct, measurable and delivers results. It is important to clients and true to what the agency can deliver. The success of this messaging was validated by Forrester Research, which officially acknowledged Wunderman as a "leader in marketing database operations" as well as a "strong performer in customer engagement strategy."

> **"We have committed to building a more dynamic and engaging culture for recruiting and developing top talent"**

Our outstanding new business efforts with both existing and new clients are another irrefutable sign that Wunderman is making an impact. In 2015, Wunderman added more than 100 new assignments from brands, including Microsoft, T-Mobile, Coca-Cola, Amazon, LEGO, IKEA, Legal & General, Shell, Isle of Capri Casinos and the U.S. Navy. Additionally, Wunderman Health, led by Becky Chidester, has boosted growth by 10% since 2014, delivering top-quality work for clients including

GSK, UnitedHealthcare and BlueCross BlueShield – a testament to the power of Wunderman's proven understanding of data, digital and content development.

Our continued efforts to build the Wunderman brand through excellent creative work and talent has received tremendous global recognition, with Wunderman offices in Colombia, London and São Paulo taking home four Cannes Lions, Wunderman China winning *Campaign* Agency of the Year, Wunderman London winning *The Drum* DADI Awards Grand Prix and Wunderman Phantasia winning the 2015 ANDA Agency of the Year Award.

As a network of more than 7,000 people – including 2,200 creatives, 1,300 data scientists and over 3,000 business people and strategists – we recognize the importance of leveraging our diverse strengths in order to deliver the work our clients expect (and need) to succeed in a competitive environment. Our wide range of expertise has now been simplified as we aim to unite the Wunderman network as a consistent brand with one very clear message. As part of our efforts to integrate our creative and data capabilities, we rebranded the KBM Group's data-driven engagement services under the Wunderman brand.

And to ensure that our strategy of focusing on creativity and data translates into concrete work for our clients, we developed Collision, a set of proprietary tools and methodologies to enable our creative and analytics teams to work more closely together throughout the entire creative process. This exciting program has already increased our ability to collaborate and significantly improved our efficiency and accuracy across disciplines and throughout our global network.

We have also committed to building a more dynamic and engaging culture for recruiting and developing top talent. Recent hires and promotions are already having an impact: Mel Edwards (CEO, EMEA), Jamie Gutfreund (global CMO), Ian Haworth (ECD, UK/EMEA), Judy Jackson (global chief talent officer), John Lynn (CEO, LatAm) and Seth Solomons (CEO, North America) – all are focusing on driving business growth and creativity in their respective markets.

Partnerships with digital leaders have empowered our people across the network to become more connected advocates for our brand. Wunderman was the first digital agency partner to participate in LinkedIn's pilot program, Elevate. Through Elevate, Wunderman content has achieved significant visibility in key markets. We've also established a partnership with Uber, another first in our industry that has greatly benefited our culture and offering.

For Wunderman, 2015 was the start of a promising new direction that has paved the way for many exciting accomplishments with our business results and our culture. By continuing to focus on acquiring top talent, building the Wunderman brand and developing data-inspired creative work that inspires action, we are confident Wunderman will see success for many years to come.

Burson-Marsteller

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

In 2015, we continued our fast-forward progress along the leading edge of communications, modernizing and energizing our creativity, our offerings and the talent that makes it all happen. Around the globe, Burson-Marsteller teams are delivering on our promise to combine the most creative new integrated communications capabilities with the world-class strategic counsel our clients have trusted for 63 years. During the year, we brought to market innovative offerings tapping into the technology, content and distribution opportunities that are dramatically changing our sector. Even as we changed, we stayed true to our enduring commitment to deliver excellence to our clients and were honored as 2015 Agency of the Year by industry-leading publication *The Holmes Report* in Africa, Latin America and the Middle East.

> **"New growth-generating services include the launch of our Cuba Specialty Team … focused on economic development and tourism"**

Among our innovations, we introduced Burson-Marsteller StudioB, our integrated communications approach to providing real-time insight- and data-driven creativity, content production and distribution. With StudioB, we are cutting across practice groups to give our clients full-service strategic communications results, driven by compelling messages and conveyed through traditional and social media channels.

Other new growth-generating services include the launch of our Cuba Specialty Team, which is part of a capability focused on economic development and tourism. We also strengthened our cyber security communications and preparedness capabilities through a strategic alliance with Ridge Global, led by former U.S. Secretary of Homeland Security Tom Ridge.

Our relentless commitment to exceed expectations yielded major new clients in 2015, including The Egyptian Ministry of Tourism, FedEx, Oracle, Pitney Bowes and Zebra Technologies. As we delivered significant business results for our clients, we had a 30% year-over-year increase in awards for our work. All of this progress demonstrated we are continuing to play a crucial role in the future of communications.

Landor

Report by Lois Jacobs
Chief executive officer

In 2015, many Landor offices enjoyed strong growth across the network. This was particularly true in EMEA, under the direction of regional president Jane Geraghty. New clients in the region included Bayer MaterialScience (now Covestro), Experian, Turkish Airlines, Nike and Union Bank of Nigeria. A highlight for EMEA was the rebrand of Etihad Airways, with Etihad being named Airline of the Year by *Air Transport World* and Best Airline Livery of 2015 by *DesignAir.*

We also saw good performance from our Mumbai and Tokyo offices, and in Mexico we enjoyed our sixth consecutive year of strong growth. Our US restructuring is showing positive results, with new projects being undertaken for Alcoa, Cracker Barrel Old Country Store, Kraft Heinz Company, S&P Global (formerly McGraw Hill Financial), Marriott International and Raytheon.

In 2015, Landor released *The Agility Paradox*, a global research study validating our point of view that today's most successful brands are agile brands. We found that to thrive today, brand managers must embrace seemingly opposing strategies for their brands: staying true to their core while constantly evolving to keep pace. Consumers – particularly millennials – expect and prefer brands to exhibit these contradictory qualities. This 'agility paradox' demands a new brand management model that abandons some of the long-held axioms of brand governance and replaces them with six key behaviors of agility.

Landor has long believed in holistic brand expression. Our new experience-mapping tool helps us address not only how brands look but also how they feel, behave, talk, and even dream. With that in mind, we broadened our offer this past year with two acquisitions. In January we purchased NorthandSouth, an innovation firm in Asia Pacific. In November, Landor acquired a majority stake in ManvsMachine, a multi-award-winning motion design studio based in London. Together, these two acquisitions expand Landor's depth of offerings, providing the latest in innovation and digital technologies.

> **"Our new experience-mapping tool helps us address not only how brands look but also how they feel, behave, talk, and even dream"**

Creativity remains top of our agenda, and we were proud to be the most-awarded branding agency at Cannes Lions International Festival of Creativity, winning a total of 13 Lions across our network. We also added seven D&AD pencils to our roster, including a much-coveted Black pencil, making 2015 our strongest year yet for peer recognition.

Sudler & Hennessey

Report by Jed Beitler
Chairman and chief executive officer worldwide

2015 was focused on 'connecting the dots' across all aspects of our geographies and divisions to strengthen our position as one of the pre-eminent global healthcare communications networks. From our Global Managers' meeting in New York to the launch of Dr. Link, a proprietary web portal developed by MDS/Sudler for physicians throughout China, S&H has strived to bring meaningful ideas and insights to advance our clients' businesses.

> **Sudler introduced Kim Kardashian West to this year's Cannes Lions**

Digitally, we have been working across a number of platforms and media, helping further patient education (the award-winning, Procrit Health View app), accelerating clinical trial recruitment (Apple Research Kit, in collaboration with POSSIBLE), and developing clearer and easier to understand Rx promotional standards across all digital media (in partnership with Acquia). Sudler introduced Kim Kardashian West to this year's Cannes Lions, connecting the dots via the virtual world, by pioneering a new form of digital storytelling.

Our presence was strong this year at Cannes Lions Health with Rob Rogers, co-CEO of the Americas, serving as jury president and two writers from Sudler London recognized during the Young Lions Health Competition.

We also co-chaired the inaugural Lions Health session with Google on future trends in mobile marketing.

Always looking to expand our global educational delivery, Sudler acquired UK-based System Analytic, one of the world's leading key opinion leader engagement companies.

Important new business wins included GSK Vaccines, Novo-Nordisk, Roche Diagnostics and AstraZeneca.

Bravo

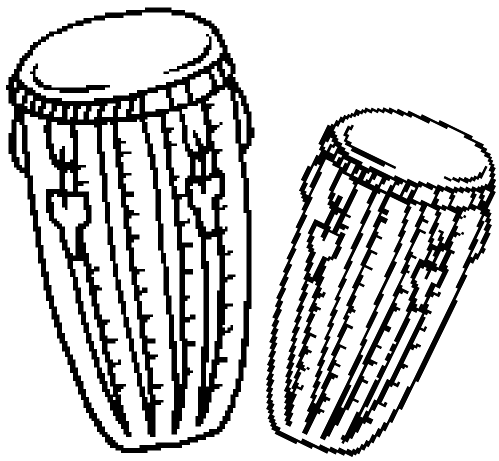
Report by Eric Hoyt
President and chief executive officer

The US Hispanic market continues to be growing and vibrant, but changing demographics and consumer behaviors have made the standards of success more complex. Bravo's integrated solutions that span brand-digital-retail channels are helping our clients win by engaging their customers all along their purchase-decision journey, with creative activations that drive business and build brands.

Bravo's client portfolio continues to be a testament to our success and business-building value. Existing clients like Wendy's, Coca-Cola, Chevron and Pfizer continued to grow and Bravo's new business prowess won new clients like Mazda, Purina, Radio Shack and US Foods.

Cohn & Wolfe

See report on page 71.



Grey Group

Grey

Report by Jim Heekin
Chairman and chief executive officer

We ended 2015 by being named Global Agency of the Year by *Adweek*, for the second time in three years. The magazine wrote: "After a dominant awards season and a slew of multinational client wins, Grey is back in control."

2015 marked our eighth year in a row of record financial and creative performance. High-profile new business wins included AT&T/DIRECTV, Emirates Airlines, Motorola, Pandora Jewelry and Procter & Gamble's Venus, Braun and the Art of Shaving lines. Many of our current clients awarded us significant assignments including Nestlé, GSK, Eli Lilly, Vodafone, Volvo, Bausch & Lomb and Best Buy.

It proved to be a watershed year at Cannes. Our creative reputation continued to soar with the win of 113 Lions from 18 countries in four regions. Grey won in 20 categories from film, radio and outdoor to the newest disciplines of mobile, creative data and pharma. Notably, the agency took home a record four Grand Prix, a remarkable feat. The work was powered by big, non-traditional ideas that combined activation, public relations, social and digital media, true to our 'Famously Effective' mantra.

> **"Our creative reputation continued to soar"**

Grey's forward momentum was reflected in the performance of its flagship agencies in New York and London. Grey received the 2015 Cannes North American Network of the Year award and Grey EMEA was named the 2015 Euro Effie Agency of the Year.

We continued to enhance our leadership ranks for the future with the appointment and promotion of several talented executives pivotal to our success. Michael Houston was promoted to global president of Grey, an expanded worldwide management role. Lucy Jameson was appointed chief executive officer of Grey London and Nils Leonard, chief creative officer, added the title of chairman of that office. Andreas Dahlqvist joined Grey New York as chief creative officer. Finally, Diego Medvedocky was promoted to vice president, regional creative director of Grey Latin America.

Building on our strategic acquisitions of last year, we acquired ArcTouch, a leading mobile design and development agency in the US, and Grey nJ United, a pacesetter advertising and digital agency in Thailand. In addition, we expanded our existing resources in digital, activation, shopper and healthcare marketing.

Each and every office of Grey has been integral to our growth and success. Thanks to our people, and many of the most forward-thinking clients in the world, we are breaking new ground in brand experience across every platform creating lasting consumer connections. As our 100th anniversary beckons in 2017, our future has never been brighter.

Bates CHI&Partners

Report by David Mayo
Chief executive officer, Asia
and
Johnny Hornby
Chief executive officer

The Asia partnership was launched in 2013 with nine offices in seven markets, built around the principles of collaboration and open-source. It is a joint venture between Bates, one of Asia's best-known advertising agencies, and The & Partnership, one of the UK's most respected independent agencies.

Our focus in 2015 was on growing new client relationships, attracting talent with new skills, developing new partnerships, developing our product and further building our unique open-source positioning in the Asia market. In 2015, we had successes across all of these areas.

In 2015, we began working with new clients such as VW, Asia Breweries, Fiat, Standard Chartered, Kimberly-Clark, Pearson and Sephora among many others, whilst we deepened our relationships with Pizza Hut, AIA, Nestlé and F&N.

Most of the people who joined us in 2015 came from leading digital and creative agencies, bringing with them new skills in social, content, media, programatic, data and digital. Our annual 'Employee Acid Test' recorded some of the highest loyalty scores in the region.

We launched partnerships with Google, Facebook, LinkedIn, Squeem, King Content and Sparkline and, in turn, drove deeper engagements between our clients and their customers.

Creative highlights included work for Martell where we worked with the client's R&D team to put holograms in bottles, Myanmar's most famous advertising campaign of 2015 for Ooredoo, and the Gold Effie-winning campaign for Taiwan Noodle, which stole the heart of the nation.

We also forged new relationships with SMU, Miami Ad School, Falmouth UK, AMEs and Lasalle. In Myanmar we partnered with Phandeeyar and Facebook to bring new skills to this breakout market. We continued our work with The Marketing Society, Warc, Cannes Lions, IAS and Portfolio Night.

In 2015, we published a collection of six original essays, The 6 *Pillars of Collaboration*, aimed at driving the industry debate on collaboration and this formed the basis of our first ever WPP Atticus thought leadership submission, which was developed and submitted from our office in Jakarta, Indonesia.

> **"Most of the people who joined us in 2015 came from leading digital and creative agencies, bringing with them new skills in social, content, media, programmatic, data and digital"**

In 2016, we will continue to drive the industry discussion in Asia about horizontality and collaboration. From this we hope to build our reputation, our product and our portfolio of skills as we continue to deliver our Five Year Plan.

Commarco

Report by Christian Tiedemann
Joint chief executive officer

In 2015, our top creative brand **Scholz & Friends** was rewarded as Agency of the Decade in Germany (Neptun Award), launched the new worldwide Astra campaign for its top client Opel and achieved a strong new business performance, winning otelo (Vodafone), WDR (the largest broadcasting station in Germany), additional Siemens business and various government accounts.

Our joint venture investment in digital media/ performance marketing is rapidly growing and will in future combine with WPP specialists to deliver value for our clients.

With the newly-established 'Partnerboard', Scholz & Friends strengthened its entrepreneurial partnerships and implemented a new management system. The Board of Partners is now the top strategic and executive decision-making body of the Scholz & Friends Group.

Our digital brands **deepblue networks** and **KKLD*** increased our digital share of business by collaborating with other Commarco agencies as well as contributing digital expertise to WPP in Germany. deepblue developed a highly-successful app for Migros in Switzerland, and KKLD* maintained its status as the international lead agency in social media for MINI.

gkk Dialog Group/iPS – our CRM and Dialogmarketing Group – successfully retained the BMW Customer Interaction Center business until 2020. Major clients Samsung, ING-Diba, Payback, American Express and other blue-chips led gkk/iPS to its highest revenue level in company history.

United Visions – our moving media and creative content producer with a strong footprint in automotive – began its expansion in the US (in Los Angeles), collaborating with WPP companies and top local creative producers.

Commarco also acquired a majority stake in **Nicole Weber Communications** (NWC), a full-service PR agency specialist at lifestyle, fashion, beauty and automotive. In Hamburg and Berlin, NWC is handling Opel, Olympus, Cadillac and other strong local brands.

MEDIA INVESTMENT MANAGEMENT

GroupM

Report by Irwin Gotlieb
Global chairman
and
Dominic Proctor
Global president

GroupM has always delivered the advantages of scale in the ever-mutable media marketplace. Bargaining power is an enduring value, but it's not all about our size. As market leader, it's our responsibility to see further and more keenly into markets, even across walled gardens, to give our clients an edge.

Our business is hyper-competitive and we continue evolving. In 2015, we clarified our advantages for clients, our people and WPP's stakeholders with new positioning underscoring the inextricable role of data and technology in media. We continued investing in the agency platform of the future to be ready for a world where all media is digital and where all audiences can be targeted using data – data we're uniquely positioned to harness through our position in WPP.

Our acquisitions of The Exchange Lab and its global programmatic platform and Medialets' mobile ad serving and measurement technologies are significant in this path, as is the addition of Essence which, until joining us, was the world's largest independent buyer of digital media. This largest independent has now joined the world's largest media group, furthering our objective to create a peerless digital team enabled by the most connected technology.

> It's our responsibility to see further and more keenly into markets, even across walled gardens, to give our clients an edge

We're not just readying for the digital future, we're embracing our responsibility to shape it, leveraging client influence to drive integrity – demanding accountability in viewability, sensible and third party-verified audience measures, fraud remedies and assurances of brand safety. And, with our TV ad targeting unit Modi Media leading the US advanced television space, we're impacting the digital future of television too.

Our agencies' reports that follow describe new successes in 2015. Our figures show we've grown share globally – and very significantly in North America. This was achieved via the extraordinary dedication of our 27,500 people, whose inquisitiveness about media, consumers and marketing is never satisfied.

Xaxis

Report by Brian Gleason
Global chief executive officer

Xaxis had one billion reasons to smile in 2015 as we passed 10 figures in billings.

Through new products, new locations, strategic acquisitions and the efforts of our talented team working in 45 markets around the world, we continued to extend our dominance of the programmatic space.

> Audiences and data remain at the heart of everything we do

And the industry has taken notice. MediaPost named Xaxis as its Media Supplier of the Year citing our "dominant market position." AdExchanger has called our and WPP's investment in technology "exceptional."

Technology investment continues to be a key element of our success. The acquisition of mobile ad-tech start-up ActionX helped us to nearly triple our mobile revenues while providing clients with a new suite of proprietary solutions. To capture a slice of the fast-growing performance advertising market we launched Light Reaction, an entirely new business unit with a unique pay-for-performance model offering guaranteed consumer outcomes.

We've taken our data expertise into the creative realm with an expanding focus on programmatic creative or, as we call it, self-assembling ads. In Asia, we debuted in several new markets while launching the region's first product to guarantee 100% viewability. And in the US we're tackling the upcoming 2016 Presidential Election with Xaxis Politics, the first ever product to use offline voter data for digital targeting.

Audiences and data remain at the heart of everything we do. In 2016, we're poised to make great strides in personalization, creativity and performance as we continue to advance the capabilities of the industry while fulfilling our mission of making advertising welcome.

Maxus

Report by Lindsay Pattison
Worldwide chief executive officer

Our industry is undergoing massive transformational change. In 2015, Maxus carried out a study in partnership with the *Financial Times* into what change means to business leaders. We discovered that whilst 90% are experiencing transformational, technologically-driven change, only 24% feel prepared.

> **"We continued to secure outstanding new talent, embracing fiercely smart strategy and tech leaders"**

This sharpened Maxus' proposition: we lead clients through change to deliver meaningful business results. In 2015, we achieved this through a mix of smart organic growth and a steadfast focus on strengthening existing client relationships. We expanded specialist services for clients like NBCU, Valeant, Church & Dwight, BT, Huawei and Aldi to name but a few.

Key to our evolution is the launch of a new planning approach – Change Planning – which starts with the simple question; "Where are you today… where do you want to be tomorrow?" and results in a plan that informs strategic change. To embed this, we trained 180 senior client leaders, developing skills of resilience, curiosity and presence.

We continue to pioneer in high-growth regions, launching Maxus Mesh in Asia as a marketing command centre to leverage the combined power of big data, content and advanced analytics to drive accountability in real, or close to real-time.

In the US, we saw super-strong performance with huge topline growth under Steve Williams's leadership, and we were delighted to win an Effie for our work on NBC Sports. India continues to be our most-awarded market, winning five effectiveness awards at AMES APAC and Digital & Social Agency of the Year locally.

Our 'East out' strategy for new business triumphed, as we welcomed the $200 million Huawei account into a global remit, having held the business locally in China.

And we continued to secure outstanding new talent, embracing fiercely smart strategy and tech leaders to our global exco and charismatic leaders in key markets.

2015 has been a stellar year for Maxus; through our behaviours, attitude, work and results we are leading change and I'm really excited to build on this momentum in 2016.

MediaCom

Report by Stephen Allan
Worldwide chairman and chief executive officer

This time last year, I reported that we had stopped calling ourselves a media agency; instead we reinvented MediaCom as The Content + Connections Agency, reflecting the enormous changes that have occurred in technology, consumer behaviour and, consequently, in the services our clients demand.

Underpinning this is our 'Systems Thinking' philosophy – understanding and optimising the total system of content and connections, and not just the individual channels within it. We bring Systems Thinking to life in every aspect of our business…

- Firstly, it means we focus on interrelationships. In fact, we've collaborated more than ever with our sister companies in 2015, working across pitches and clients with the likes of Grey, Geometry, Hogarth, Johannes Leonardo, Salmon, Wunderman and its KBM Group and, of course, Kantar and GroupM.
- Secondly, it means we plan for outcomes. Working more closely with our sister companies has helped us unlock our ability to target consumers individually at scale, enabling us to deliver highly-targeted, outcomes-based campaigns for our clients.
- And thirdly, it means our people are Systems Thinkers. With all the complex levels of data at our disposal today, it's our people who turn it into insights and strategies, which ultimately translates into the growth we're delivering for our clients – and for ourselves.

Last year, we saw strong growth from existing clients across new geographies including AB-Inbev, GSK-Novartis, Mars, P&G, Subway, The Coca-Cola Company and, most recently, Sony, which included the new PlayStation business. Additional new business included Actavis, Agoda, American Airlines, Bank of China, JG Wentworth, Pernod Ricard, Tempur Sealy and Tesco. Altogether, this growth totalled $2.6 billion in annualised billings, which means we now work with a third of the world's top 30 advertisers in 20+ markets.

> **"We've collaborated more than ever with our sister companies in 2015, working across pitches and clients"**

Our repositioning has led to further industry recognition, notably being named in June 2015 as the world's No.1 media network in RECMA's *Network Diagnostics Report*, which evaluates overall agency quality. Additionally, we won over 290 awards, including Global Agency of the Year at the M&M awards. We were the most-awarded media network at the Cannes International Festival of Creativity, and earned the Grand Prix at the International Content Marketing Awards.

Our mission, as ever, remains the same: to grow our clients' businesses. But to continue achieving this, we've had to change. As more and more brands continue to look to marketing to drive their topline growth, we think our transformation into The Content + Connections Agency means we're well placed to continue to do just that.

MEC

Report by Charles Courtier
Chief executive officer

2015 has been a very strong year for us. We delivered double-digit growth across all regions, with the US leading the way as the best performer. We joined the WPP Billion Dollar Club (one of only nine companies) and in October we moved up to become RECMA's No.3 Most Dynamic Agency Network.

It was an infamously big year for media pitches. We battled hard and the highs certainly outweighed the lows. Game changing wins like L'Oréal in the US, Lloyds Banking Group in the UK, AT&T in Mexico and GoDaddy.com globally were all hugely important.

The dramatic shift of our business to digital and data continues to drive growth and reshape our operations. Digital and data revenues now represent 53% of the total, and that's a 60% increase since 2013. It's a similar story on the profile of our people.

Digital businesses obviously have a huge impact on our development. Clients like Netflix, Uber, Vodafone, AT&T, Flipkart in India, BGL (Comparethemarket.com) are all fast-growing businesses that also influence and challenge our structure and future direction.

Some key moves will play a big role for us in 2016. We named Stuart Bowden as global chief strategy officer, responsible for designing, integrating and championing MEC's strategic product. We also appointed Pele Cortizo-Burgess as global chief creative officer; a new role and one that recognises how much our creative leadership has become an essential part of the agency's future globally.

Shortly, we will launch a new division globally, MEC Wavemaker, which brings together our content, partnerships, social and search capabilities; built around the growing importance that content plays in our business. It starts life as a $100 million division with 700 people.

> **"It was an infamously big year for media pitches. We battled hard and the highs certainly outweighed the lows"**

These are clearly interesting times. And MEC is positioned firmly at the crossroads where data, technology and creativity merge.

Mindshare

Report by Nick Emery
Global chief executive officer

We set out with some big ambitions for 2015 across new business, product innovation, our creative output and driving automation and invention across the network. We met those ambitions.

Unilever, General Mills, Facebook and booking.com voted for us as their global media agency of record – all progressive and visionary clients and from very different businesses, testifying to our breadth and diversity. These global wins were complemented by significant national wins from Indofood in Indonesia, Leroy Merlin in Russia, Foxtel in Australia and Kang Shi Fu in China.

> **We are developing new approaches with our proprietary technology stack and making dynamic addressable marketing a reality**

Our product innovation continued with the roll-out of our data-infused Loop rooms, discovering real-time insights that drive real-time actions, across 40 offices. We have reinvented communications planning for an adaptive age with 'Planning for Agility', creating ideas that move at the speed of culture and we have delivered outcome-focused solutions through FAST (Future Adaptive Specialist Team) units in global hubs, pulling together programmatic, search, social and digital display into one performance-focused delivery unit that works across markets. Content+ now creates dynamic real-time content for a programmatic age and, together with Kantar, we have developed Growth, a toolkit to drive sales and growth across markets. Shop+ and Life+ are our future-facing units dedicated to driving media as digital retail shelf space, and wearables and Internet of Things services respectively.

On the creative front, we enjoyed huge success, winning the Cannes International Festival of Creativity Media Lions Grand Prix with Vodafone Team Red and multiple other Lions for Nike and Unilever. We won two of the three global Effies with Jaguar Land Rover and Nike and 38 Effies in total across the world. We were named the MMA Global Mobile Agency of the Year, Global Cristal Awards Media Agency of the Year, Mediapost's Social Agency of the Year, *Campaign*'s Network of the Year in Asia and national Agency of the Year in Singapore, China, the Netherlands, Sweden, Turkey and India – with over 170 awards in India alone in 2015.

This year will be more of the same but faster. Our biggest challenge is to marry brand marketing and outcome-based media and to fuse both aggregated channel planning with individual and addressable audience planning and trading. We are developing new approaches with our proprietary technology stack and making dynamic addressable marketing a reality.

Essence

Report by Christian Juhl
Global chief executive officer

Advertising Age was prophetic in naming us an 'Agency to Watch' last year. In 2015, we grew our existing clients by 30%, started new relationships with global brands like HP and Intuit, opened three new offices and hired 100+ teammates. To make it even more exciting, we culminated the year by joining GroupM, following 10 years of independence.

At Essence, our mission is to 'make advertising more valuable to the world'. In 2015, we accomplished this more than ever before by solving some of the world's toughest digital marketing challenges with the world's very best talent. We continue to advance the industry in analytics, data science, technology and content – all leading to our vision of Essence being recognized as the world's most advanced digital marketing agency.

> **We continue to advance the industry in analytics, data science, technology and content**

On the financial front, this year marked our fifth sequential year of double-digit growth, with global revenue from business development up 240% year-on-year. In addition to the aforementioned new client wins, we won valuable assignments from GrubHub, Visa and Viber. And of course, our role as Google's global digital media agency of record continues to thrive. Also, it was the first year our ad tech practice made a meaningful contribution to our total revenue. This enabled us to increase our investment in technology, bringing our engineering team to roughly 20% of our total staff.

We'll continue to invent, analyze and experiment in 2016. We're currently in the process of creating a new approach to talent acquisition and development. Our people are our greatest asset and at Essence we recruit, hire and retain only the very best. And it's only by keeping them as our center that we can continue to lead and push the boundaries of digital media and marketing.

tenthavenue

Report by Rupert Day
Chief executive officer

Our objectives for 2015 were two-fold: the continuous development of our existing services to clients through the application of data and technology; and the creation of new products and services focused around increasing the efficiency of clients' marketing.

Application of data and technology

Reaching audiences with precision when they are outside their home is critical to some clients and creates opportunities for tenthavenue to plan and execute media and content in unison.

Growth of digital screens in the out-of-home (OOH) environment and new distribution technologies create the potential to build near- to real-time content optimization and enables the innovative use of mobile data to understand geo-located OOH audiences. Our development of new planning techniques joins up audiences across locations, devices and screens. This is especially true in retail. Our recent successes include:

- **Kinetic** China being awarded the full service media assignment for Swatch in China; covering all of television, print, OOH and online.
- Poster Conseil/Kinetic in France is starting to revolutionize OOH planning and measurement by utilizing mobile data from **Spafax** Networks.

Increasing client efficiency

The opportunity to tenthavenue lies in the area of content creation, management and distribution.

1. **Build once for all screens**

Combining content management and digital production capabilities from agencies such as **Forward** and **Candyspace** allows us to design content, then build the core asset once only and allow for screen and market adaptation. This drives savings for clients, true transparency on cost of asset creation and aligns content across all publishers. Clients have realised that getting ad networks to build creative execution is expedient but far from best practice.

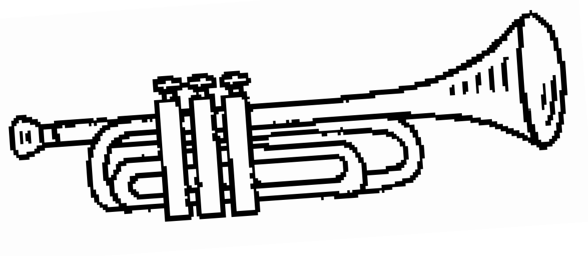
2. **Manage and distribute**

tenthavenue is developing technology solutions in the management and distribution of content to catch up to the efficiencies already seen in online digital. Specifically, where inefficiencies still pervade or unique market circumstance exist, i.e.:

- Out of home screens in all markets; and
- Developing markets where mobile handsets are the primary screens – and where functionality is lower and data costs are higher.

> **"Our development of new planning techniques joins up audiences across locations, devices and screens"**

As ever, many thanks to all our clients, partners and people for their support in 2015.



DATA INVESTMENT MANAGEMENT

Kantar

Report by Eric Salama
Chairman and chief executive officer

Our clients are fixated by the need to differentiate and be relevant. It is that relevant differentiation which allows them to charge price premiums, maintain margins, secure distribution on acceptable terms and have customers remain loyal to them and try new products and services.

> **"We have teamed with other WPP companies to ensure that our insights are widely used and embedded to improve the effectiveness and efficiency of creative and media campaigns"**

We are equally fixated by the need to be relevant and differentiated in the eyes of our clients, for many of the same reasons. Against that background we were delighted with the highest-ever increase in our preference scores in 2015 (by an unprecedented eight percentage points) – the measure of differentiation used by our clients to assess our relationship and work. We are not just *talking* about relevant differentiation – clients are experiencing it. It is testimony to the focus we have put on making our work contemporary and relevant to the issues our clients are facing and to the thought leadership, innovation and quality of talent which we have brought to market during the year.

Relevant thought leadership

We have delivered world-class thought leadership around the issues of greatest importance to our clients. Issues such as how to build strong brands, compete effectively at a local level, succeed in e-commerce, charge and maintain premium prices. We have continued to publish studies that have been read, discussed and absorbed by top management around the world. Examples have been Millward Brown BrandZ rankings globally and in China, India, Indonesia and LatAm, Kantar Worldpanel's Brand Footprint which focuses on the issue of penetration, Added Value's cultural insight and premiumisation work and The Futures Company Millennials, Centennials and Polycultural publications, as well as Kantar Retail publications about e-commerce and their retail PoweRankings. Many of the benchmarks we have created (e.g. strength of retail brands, penetration, brand differentiation) have been adopted as KPIs for senior management in a host of client organisations and have led to clients commissioning new work.

As clients have sought to restructure and reorient their marketing and insight departments, Vermeer's work on Marketing 2020 and Insights 2020 has been published in *Harvard Business Review*, discussed in CMO forums around the world and used by clients to benchmark the degree to which they are positioned to use marketing, insights and analytics to grow.

Relevant innovation

We have focused on the issues which are the biggest pain points for our clients. To these ends we have piloted, launched and rolled out a number of new approaches, notably:

Making our work more impactful and predictive

- Building our consulting capability. We have 1000+ consultants working within Kantar on marketing strategies which span sectors such as retail and healthcare to issues such as structure, market access and embedding insights. Their impact has been felt by our clients ever more widely this year.
- Socially infused tracking. TNS now incorporates social media data in its tracking product for clients such as SABMiller, making the results more real-time and predictive.
- Programmatic segmentation. Clients such as IHG have benefited from our ability to take our consumer segmentation work for them, map profiles on to larger databases and deliver these to a media agency to plan and buy media in a way which has a proven uplift.
- Using profiles. Through our Ignite and Lightspeed platforms, and working cooperatively with GroupM and Wunderman, we have built rich profiles on millions of people across multiple markets – profiles that can be used to enhance media planning and buying and which we can use to target surveys on the basis of people's behaviours and attitudes.
- Working horizontally. On many clients as diverse as Indofoods in Indonesia, Pfizer globally and L'Oréal in the US, we have teamed with other WPP companies to ensure that our insights are widely used and embedded to improve the effectiveness and efficiency of creative and media campaigns.

Transforming creative deliverables. In expanding our creative capability through the acquisition of Graphic (previously Guardian Digital Agency) and in putting more internal emphasis on our creativity, clients as diverse as EY and MundiPharma have rewarded us with more work on the back of impactful creative ways of delivering insights. And brands such as Kantar Health have built a reputation for delivering complex medical conclusions through interactive compelling dashboards.

Helping society through our public affairs work. Insight and polling work for governments and NGOs has an impact of a different order. IMRB's work for the Indian Department of AIDS control and TNS's work for the Kenyan Government on digital tax collection go to the heart of policy making, while the polling we do around the world informs the public debate.

> **"Our best work often comes from multi-brand multi-skill teams putting aside agendas"**

How digital is transforming brand building

Measuring content. A key starting point is Kantar Media's ability to measure content on all devices and platforms. The Netherlands became the first market in the world to roll out cross-media measurement and we were thrilled to be chosen as the industry's partner to do so. In the UK, we are measuring and reporting content which is viewed time shifted and/or through various players on tablets and smartphones. In Spain, we have built on our partnership with comScore to launch an integrated TV and digital service. We are currently looking at how we can export real-time ratings (the only market in the world where these are available being LatAm, through Kantar IBOPE Media) to other markets. And we will continue to roll out our Twitter ratings service which helps clients understand the relationship between TV viewing and Twitter activity and its impact on engagement.

Measuring digital brand building. Millward Brown's Digital Behaviour Analytics gives clients an understanding of the digital path to purchase while our AdReaction and Link for Digital products give clients a way of measuring the impact that advertising and other content is having on brands. Our partnership with comScore has resulted in a more global, digitally-centred brand lift service.

Optimising marketing spend

A key focus has been in helping clients understand and optimize the impact of trade action. Kantar Retail XTEL's award-winning promotion optimization software has been adopted by clients such as Kellogg's and L'Oréal globally; Kantar Retail Virtual Reality has been adopted after fierce pitches by clients such as Unilever and Sam's Club to help optimize supply chain issues.

Similarly, we are focused on relating media consumption to purchase behaviour. PowerPurchase was launched by Millward Brown and Kantar Worldpanel to link brand equity with purchase behaviour, the first client being JBS in Brazil. In many markets we have linked digital tags to Kantar Worldpanel panelists to enable us to relate TV, Twitter and Facebook campaigns to purchase behaviour, and to report for clients a measure of direct short-term ROI. We have done the same in LatAm and the US to link TV and purchase – in LatAm linking panels and, in the US, linking big data sets of comScore, Rentrak and Kantar Shopcom.

Quality of talent

Even more important than technology is the quality of talent we have across Kantar and our culture of innovation and constant improvement. We have seen innovation in everything from finance, HR and operations to marketing and client service. And we have seen in reviews for clients such as Unilever, Treasury Wines and Yildiz that our best work often comes from multi-brand multi-skill teams putting aside agendas and delivering unique sets of actionable insights and strategies.

We have continued to emphasise the importance of diversity in our hiring and have expanded our women's mentoring program. We have seen a growing number of units awarded an externally assessed 'best place to work' award – including Kantar Health by *The Sunday Times* in the UK and Kantar Worldpanel by a host of organisations in France, the UK, Spain, Ireland, China, Taiwan, Brazil and Mexico.

Kantar into 2016

Our recently-introduced Kantar First program will enable better collaboration between our operating brands to better serve client needs by eliminating internal profit silos; by encouraging the sharing of data across brands; and by facilitating better co-operation at a local level around which, increasingly, many important and profitable clients are organising themselves. Kantar First will enable us to bring the best of Kantar to many more of our clients across the world, while keeping the brands and specialisms which they have come to trust.

PUBLIC RELATIONS & PUBLIC AFFAIRS

Hill+Knowlton Strategies

Report by Jack Martin
Chief executive officer and chairman

In 2016, our 90th year in business, Hill+Knowlton Strategies is renowned as a global source of wisdom, led by accomplished executives who can deploy an innovative portfolio of communication services delivered by award-winning creative talent. H+K has adapted to the evolving environment involving the democratization of communications, and in 2015 had our third year of notable growth.

> **"Our comprehensive content offering went from strength to strength in 2015"**

Five years ago, we made a big bet on digital, content creation and social media, and now we are seeing a return on those investments, beginning with the Centre of Creative Strategy in London led by Richard Millar, which has developed a common H+K ideology and is kick-starting our own creative movement. Here we have developed an arsenal of proprietary intellectual property to help our clients develop winning brand narratives.

Our comprehensive content offering went from strength to strength in 2015. With chief global strategist Alex Jutkowitz at the helm, our content expert Group SJR continues to pay dividends, from awards for the GE Tumblr site and Txchnologist to the launch of the content marketing unit Colloquial, a joint venture in Australia combining J. Walter Thompson's well-known marketing brand with the publishing and audience development experience of SJR, the 2014 Global Content Marketer of the Year. In Brazil, we acquired Ideal, a public relations, advertising, digital and content firm with 170 professionals, more than doubling the size of H+K's Latin American operations.

Our continued success is underpinned by great talent and a commitment to a culture where that talent is nurtured. In 2015, the Great Place to Work® Institute again named Hill+Knowlton Strategies Canada one of the Best Workplaces in Canada. Last summer, we launched our global HER program (Helping Executives Rise), and recently Hill+Knowlton Strategies US received WorldatWork's 'Work-Life 2016 Seal of Distinction.'

We continue to be gratified by the confidence in our work shown by a growing number of world-class clients. We are especially proud to have worked with the RFU for the 2015 Rugby World Cup. The great campaigns built with such long-term partners as adidas, Ford, Intel and P&G give us a chance to do some of our most strategic and creative work. And we're excited by the new relationship with the dynamic brand Huawei.

2016 will be a year of accelerating growth and increasing momentum for this iconic firm with a grand legacy for original thinking, service innovations and creative solutions for complex problems.

Cohn & Wolfe

Report by Donna Imperato
Chief executive officer

It was another year of double-digit growth as Cohn & Wolfe reached new heights in our quest to become the best integrated communications agency in the public relations industry. We have advanced well beyond the vision we set five years ago.

Our new business and organic growth were fueled by our ability to deliver the big ideas that clients want and bring those ideas to life through our growing capabilities across mobile, digital, paid and content marketing. This year, we leveraged M.E.-24, our mobile engagement unit, to launch the world's first mobile signature analysis tool for Colgate's Irish Spring Signature line of products. We defied category norms with 'Unbreakable Valor,' a limited-edition, interactive comic book series that transformed Panasonic's Toughpad® tablet into an unlikely B-to-B superhero. And we introduced Mission 31, an underwater exploration with Jacques Cousteau's grandson filmed entirely on Microsoft's Nokia Lumia 1020.

These award-winning campaigns were fueled by initiatives that optimized the quality and consistency of our insight-driven work worldwide. This year, we globally embedded our proprietary DDIM™ (Dig Deeper. Imagine More.) programming process and enhanced our global knowledge-sharing tools.

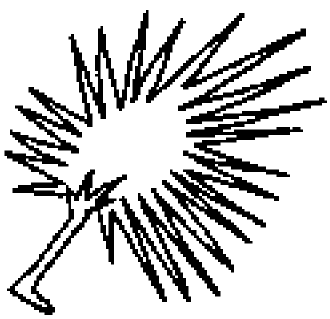
I am incredibly grateful to our talented people around the world for a stellar 2015. They have been the force behind a number of prestigious industry honors, including

Large PR Firm of the Year (*PR News*), multiple Best Large Place to Work awards (*Holmes*, *PRWeek*, *PR News*) and two nods for Southeast Asia Agency of the Year (*Holmes*, *Campaign Asia*). Our people have also enabled Cohn & Wolfe to add or expand great clients, including Alcon, Barclaycard, Colgate-Palmolive, Danone, Global Blue, InterContinental Hotels Group, Pandora Jewelry and Treasury Wine Estates.

> **"Our new business and organic growth were fueled by our ability to deliver the big ideas that clients want"**

Cohn & Wolfe expanded in India, Brazil and China. With majority-stake acquisitions in India's Six Degrees PR and content development and marketing subsidiary, Alphabet Consulting, as well as Brazil's renowned Grupo Máquina, we welcomed hundreds of talented new professionals across Delhi, Mumbai, Bangalore, São Paulo, Rio de Janeiro and Brasília. We also added our twelfth office in Asia, in Guangzhou, to meet growing client demands across China. Our global specialty companies, GCI Health (see page 77) and AxiCom, also performed well with significant new wins and strong organic growth.

I expect to see Cohn & Wolfe deliver another year of excellent growth in 2016, as we further leverage our position as an integrated marketing leader and continue to recruit and retain the industry's best talent.



Finsbury

Report by Roland Rudd
Chairman
and
Michael Gross
Chief executive officer

Finsbury is continuing to expand its influence as a globally-integrated strategic communications consultancy. It specialises in managing complex assignments in corporate reputation, financial and transaction communications, public affairs and crisis management. Finsbury has offices in the UK, the US, mainland Europe, the Middle East and Asia. It provides expert strategic advice and execution to many of the world's most successful companies. In 2015, Finsbury added significant new assignments for Hutchison, Foxconn, Bank of China, EY and IE Singapore, among others, to complement its existing work for major clients including Toyota, UnitedHealth Group, Starbucks, Marks & Spencer, Deutsche Bank and Ahold.

Revenues increased as we managed a number of high-profile cross-border deals. We represented SABMiller in its $107 billion acquisition by Anheuser-Busch InBev, Royal Dutch Shell in its $70 billion acquisition of BG Group, UnitedHealth Group in its $12.8 billion acquisition of Catamaran and Walgreens Boots Alliance in its $9.4 billion acquisition of RiteAid. The company also supported Worldpay's initial public offering, managed major safety and environmental crisis situations for Duke Energy and Toyota, and was appointed as Canada Pension Plan Investment Board's first agency in Asia.

> **"Revenues increased as we managed a number of high-profile cross-border deals"**

In May, *The Holmes Report* named Finsbury the North America Financial Agency of the Year. This reflects the increasing success of our M&A and financial communications capabilities in the US.

HERING SCHUPPENER

Report by Ralf Hering
Principal partner and chief executive officer

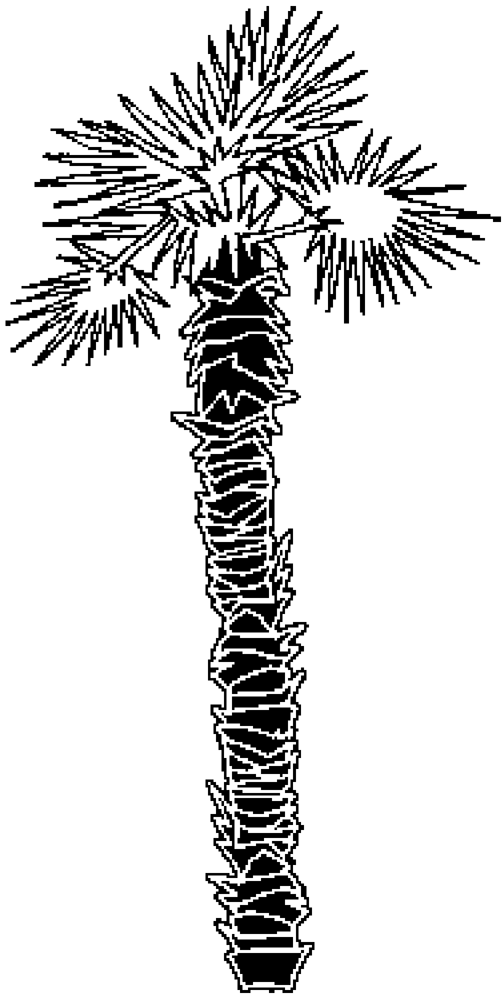
In 2015, we celebrated our 20th anniversary with new records, both in revenues and results. In addition, we remained No.1 in the *Mergermarket* rankings for M&A transactions in Germany – for 12 years now – and ranked in the top 10 in Europe and globally. We also boosted our business with many high-profile assignments, advising clients on communication policies and regulatory issues in large IPOs, CEO transitions, restructurings and global corporate crises.

Our lead position in the strategic communications consultancy market in Germany has never been stronger. We are trusted advisors to more than 150 corporations from Germany, Europe and internationally, across all major industries.

Our pioneering digital corporate & transformation practice helps our clients to manage the communication challenges of 'Industry 4.0'. This key initiative for 2016

> **"Our lead position in the strategic communications consultancy market in Germany has never been stronger"**

started successfully at the end of last year and is already becoming another competitive advantage for our firm.



BRANDING & IDENTITY

Landor

See report by Lois Jacobs, chief executive officer, on page 60.

Group XP

Report by Simon Bolton
Group chief executive officer

As this report goes to press, I am delighted to announce the formation of Group XP.

This group provides an experiential branding capability to clients ready to challenge their marketing conventions. Comprising Brand Union, FITCH and newly-acquired SET – which will also continue to operate individually – the group constitutes one of the world's largest brand experience consulting groups, featuring a thousand smart minds across a network of 40 offices and spanning five continents.

Below are the reports for the three businesses for 2015.

Brand Union

Report by Toby Southgate
Worldwide chief executive officer

2015 was a year of change as we took further steps to deliver our belief: 'the experience of the brand is the brand'. This belief captures the shift in the wider world of marketing, a shift that requires new capabilities and approaches. In July 2015, as one of the architects of this belief, I succeeded Simon Bolton as worldwide CEO to lead this charge.

We believe that the broadcast model of brand building is inefficient. Control now sits with users, consumers, audiences and stakeholders of all kinds, empowered with unlimited information and the gift of immediate gratification. These new dynamics are core to our advisory skillset. We are working further upstream than ever, helping businesses navigate their futures, building more relevant, sustainable strategies for growth and engagement.

This approach is now embedded around our network. John Shaw, our chief product officer, continues to develop a team that embodies this commitment. This year, Iain Ellwood joined us as worldwide strategic growth director. Iain brings deep, global experience rooted in quantitative rigour.

Our new approach delivered growth overall and was particularly strong in New York, Singapore, Madrid, Paris and Hong Kong. We re-set our German and African businesses, promoting Mat Weiss to MD in Africa, a market in which we work closely with Ogilvy. In APAC, where our Ogilvy-shared venture is a source of pride and potential, the business is maturing under the leadership of Monica Lee (Asia North) and Graham Hitchmough (Asia South).

We won new client relationships, including KPMG, Tencent, Dell, Liberty Mutual, Simply Health and Telekom Malaysia. Our long-standing Key Client program remains vital, especially in the context of broader horizontal partnerships across WPP, including Vodafone, GSK, Bank of America, IHG and CBRE. We triumphed at Asia's Transform Awards, with eight wins, including the Grand Prix for Pizza Hut.

We carry momentum and energy into 2016 and are excited by the opportunities that Group XP brings.

FITCH

Report by Simon Bolton
Worldwide chief executive officer

'Designing the Future' remains our mission at FITCH and I'm happy to report that we are delivering. We use our rich retail heritage and understanding of the customer journey to evolve unique, responsive physical and digital experiences.

I'm pleased to report that it has been a year of strong business growth, particularly in North America. We have won some significant projects; notably, we are working with Ford to define new customer experiences in the world of automobiles and mobility.

Other major client wins include Samsung, Mars, Supervalu, Butlin's and Edrington.

Hamleys 'Worlds of Play' opened in Moscow in March 2015 and has been recognised at several retail design awards, including Store Design of the Year at the World Retail Awards. FITCH has also been recognised as Design Firm of the Year for a remarkable fifth consecutive year in the US. FITCH won its first Silver and Bronze Cannes Lions for Formation, our book that pays tribute to the craft of the adidas World Cup identity.

We began 2015 by consolidating our global studios into three regions overseen by regional CEOs. Hermann Behrens joined us in March to lead the business in North America. David Blair, previously MD for EMEA, expanded his role to build the business in India, which he originally established in 2007.

Our growth in 2015 came in spite of an increase in caution on the part of many brands and retailers in more mature markets. I look forward to working closely with the global team to build FITCH's opportunities in new markets and in the new offer created by Group XP.

SET

Report by Sabina Teshler
Founder and chief executive officer

SET, a world-class brand experience agency, joined WPP in June 2015. We design and curate great customer experiences in retail, trade and live event environments.

Operating from our US base in Portland, Oregon, SET was originally established to support major leisure apparel brands such as Nike, Oakley and Arc'teryx. In North America, SET also has offices in Long Beach, California and New York and this has led to the diversification of our offer to win major assignments from Google, TCCC, Christian Dior, Beats, Spotify and Microsoft.

2015 was a significant year as SET began our international expansion through the acquisition of live events agency Flourish in London. The founders, Catherine Smee and Guy Tremlett, joined the global management board and will look to expand their imaginative expertise into new markets. We also established a presence in Amsterdam.

2015's high points included NBA All Stars for Nike, Michael Jordan Paris at Palais Tokyo and the Bentayga launch for Bentley at the Geneva motor show. In 2016, we look forward to playing a significant role in Group XP.

The Partnership

Report by Jim Prior
Chief executive officer, The Partnership

As a group of five distinct but closely-collaborative companies operating from 20 offices around the world, The Partnership combines all the benefits of a global brand and design network with those of boutique, specialist agencies. Each company is a reputational leader in its field and is committed to a relentlessly high standard of work delivered through individually-tailored client relationships led by senior practitioners.

All five companies in The Partnership delivered strong performances in 2015.

Addison Group

Under the leadership of CEO Tom Robinson, the company strengthened its reputation as a leader in corporate content and communication, most notably with clients such as British Land and Essentra. Digital capabilities form a significant part of the offer and were instrumental in securing several new client wins.

Lambie-Nairn

Specialists in the creation and management of dynamic brands, Lambie-Nairn's offer proved compelling to clients across the world in 2015. The company's Brand Optimisation offer – a systemised way to manage multi-market, multi-brand, multi-agency brand coherence – and its outstanding capabilities in motion graphic design helped the company perform strongly.

Peclers Paris

CEO Eric Duchamp oversaw a successful year. The company's highly-influential trend books sold well globally and its consulting business grew substantially in China, the US and Europe. With long-established strength in the fashion and beauty sectors, Peclers continues to gain traction as a general trend and futures expert with value to a wide-reaching portfolio of clients.

The Partners

The Partners saw excellent growth across all of its three offices – London, New York and Singapore. The company's reputation for a balanced combination of strategic and creative excellence was furthered by its *Brand Value Growth* study, produced in conjunction with BrandZ and Millward Brown, and by numerous creative award successes around the world.

VBAT

From its base in the Netherlands, VBAT's influence extended far and wide in 2015, for example with major programs of work for Woolworths in Australia and Pemex in Mexico. Under the leadership of CEO Eugene Bay, and with capabilities in retail, packaging and corporate brand design, VBAT is a leading light in the Dutch market and a global force.

HEALTHCARE COMMUNICATIONS

Ogilvy CommonHealth Worldwide

Report by Matt Giegerich
Chairman and chief executive officer

Despite hastening challenge and change in the global healthcare marketplace, Ogilvy CommonHealth Worldwide (OCHWW) delivered yet another year of growth and expansion in 2015. In moves consistent with our five-year plan, we've continued driving the agency forward with a focus on streamlining our global network, collaborating across Ogilvy and WPP, relentlessly pursuing creativity and innovation in healthcare communications, and further diversifying our client base.

> **"Our collaborations within the Ogilvy network and across WPP have allowed us to expand our breadth of services while creating better global efficiencies"**

Over the past year we streamlined the OCHWW network to better align with our clients' global footprints, ensuring wherever a marketplace need or opportunity arises, we have both the physical presence and required health expertise in place. Our collaborations within the Ogilvy network and across WPP have allowed us to expand our breadth of services while creating better global efficiencies. Examples include our emphasis on success with Team clients, our collaboration with Sudler & Hennessey to combine offices in Spain, as well as our providing full financial system and back-office support for WPP's largest US healthcare agencies.

In this rapidly evolving environment, innovation – new skills, new services, new technologies – is vital to OCHWW's long-term success. This year, along with numerous other advances, we launched a comprehensive electronic health records offering to enable contextual messaging within the normal course of a physician's digital workflow, pioneered the application of social media within the highly-regulated healthcare environment, and developed unique expertise in data design and health behavior change, making it easier for all audiences to more fully comprehend and act upon health information.

With 41 new assignments from 25 clients in the US alone, we continued to expand our business in traditional biopharmaceuticals. But with ongoing industry consolidation and financial pressures mounting, we broadened our focus well beyond pharma, pushing further into the health and wellness marketplace and converting new work around the globe in OTCs, medical diagnostics, nutrition and health service brands. To this end, we launched Ogilvy CommonHealth Wellbeing, focused on helping transform the individual health state based on fundamental human biology, beliefs and behavior.

And our relentless march forward will continue in 2016 and beyond as we continue to envision and drive the inherently important future of health-oriented communication.

ghg | greyhealth group

Report by Lynn Vos
Chief executive officer

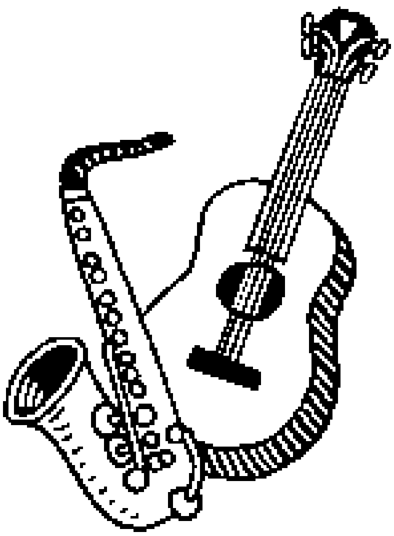
In 2015, ghg had its best year ever, achieving significant top-line and double-digit profit growth, fueled by breakthrough, multichannel agency launch campaigns, innovative medical education and healthcare-access programs. ghg significantly expanded its client base, launched several new products in oncology, rare diseases and diagnostics, and has engaged with exciting start-ups in the health IT sector.

It is a 'never before' moment in healthcare, where the trends are working in favor of positive change: a shift from products to outcomes, the growing personalization of health content, technology-enabled care, and a national will to stomp out chronic disease. Demonstrating its spirit of innovation and role as a change agent, ghg became IBM Watson's first health-agency partner, making it possible to bring cognitive computing to healthcare brands. ghg acquired The Lathe, a mobile-first agency pioneering m-health programs that connect patients, caregivers and professionals. In addition, ghg expanded its new point-of-care offerings, investing in OptimizeRx Corporation, a software company whose content-delivery platform enables pharmaceutical companies to provide on-demand patient-care services, and PARx Solutions, which specializes in expediting the prior-authorization process.

With the growing use of digital and cognitive technology, healthcare industry marketers have a golden opportunity to deliver behavioral insight-based messaging and tools to drive better health outcomes. ghg's thought leadership and original research in these areas led to the coining of the phrase 'Chief Health Officer,' or CHO, the individual (usually female) who makes healthcare decisions for herself and her family, as well as the creation of the seminal white paper, *The Gulf Between Them: The New Customer and Her Healthcare Partners*. ghg believes that Communication is the Cure™ to improving health and wellness, and the CHO will be an effective, even revolutionary, healthcare advocate.

> **"Demonstrating its spirit of innovation and role as a change agent, ghg became IBM Watson's first health-agency partner"**

ghg's philanthropic work with the Jed Foundation continues to be highly rewarding, as major progress is underway to address the emotional health challenges of young adults on campuses nationwide.



GCI Health

Report by Wendy Lund
Chief executive officer

GCI Health, WPP's global specialty healthcare communications and PR agency, is continually recognized for our ability to integrate across marketing disciplines and within PR to identify the most appropriate channels and platforms that maximize the impact of our clients' messages, specifically leveraging our sought-after traditional, social media and advocacy capabilities.

GCI Health has garnered an enormous amount of recognition in 2015, being named both Global and North American Healthcare Agency of the Year by *The Holmes Report*, and *Bulldog Reporter*'s Healthcare Agency of the Year. Our creative and breakthrough programming was honored with a SABRE Award for RX Campaign of the Year, Global SABRE for PR Campaign of the Year, *PRWeek*'s Global Breakthrough Campaign of the Year and multiple digital and multicultural awards.

Our thought leadership in today's multi-channel landscape has allowed us to continue our record growth, bringing on 30 new accounts in innovative, emerging areas and ones with a critical unmet need, like biosimilars, oncology, ALS, spinal cord injury, medical device and top-notch healthcare providers.

> **"Our thought leadership in today's multi-channel landscape has allowed us to continue our record growth"**

In 2016, GCI Health will continue to help our clients embrace the changing healthcare landscape, 'do something different' in this heavily-regulated environment and put patients at the center of everything we do.

DIRECT, DIGITAL, PROMOTION & RELATIONSHIP MARKETING

AKQA

Report by Ajaz Ahmed
Chief executive officer

Ideas that move the world
In 2015, AKQA's collaboration with our clients delivered a continuous stream of imaginative, breathtaking work. Highlights include 'Your Year directed by Nike+', 'The Last Shot' for Jordan and 'Don't Look Away' for Usher.

Momentum
We were appointed by 14 new organisations while increasing our responsibilities and expanding relationships with existing clients.

Recognition
Breaking all previous records, we won more than 125 major awards – including 12 Cannes Lions and four D&AD – making it our most successful awards year to date.

Team
The credit for these awards goes to our team – around 2,000 people across 17 offices. We opened a new office in Gothenburg, expanded our spaces in New York and Tokyo, and welcomed 200 employees in Italy with the addition of H-ART to our family.

Thought
As part of our AKQA Insight series, we have hosted speakers from billionaire tech CEOs to visionary astronomers, each sharing their illuminating thoughts with our team and clients. And as a follow-up to our bestselling title *Velocity*, Penguin Random House published *Limitless: Leadership That Endures*. All proceeds from *Limitless* are donated to five charities voted for by our people.

The limitless generation
We celebrated 10 years of AKQA Future Lions, the official student competition we pioneered at Cannes. Future Lions challenges young innovators to create an idea not possible three years ago. Attracting more than 2,000 entries from 60 countries, Future Lions is the most popular category at the Cannes Lions Festival. By providing the next generation with a platform to share their imagination and drive, Future Lions has helped to kick-start hundreds of careers in our industry.

The future inspires us. We work to inspire
2015 has been momentous year for the work, our people and clients. And now, more than ever, we're excited about creating what's next.

Geometry Global

Report by Steve Harding
Global chief executive officer

In 2015, we made robust efforts to build capabilities while expanding our key global client relationships and creating award-winning, effective work. I'm pleased to report that these measures bore fruit – we achieved an excellent performance, we are operationally more efficient and well-positioned to leverage the tremendous growth opportunities that lay before us.

Much of this momentum was sparked early in the year when we articulated our guiding purpose for Geometry's future – *We inspire people to buy well* – and voiced a belief system that all our people could embrace. In addition, leaders from across our network united their ambitions and charted a practical roadmap for success underpinned by *Pivotal Ideas* – our creative approach, and *Leonardo* – our strategic methodology.

With a renewed vigor in our offering, we significantly broadened the global scope and scale of our relationships with Coca-Cola, Unilever and GSK in 2015. Simultaneously, we expanded our footprint in important markets such as Mexico, with the acquisition of Cacto Arte e Ideas S.A. De C.V. (Cacto). In India, we merged with Encompass to form the Geometry Global-Encompass Network, becoming the largest experiential marketing entity in the region.

These strides are large but the one we are most proud of is that we raised the bar on the quality of our client work, winning more than 300 global and regional awards including 19 Lions at Cannes and 48 Effies. This speaks to our extremely talented team whose creativity and intellect have enabled us to be counted among the best in the business.

2016 promises to be action-packed as we uncover new opportunities in continued collaboration with our valued WPP partners. We look forward to a steady march towards incremental growth as we continue to make a measurable impact on our clients' business.

SPECIALIST COMMUNICATIONS

Report by Mary-Ellen Howe
Chief operating officer, Specialist Communications, North America
and
Laurence Mellman
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 2016 remains positive with continuing growth expected.

WPP Scangroup is listed on the Nairobi Securities Exchange, operating a multi-agency model as WPP's partner 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.

2015 saw the first full-year benefit of new offices in Uganda (J. Walter Thompson) and Zambia (Ogilvy & Mather), and H+K Strategies in Nigeria was launched. The media agencies also became more closely aligned with the GroupM network.

The company's agencies continued to win numerous awards across the region.

Alongside collaboration with sister agencies, acquisition opportunities continue to be assessed to broaden service and geographical offerings.

In 2015, **Berlin Cameron** made a strategic move to focus the growth engine of the business on strategic planning and consulting. The agency partnered with BAV Consulting and, after several successful collaborations for US clients Comcast, Vimeo and the GILT Group, landed its first major global project: the repositioning assignment for Toyota Motor Corporation's Lexus brand. While consulting will continue to be a lead focus in 2016, the agency experienced strong growth from its long-time client Capital One, with major assignments for Capital One Home Loans and the repositioning of the Capital One Bank.

Seattle-based **Cole & Weber** increased revenue by 80% after winning new business from Harmonix (makers of the Rock Band video game), Trident Seafoods (America's largest seafood producer) and DeVry University among others. Clients appreciate the nimbleness of a medium-size agency that combines the creativity of a boutique with the strategic rigour of a business consultancy and the digital prowess of a stand-alone digital shop.

Sra. Rushmore in Madrid worked to consolidate the Vodafone account in 2015 with a win of the digital business and the launch of Vodafone One and Vodafone TV. In addition, the agency was named as one of three global agencies to work on the Coca-Cola global brand – a tremendous achievement.

> **"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"**

The Farm Group had another year of significant activity in 2015, providing post production solutions for producers and broadcasters in the UK and US. The London facilities remain highly utilized on prime-time projects (such as *Downton Abbey*) for ITV, BBC, Channel 4, and UKTV. A new, state-of-the-art facility is being built in London. Activity in 2016 will include coverage of the Rio Summer Olympic Games.

US-based corporate events company **MJM** created inspiration and impact for top-tier clients, including Deloitte, NAPA, Discover, Unilever and Pfizer. MJM took talent development and corporate assembly to the next

WPP DIGITAL

level with creative strategy and production for their clients' most significant internal-facing events.

Metro Broadcast continued to invest in game-changing event technologies and creative skills, combining both to deliver complex, live events in the UK and around the world. Clients from a range of sectors including banking, professional services, pharmaceuticals, energy and government rely on Metro's creative and technical strengths to find new and exciting ways to engage audiences through live or broadcast communications.

Mando continued to solidify its position as the world's No.1 promotional risk management company with another record-breaking year. Investment in France, Spain, Australia, Italy and Germany has enabled key clients such as Nutella, McDonald's, Coca-Cola and E.Leclerc to construct some of the most innovative promotions worldwide.

Pace, under new leadership, expanded its reach to include real estate projects throughout the New York metropolitan area as well as the Boston and Ohio markets. The Green Division continues to expand beyond real estate with additional assignments in the Education sector.

The Food Group has continued to build its food and beverage marketing business with core clients such as Mondelēz, Kraft, Heinz and The McIlhenny Co., and the addition of Mars, Regal Springs Trusthouse and Ventura Foods to its client roster.

Specialist UK CRM agency, **EWA**, continued to build on new services around political polling, surveys and telephone contact with voters, working on local and European elections, and the UK General Election. Core services focused on improving relationships between clients and their customers through the delivery of promotions, campaign response and customer experience solutions, generating new business from JET, Linden Homes and Wiltshire Farm Foods.

BDG architecture + design continued to strengthen its position as a leader in the development and design of dynamic and agile working environments. Its work in the UK included the completion of Ogilvy & Mather and MEC's new location at Sea Containers House (which will accommodate over 2,000 staff) as well as Cannington Court – a highly-sustainable training campus within a Grade 1-listed priory in Somerset – for EDF Energy. Significant client wins through the year included Sky, Palantir and IO Oil and Gas. 2015 also saw the studio increase its international portfolio, the most notable being the three-year co-location project for WPP Madrid.

Report by Mark Read
Chief executive officer
and
Mark Povey
Chief operating officer

WPP Digital is a group of companies whose capabilities lie at the forefront of digital marketing, experience development and organizational transformation. In 2015, with a focus on five key areas – mobile, commerce, data and technology, content development and social media marketing, WPP Digital companies continued to win new business, build capability, and receive awards and recognition from partner and industry organisations.

POSSIBLE, a global digital agency, reinforced its position as an innovative, results-oriented agency. The agency introduced the industry to its winning philosophy with the publication of the best-selling book, *Does It Work?* POSSIBLE garnered two Cannes Lions awards for its work on Microsoft's The Collective Project and was ranked by *Advertising Age* as one of the industry's best places to work for the second consecutive year.

Digital innovation agency **Rockfish** experienced growth across new and existing clients and evolved its innovation offerings in retail, omnichannel marketing, business marketing and digital design. The agency was recognised with a win at the TechCrunch Disrupt Ford Hackathon and was named the innovation agency for Southwest Airlines. CMO Dave Knox was named to *Advertising Age*'s 40 Under 40 and CEO Kenny Tomlin was named a 2015 Tech Titan by *Austin Business Journal*.

Blue State Digital strengthened its position as one of the world's top creative and technology agencies for purpose-driven brands. BSD helped raise hundreds of millions of dollars and launched new platforms for high profile organisations including The Global Fund, United Way Worldwide, Google Re:Work, The Barack Obama Foundation, *The Nation* magazine, the Natural History Museum in London, and the Massachusetts Institute of Technology. For the second year, the agency was honoured with the Digital Campaign of the Year in the Healthcare Marketing IMPACT Awards for its work with the Coalition to Protect America's Health Care. BSD also won several Webbys for its work with Google, the British Labour Party and EMILY's List.

Johannes Leonardo, a creative-led agency, continued to treat the consumer as the most potent medium which led to continued success in 2015. JL grew via expanded relationships with key clients including Google, Mondelēz and adidas Originals, and new business wins including the launch of PlayStation Vue, the company's new streaming TV service.

Digital agency **F.biz** had an excellent year. New business wins included America Móvil, Nestlé Purina, Nescafé Dolce Gusto and all Luxxotica brands. The agency launched a marketing tech consulting business unit and was recognised for its creative capabilities with two Lions at Cannes for its work with Saraiva and Singulares, as well as an Effie Award for its work with Motorola.

Hogarth, a marketing implementation agency, strengthened its position via new business wins in the Middle East, APAC and Latin America, and expanded geographically with the opening of a new office in Istanbul. The agency won and delivered significant new business due to the increase in demand for global digital production efficiency. Hogarth enjoyed particular success in commercial production, engaging globally with some key new clients.

> **"By continuing to acquire, invest in and partner with the most innovative companies in the world, WPP Digital improves the Group's and our clients' understanding of the digital media and technology landscape"**

Marketing technology and systems integration consultancy **Acceleration** had another strong year in 2015. The company won the Data Story Telling Award for Best Data Integration and was listed by Ventana Research as a 2015 Leader in Business Intelligence based on digital transformation work undertaken with SABMiller. Acceleration also won digital and data transformation initiatives with Standard Bank and T-Mobile.

Global digital commerce consultancy **Salmon** delivered market-changing commerce solutions for leading brands including Audi, Sainsbury's and Selfridges. Salmon delivered a new global B2B web platform for Premier Farnell in 50 language variants and 20+ currencies, and a new commerce platform for Domestic and General. In recognition of its work, Salmon was awarded Best eCommerce Agency at the RAR Digital Awards while Salmon's client DFS won Best Digital Experience and Best Omni-channel Experience at the UK Digital Experience Awards. Salmon also extended its commerce offering via a partnership with Magento.

Cognifide, an experience management consultancy that specialises in content management and digital asset management had a record year of growth in 2015. The company built on new WPP relationships by embedding global clients such as Ford and HSBC. Other new business wins included recruitment giant Robert Walters, Penguin Random House and GSK.

WPP entities entered into key partnerships that will benefit WPP companies and their clients. The **Data Alliance**, a horizontal team that helps WPP companies access and leverage data, made significant progress in 2015. This group signed partnerships with RAC, Global Webindex, Statista, Facebook and Amazon that will provide access to valuable insights. Newly-established China-based commerce company **Kuvera** entered into a partnership with Paipai, China's leading social commerce platform, that names Kuvera as Paipai's strategic partner for developing mobile social commerce platform in China for global brands.

Our investments contributed meaningfully to performance in 2015. In April, we made a strategic investment in **Refinery29**, a leading privately-held fashion and lifestyle media company that provides content, shopping solutions and social networking opportunities targeted toward millennial women. In 2016, we will continue to explore investment opportunities in line with our strategic priorities to expand our offering.

We are pleased with our progress in 2015 and, looking ahead to 2016, see significant opportunity for growth. By continuing to acquire, invest in and partner with the most innovative companies in the world, WPP Digital improves the Group's and our clients' understanding of the digital media and technology landscape and gives them the resources and connections they need to thrive in an increasingly digital world.

WPP'S GLOBAL CLIENT TEAMS

Report by George Rogers
and
Satish Korde

WPP has created 45 individual Global Client Teams, representing over a third of WPP's revenue. Each is led by a single Leader who is focused solely on the client, quality of the work and talent of the team.

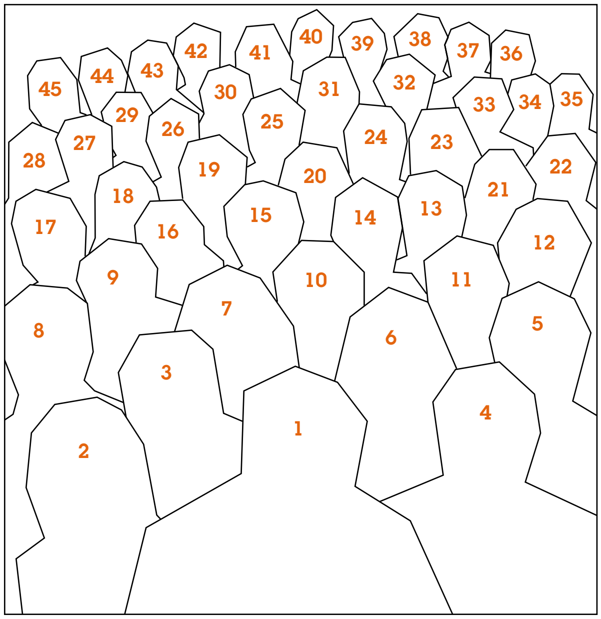
Teams are custom-built around a client's specific needs and challenges, with an integrated strategy from the get-go – our commitment to horizontality makes that seamless. By extending beyond the verticals, WPP can deliver global scale, extraordinary local insight and an unrivalled ability for expansion in the faster-growing economies.

The key to the success of the Team approach is our people. We have diversified our talent this year and our priority is to continue to develop our leaders through a myriad of training programs.

> **"We live and breathe horizontality in our quest to deliver the most competitive and innovative solutions for our clients"**

We are obsessive about continuous improvement and learning, achieved by sharing best practice through open forums, bringing together our local Regional, Sub-Regional and Country Managers and our global Team Leaders, and ensuring that our clients have a seamless connection through to WPP innovation and our latest acquisitions.

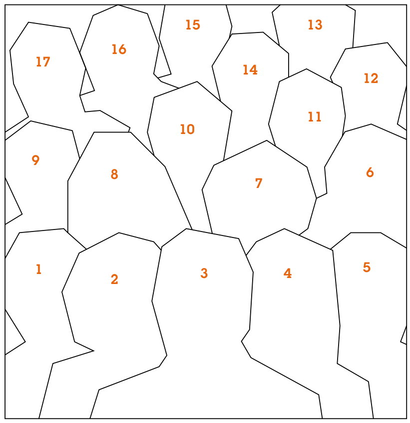
We live and breathe horizontality in our quest to deliver the most competitive and innovative solutions for our clients. We collaborate to compete, and work hard to fuse our extraordinary creativity with our intellectual firepower – an unbeatable combination that contributed to WPP being named Holding Company of the Year at the Cannes Lions International Festival of Creativity for five years running, the Effies' Most Effective Holding Company for the last four and the world's best parent company by Warc for the second consecutive year.



1 George Rogers
2 Alina Kessell
3 Christian Schroeder
4 Satish Korde
5 Gowthaman Ragothaman
6 Rose Wangen-Jones
7 Carolyn Oddo
8 Carl Hartman
9 Michael Buttlar
10 Anthony Wong
11 Stephen Forcione
12 Heather MacPherson
13 Günther Schumacher
14 Joe Rivas
15 Rafael Esteve
16 Iggy Diez
17 John Seifert
18 Jennifer Graham Clary
19 Gloria Gibbons
20 Erin Byrne
21 Malia Supe
22 Lorri Esnard
23 Ida Rezvani
24 John Lynn
25 Michelle Harrison
26 Phil Lancaster
27 Jon Cook
28 Deborah Kerr
29 Chris Hunton
30 David Chapman
31 Kim Brink
32 Daniel Goldberg
33 Peter Dart
34 Ian Rotherham
35 Serene Wong
36 Danny Josephs
37 Joseph Petyan
38 Susannah Outfin
39 John McDonald
40 Anders Kinberg
41 Jane Wagner
42 Jamie Copas
43 Shane Atchison
44 Stephanos Klimathianos
45 Mike Hudnall

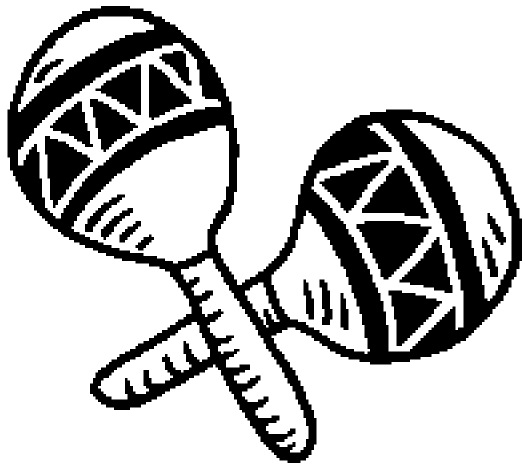
Matt Herring

WPP'S REGIONAL, SUB-REGIONAL AND COUNTRY MANAGERS*



1 Geoff Wild AM (Australia & New Zealand)
2 Shenan Chuang (Greater China)
3 Andrew Scott (UK & Continental Europe)
4 Bessie Lee (Greater China)
5 Pierre Conte (France)
6 JP Donnelly (Ireland)
7 Ranjana Singh (Indonesia & Vietnam)
8 Demet Ikiler (Turkey)
9 Massimo Costa (Italy)
10 Ruslan Tagiev (Russia)
11 Polo Garza (Mexico)
12 Roy Haddad (Middle East & North Africa)
13 Roberto Coimbra (Andina region)
14 Sung Lee (South Korea)
15 TB Song (Greater China)
16 Ranjan Kapur (India)
17 Manuel Maltez (Portugal)

* More regional heads of our operating brands at wpp.com/annualreport2015



What we think

The case for sticking your neck out

WPP CEO Sir Martin Sorrell reports

When President Obama began the long and difficult process of normalising US relations with Cuba, he took a significant political risk. Half a century of hostility is not easily brought to an end, and many people remain bitterly opposed to any rapprochement with Raúl Castro's administration.

Politicians, perhaps unfairly, are often accused of not sticking their necks out, for fear of being decapitated by the electorate. Obama, approaching the end of his second term, has no such concerns, but the restoration of ties with Cuba (alongside the nuclear deal with Iran) will shape his legacy and the ongoing identity of the Democratic Party. It is, in other words, a courageous step and, as overseas investors rush to strike deals in Havana, one that is already delivering progress.

If political leaders are wary of risk-taking, the appetite for it in the corporate world is smaller still. Since the collapse of Lehman Brothers in 2008 and the economic crisis and recession that followed, boardrooms have become ultra-conservative in their decision-making. In a world of zero-based budgeting, activist investors and ubiquitous disruption by tech start-ups, there is little encouragement to be bold. →

This is a regrettable, if understandable, fact of contemporary corporate life. It is both a reflection of our low-inflation, low-pricing power, low-growth world, and one of the reasons it is proving so hard to break out of it. Calculated risks are necessary for the long-term health of a business, because without them innovation, development and renewal are impossible.

The danger of losing your head notwithstanding, at WPP we are very much in favour of sticking your neck out. Establishing an office in Havana, the day after Washington announced the reopening of the US Embassy last July, no doubt caused palpitations in the internal audit department and red lights to flash all over the risk dashboard. We did much the same in Myanmar three years earlier when sanctions were lifted. It is not beyond the realms of possibility that Iran will become our 113th country of operation in the course of the next year or so.

For some these are risky moves. We see them as market leadership.

It is all too easy to construct an argument for holding your current position. It is much harder to step out of line or do something unexpected. WPP has never had a motto, and '30 years of sticking our neck out' would be a deeply unwise temptation to Fate. But it has been a solid guiding principle.

> **"It is all too easy to construct an argument for holding your current position. It is much harder to step out of line or do something unexpected"**

From WPP's entrepreneurial beginnings, with two people in one room and a stake in a manufacturer of wire baskets and teapots, to the acquisition of J. Walter Thompson and Ogilvy & Mather, to the consolidation of media buying under Mindshare and later GroupM, the identification of the digital and data revolutions to come, and our unique, cross-Group, 'horizontal' approach to serving clients, the Company's story has been one of doing things differently.

WPP was the first in our industry to publish a corporate responsibility report. Twenty-two years ago we launched the Atticus Awards and *Atticus Journal* to celebrate the best original thinking published by people within the Group, and it remains unique to our business. We were the first (and, still, only) parent company to introduce a graduate recruitment scheme, the Fellowship, which is harder to get into than Harvard Business School.

We were the first to invest in applied technology, and we are the only group with its own data business, Kantar. We have the industry's only tech 'unconference', Stream, described by *WIRED* magazine as one of the best in the world. We pioneered the 'Team' model of global account service, breaking down the barriers between our individual agency networks and disciplines in order to offer clients the best talent and capabilities, no matter where they sit within the Group. And we are alone in making a focus on data, technology and content central to our competitive positioning.

The point is that building a business for the long-term, as we have tried to do at WPP, requires differentiation, innovation and, more often than not, a degree of risk.

The same can be said of brands. Differentiation through advertising and marketing services is the single most powerful means of driving a brand's growth. A short-term, risk-averse approach based primarily on cost management will harm a brand just as surely as wise investment in marketing will ensure its enduring success.

Leader of the resistance

The good news is that corporate short-termism is facing increasingly organised opposition, led by the world's most powerful investor.

At the beginning of the year Larry Fink, the chief executive of BlackRock, once again wrote to every company in the S&P 500, along with major European corporations, encouraging them to take a longer-term view of their businesses. The letter began as follows:

"Over the past several years, I have written to the CEOs of leading companies urging resistance to the powerful forces of short-termism afflicting corporate behavior. Reducing these pressures and working instead to invest in long-term growth remains an issue of paramount importance for BlackRock's clients… as well as for the entire global economy."

An end to earnings hysteria?

Fink is particularly critical of "today's culture of quarterly earnings hysteria", which he describes as "totally contrary to the long-term approach we need":

> **In our own reporting we have always tried to provide the bigger picture – to set out the market context in which we operate and a clear sense of where we are heading**

"CEOs should be more focused… on demonstrating progress against their strategic plans than a one-penny deviation from their EPS targets or analyst consensus estimates."

This is music to the ears of every CEO who, sitting in front of analysts and media four times a year, has despaired of the lunacy of extrapolating from one quarter's numbers a definitive conclusion about the performance, health and future prospects of a company.

According to Fink, it is far more important that a business articulates a long-term strategic narrative, and quarterly earnings reports should be primarily a means of measuring how that business is performing against long-term goals.

In our own reporting we have always tried to provide the bigger picture – to set out the market context in which we operate and a clear sense of where we are heading.

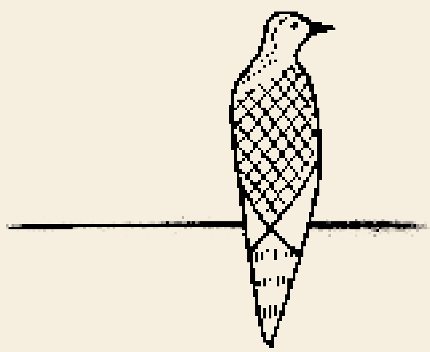
> **More than half of a typical company's value is created by activities that will take place in three or more years' time**

In today's frantic world of instant reaction and instant judgement, however, no company can expect analysts or journalists to thank them for providing a longer 'Outlook' section in their results announcement. Filing a story or putting out a note in the next five minutes is more important than where the company will be in five years.

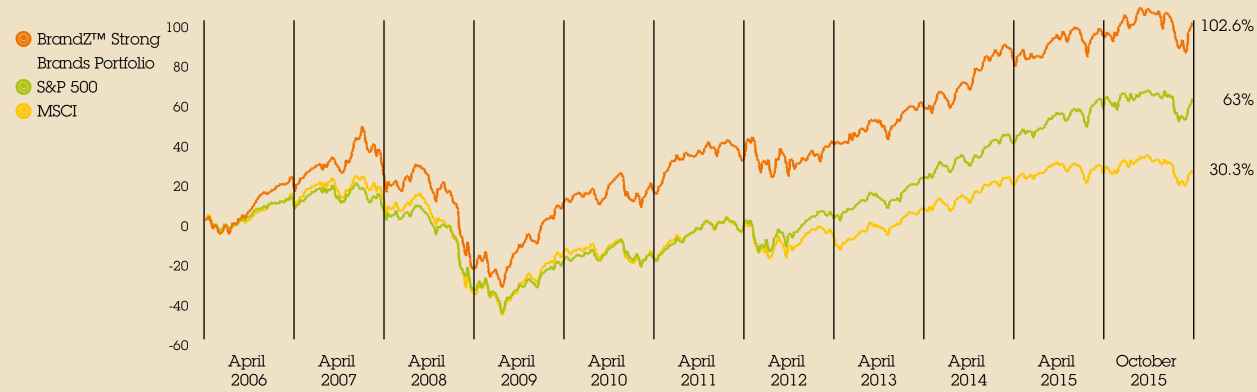
Fink also sits on the advisory board of an initiative launched in 2013 by McKinsey & Company and the Canada Pension Plan Investment Board, called *Focusing Capital on the Long Term*. Its argument is that "when companies forgo profitable investments to meet quarterly earnings expectations, investors and savers lose potential future returns. And all of us miss out on the benefits of long-term economic growth."

It highlights research that lays bare the extent of the problem. One survey found that over three-quarters of executives would "take actions to improve quarterly earnings at the expense of long-term value creation." Another showed that "companies that expressly seek to manage short-term earnings in order to narrowly beat consensus also underperform peers after two years." Given that more than half of a typical company's value is created by activities that will take place in three or more years' time, such short-term focus seems wholly perverse.

To counter this destructive trend, *Focusing Capital on the Long Term* argues for structures and measures that encourage longer-term behaviour, both in the investment community and in companies' boardrooms. It is a project WPP (alongside organisations like the Wellcome Trust, Unilever, Barclays, Harvard Business School and Dow Chemical) is happy to support. →



BrandZ™ Portfolio* vs S&P 500 and MSCI World Index 2006-2015



* The BrandZ™ Strong Brands Portfolio is a subset of the BrandZ™ Top 100 Most Valuable Global Brands.

How to beat the market

If I were an independent financial advisor – which, for the sake of clarity (and legality), I should say I am not – I would advise you first to buy shares in WPP, and second to buy shares in those companies with a history of sustained investment in their own brand.

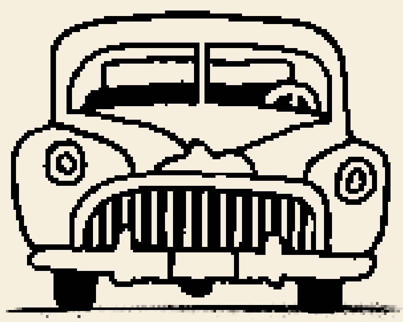
> **It is abundantly clear, both from external analysis and our own proprietary BrandZ survey, that investing in brands works**

According to *The Economist*, brands “are the most valuable thing that companies as diverse as Apple and McDonald’s own, often worth much more than property and machinery”. WPP’s Millward Brown estimates that brands account for more than 30% of the stock market value of companies in the S&P 500.

It is abundantly clear, both from external analysis and our own proprietary BrandZ survey, that investing in brands works. In the last 10 years, a measurement of the strongest brands from the BrandZ Top 100 as a stock portfolio shows their share price has risen over three times more than the MSCI World Index, a weighted index of global stocks, and substantially outperformed the S&P 500 too.

The world’s most successful investor, Warren Buffett, has consistently backed stocks in the biggest global brands, from IBM to Coca-Cola to American Express. As he said in Berkshire Hathaway’s 2011 Letter to Shareholders: “‘Buy commodities, sell brands’ has long been a formula for business success. It has produced enormous and sustained profits for Coca-Cola since 1886 and Wrigley since 1891.”

Investing in competitive differentiation through marketing communications – as Jeremy Bullmore so eloquently put it, “polishing the apples” – is a prerequisite for a company’s success, especially if it wants to be successful over a long period of time. To quote Jeremy again: “No competitive enterprise, in whatever field of endeavour, can leave its apples unpolished and still expect to win.”

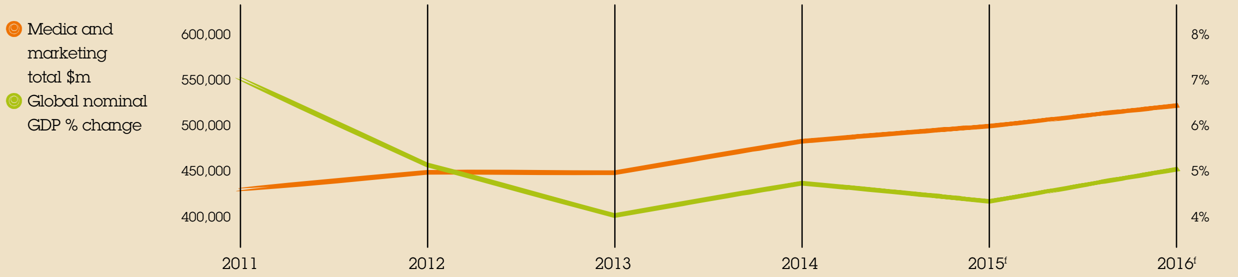


Worldwide communications services expenditure 2015 $m

	Advertising	Market research	Public relations	Direct & specialist communications	Sponsorship	Total
North America	182,847	19,200	4,210	104,105	21,400	**331,762**
Latin America	32,261	1,960	440	35,548	4,300	**74,509**
Europe	102,915	16,400	2,600	111,722	15,300	**248,937**
Asia Pacific	161,856	6,400	4,700	59,213	14,000	**246,169**
Africa & Middle East	17,531	750	151	2,082	2,500	**23,014**
Total	**497,410**	**44,710**	**12,101**	**312,670**	**57,500**	**924,391**

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

Worldwide communications expenditure 2011-2016f



Source: GroupM
f: Forecast.

Polishing WPP's apples

WPP is, of course, itself a brand, and it is important that we continue to differentiate ourselves too – in the eyes of our clients, investors, current and future people and other stakeholders.

In the advertising and marketing services business the traditional points of difference have been talent and price (and their twins, creative effectiveness and efficiency). They remain critical, but we are also increasingly focused on three areas that help WPP and our operating companies to stand apart from our peers: technology, data and content.

For the record, and to pre-empt the howls of protest from traditionalists everywhere: this absolutely does not mean that creativity, in all its forms, is not important anymore (more on that later). It is simply a reflection of the changing nature of our business, of media owners and of the behaviour of the consumers we help brands to reach.

The agnostic ad tech alternative

West Coast giants such as Google and Facebook like to describe themselves as tech companies, when in reality they are media owners. For all their eye-catching side projects, such as driverless cars and flying to the moon, their core business is monetising inventory, just like any other media owner.

If anyone doubts that, look at the numbers. The leading recipient of our media spend on behalf of clients is Google, at around US$4 billion in 2015. 21st Century Fox, News Corp and Sky between them amount to US$2.5 billion. Facebook is US$1 billion.

Where the 'tech' companies differ from other media owners, though, is in their desire for clients and intermediaries to use their proprietary platforms – principally Google's DoubleClick and Facebook's Atlas – to determine where media spend is allocated. Given that they are in business to monetise inventory, they are hardly neutral. You wouldn't hand your media plan to Rupert Murdoch or Bob Iger, so why hand it to Larry and Sergei or Mark and Sheryl?

We provide an agnostic alternative. Xaxis is WPP's global digital media platform that programmatically connects advertisers to audiences across all addressable channels. Towards the end of 2014 we injected part of Xaxis (its publisher ad server platform, XFP) into the world's largest independent ad tech provider, AppNexus. At the same time, we invested $25 million in AppNexus.

As a result, we cemented our leadership position in ad tech and programmatic targeting, while supporting an independent ad tech ecosystem that is of considerably more value to clients than one dominated by the 'walled garden' solutions offered by the tech/media behemoths.

In fact, WPP's focus on ad tech is nothing new – we have long been a leader in the application of technology to marketing. In 2007, WPP was the first company in the sector to invest in applied technology with the acquisition of 24/7 Real Media, which was to become the base on which Xaxis was built. Other companies, like Acceleration (the marketing technology consultancy), Cognifide (which provides content management technology), Salmon (ecommerce agencies) and Hogarth (digital production) are all applying technology to marketing to help clients transact and build relationships with their customers.

We have investments in a number of innovative technology services companies, such as Globant and Mutual Mobile, and in advertising technology companies including eCommera, DOMO, Percolate and Say Media. We were also investors in Buddy Media, Jumptap and Omniture. During the course of the last year we acquired the world's largest independent media buyer, Essence, and programmatic marketing solutions company The Exchange Lab.

> **"WPP's focus on ad tech is nothing new – we have long been a leader in the application of technology to marketing"**

The context for all these changes is, of course, the continued growth of digital channels and advertising. GroupM, our Media Investment Management arm, forecasts net global advertising growth in 2016 of $22 billion, 90% of which will be from digital. This is despite the fact that digital media investment growth in 2016 is expected to be 14%, compared to 17% in 2015, the first deceleration in the post-Lehman recovery. WPP's digital revenues stand at 37.5% of total turnover and, in line with one of our four strategic objectives, we expect this to grow to between 40% and 45% over the next five years.

With greater digital scale comes greater scrutiny as clients demand more certain guarantees from media owners about the effectiveness of their digital marketing spend. There are increasing concerns, for example, about viewability, fraud and brand safety. In this case WPP acts not only as a neutral intermediary but also as an agent for change in the industry.

GroupM has led the way in championing more stringent standards, based on the hardly unreasonable principle that "our clients should only pay for an ad that is seen by a real human who is in our target in an appropriate editorial environment."

Data: big, getting bigger

A focus on data and more measurable marketing services is another of our four main strategic priorities. What we once called market research or consumer insight we now describe as Data Investment Management. Contrary to what the resulting acronym might suggest, we think this is not so dim.

This sector of our business has always been about gathering and interpreting information, but the internet has created a new, ever-expanding universe of data, the sheer volume and complexity of which demands ever more sophisticated approaches, tools and techniques.

It also demands a fundamental shift in how we think about the business itself, hence the new definition. Managing clients' investment in data – in a fragmented, complicated world – is what we do, just as we manage their investment in media. These two areas are increasingly linked within our Group, as we integrate data and media to provide clients with the most telling insights and the best return on their investment.

Some dislike the new terminology (and not only for the admittedly unfortunate abbreviation), because they believe it relegates the role of insight. Not so. Data collection and analysis is nothing, unless it produces actionable insights.

Unearthing and communicating valuable insights remains the core purpose, and the traditional disciplines of market research remain very important in doing that. However, as digital technologies change the world, we need to be at the forefront of new developments. As TNS puts it, "Advances in social media analytics, data flows from connected, 'internet of things' devices and many other technological innovations mean that the toolkit the researcher can use to find insights has expanded way beyond the survey."

One manifestation of this new reality is Kantar's partnership with Twitter to provide real-time social TV

Growth of media in major markets 2011-2016 %

Internet	2011	2012	2013	2014	2015f	2016f
North America	12.3	10.3	9.8	12.1	11.5	8.0
Latin America	64.2	33.6	30.9	n/a[3]	54.2	25.4
Western Europe	10.9	11.4	10.0	10.7	11.1	10.6
Central & Eastern Europe	29.1	29.3	21.9	11.7	7.6	6.1
Asia Pacific (all)	25.8	27.3	28.7	27.8	27.2	23.3
North Asia[1]	48.1	39.7	40.0	35.0	33.2	28.1
ASEAN[2]	7.3	59.8	57.1	55.6	50.4	41.3
Middle East & Africa	5.2	57.6	6.5	33.2	8.4	7.0
World	**15.8**	**16.0**	**15.6**	**16.6**	**17.2**	**14.4**

Television	2011	2012	2013	2014	2015f	2016f
North America	3.6	3.9	0.9	3.5	-0.1	2.2
Latin America	6.7	11.5	14.1	8.6	6.3	5.7
Western Europe	0.8	-5.7	-0.2	3.5	2.6	3.6
Central & Eastern Europe	10.5	2.3	3.1	3.1	-3.4	4.0
Asia Pacific (all)	8.0	5.9	4.5	1.4	-0.3	0.4
North Asia[1]	11.0	5.8	3.0	-1.8	-3.5	-4.0
ASEAN[2]	14.5	13.8	16.5	11.1	9.1	9.0
Middle East & Africa	5.8	13.7	7.2	2.5	4.8	5.3
World	**5.1**	**4.1**	**3.4**	**3.2**	**0.9**	**2.3**

Outdoor	2011	2012	2013	2014	2015f	2016f
North America	2.8	3.7	3.2	0.1	2.0	1.8
Latin America	10.9	19.3	-7.2	4.5	5.7	4.3
Western Europe	-1.9	-2.3	-1.8	-0.4	2.6	2.0
Central & Eastern Europe	7.8	3.1	2.7	-0.6	-12.8	0.9
Asia Pacific (all)	11.3	12.6	5.1	6.4	4.7	3.4
North Asia[1]	23.6	18.4	6.0	8.4	5.4	3.4
ASEAN[2]	9.3	17.8	6.0	-3.1	-1.8	4.0
Middle East & Africa	46.8	24.1	1.6	-0.5	3.3	5.0
World	**7.1**	**7.8**	**2.6**	**3.4**	**3.1**	**2.9**

Magazines	2011	2012	2013	2014	2015f	2016f
North America	-0.1	1.9	0.0	-4.3	-3.2	-0.3
Latin America	10.9	3.0	-6.5	-8.9	-9.1	-3.8
Western Europe	-2.6	-10.7	-8.5	-5.5	-8.0	-3.6
Central & Eastern Europe	0.7	-4.1	-11.6	-10.4	-19.5	-6.7
Asia Pacific (all)	1.5	0.3	-2.5	-8.2	-9.3	-5.9
North Asia[1]	13.2	4.9	-1.7	-12.5	-16.8	-13.3
ASEAN[2]	4.4	-1.9	-5.7	-10.0	-10.5	-7.7
Middle East & Africa	2.2	-12.3	7.7	-4.7	-0.3	2.5
World	**-0.1**	**-1.6**	**-2.6**	**-5.3**	**-5.4**	**-1.8**

Radio	2011	2012	2013	2014	2015f	2016f
North America	2.3	4.4	0.1	-3.5	-2.0	0.5
Latin America	17.5	-0.6	2.3	6.6	6.2	2.7
Western Europe	1.1	-3.6	-2.9	2.9	1.6	1.2
Central & Eastern Europe	5.7	8.2	2.4	2.0	-5.6	2.8
Asia Pacific (all)	3.4	5.3	-2.5	3.5	0.0	1.8
North Asia[1]	8.5	7.4	1.7	2.2	-2.8	0.2
ASEAN[2]	1.8	9.6	-26.3	6.6	5.1	5.8
Middle East & Africa	13.9	36.8	4.7	2.4	1.6	1.4
World	**4.0**	**3.9**	**-0.6**	**0.7**	**0.1**	**1.3**

Cinema	2011	2012	2013	2014	2015f	2016f
North America	4.8	4.5	4.3	-16.7	15.0	-5.0
Latin America	7.5	-0.5	15.2	18.7	19.9	13.2
Western Europe	-0.9	3.8	-11.0	0.4	9.6	0.7
Central & Eastern Europe	11.4	9.5	10.3	-2.5	-3.6	4.2
Asia Pacific (all)	2.4	11.2	-8.0	-1.0	11.9	12.2
North Asia[1]	3.9	0.0	4.2	4.0	0.0	0.0
ASEAN[2]	15.6	10.4	-25.9	-9.3	7.0	11.1
Middle East & Africa	37.8	1.0	2.3	24.3	-0.8	10.1
World	**2.9**	**5.0**	**-5.6**	**3.3**	**10.0**	**5.6**

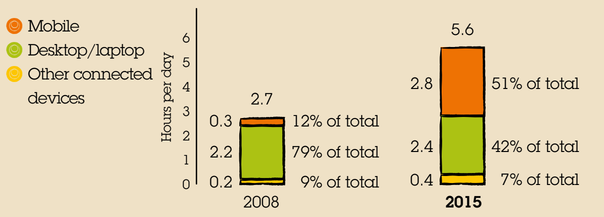
Newspapers	2011	2012	2013	2014	2015f	2016f
North America	-6.6	-4.8	-4.0	-5.9	-7.3	-6.5
Latin America	3.7	16.6	-6.9	-3.7	-0.3	-3.6
Western Europe	-2.3	-9.8	-10.0	-5.4	-7.3	-5.6
Central & Eastern Europe	1.8	-1.2	-8.8	-9.0	-8.2	-4.5
Asia Pacific (all)	0.2	-2.6	-2.9	-8.3	-10.4	-6.1
North Asia[1]	3.7	-5.2	-5.1	-15.2	-22.8	-19.3
ASEAN[2]	5.9	1.4	8.2	-7.3	-6.2	-1.5
Middle East & Africa	-1.6	-4.8	0.2	-6.7	-8.0	-2.0
World	**-2.5**	**-4.6**	**-5.4**	**-6.5**	**-7.9**	**-5.7**

Source: GroupM
f: Forecast.
1 China, Hong Kong, South Korea, Taiwan.
2 Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam.
3 2014 Latin America growth figure affected by method change and therefore not shown.
(Figures rounded up.)

data, since expanded to a broader collaboration on new research products in the areas of advertising effectiveness, consumer insight, brand equity, customer satisfaction and media measurement. Others include the sophisticated social media analysis engine behind TNS's social products, and our partnerships and investments with both comScore (known primarily for its web measurement capabilities) and Rentrak (the leader in TV set-top box data), which have now come together.

WPP supported the comScore-Rentrak merger and now holds 18.6% of the combined entity. With the growth of out-of-home and multiscreen viewing, and the changes in millennial and centennial media consumption habits, clients and media owners want better measurement. The industry is crying out for a stronger currency and comScore and Rentrak will help to provide it.

Time spent per adult user per day with digital media USA 2008 vs 2015



Source: KPCB

My crown is call'd content

I imagine there are still people in our industry whose LinkedIn profiles don't include the word 'content' but they are surely becoming a minority. The term may be faddish and frequently abused (see the subheading above), but its ubiquity does reflect a very important trend.

The public has always had a huge appetite for quality content, and digital platforms have only intensified that hunger. At the same time, the changing dynamics of the market mean that the traditional producers of such content have been joined by many other kinds of producer – from consumers themselves to web start-ups, advertisers and agencies.

WPP has placed itself at the centre of these changes, not only through the diversified services offered by our operating companies but also through strategic investments in exciting content businesses.

Five years ago, for example, we invested $36 million in Vice Media, the global youth media brand. Today our stake is worth some $300 million as the digitally-led Vice brand attracts readers, viewers, advertisers and investors in ever greater numbers.

> **"The public has always had a huge appetite for quality content, and digital platforms have only intensified that hunger"**

Our other content investments include Media Rights Capital (producer of Netflix smash hit *House of Cards*); Refinery29 (the fashion and lifestyle site aimed at millennial women, and one of the fastest growing media companies in the US); Fullscreen (the multiplatform youth network with more than 600 million subscribers and five billion monthly views); China Media Capital (China's first sovereign private equity fund dedicated to media and entertainment sector investment); Indigenous Media (the next-generation digital content studio founded by acclaimed film-makers Jon Avnet, Rodrigo Garcia and Jake Avnet); The Weinstein Company (the studio behind *The Hateful Eight*, *Django Unchained* and *The King's Speech*); Imagine Entertainment (headed by Brian Grazer and Ron Howard, the producers behind *A Beautiful Mind* and *Empire*); and a joint venture with award-winning producer, songwriter and director Alex Da Kid.

We have also focused on the rapidly-growing sector of sports content and sports marketing. In 2015, WPP led a syndicate investing US$250 million in Bruin Sports Capital, a global sports marketing firm launched by George Pyne, the former president of IMG Worldwide's global sports and entertainment business. And at the beginning of this year we backed an investment by Bruin in Courtside Ventures, a venture capital fund that specialises in sports-related, early-stage technology and media companies.

In addition, during the last year GroupM launched ESP Properties, a commercial and creative advisor to sports and entertainment rights holders, which counts iconic organisations such as the All Blacks and Cleveland Cavaliers among its growing client list. They join the large number of premium sports organisations and properties already working with WPP operating companies, such as the IOC, UEFA, Premier League, La Liga, F1, Manchester United, City Football Group, NASCAR, NBA, PAC-12, the NFL and Brazilian football legends Ronaldo and Pelé.

A team of all the talents?

On page 50 of this report is a wonderful piece of art by Peter Blake, featuring our own Ronaldos and Pelés – the team of stars who run WPP's global operating company networks.

It underlines the fact that WPP is an organisation driven by talent. David Ogilvy's famous remark about his agency that "the assets go up and down the elevator every day" is just as true today of WPP. To describe us as a "people business" is no empty cliché: our biggest investment is in people – over $10 billion a year, or 54% of total revenues.

Our long-standing mission statement is: "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." This philosophy applies at every level within WPP and its operating companies. As exalted as they are, the 67 executives shown in the centrefold are merely the representatives of the great army of talented, creative people responsible for our collective success.

> **As in many sectors, women continue to be under-represented in the top jobs in our industry**

Our commitment to developing that talent, laid out in detail in our Sustainability Report, is broad and deep, but it would be remiss of me not to acknowledge one area where we still have work to do.

As brilliant as it is, the Blake artwork has a flaw, and that is the lack of diversity on display – both in terms of gender and national and ethnic background. As the fast-growth markets of Asia Pacific, Latin America, Africa, the Middle East and Central and Eastern Europe become a larger part of our business, I would expect the make-up of our senior management team to change accordingly over time. This inevitable geographic shift clearly won't provide all of the solution (again, our Sustainability Report covers our approach in detail), but it will be part of it. The gender question may be more difficult.

As in many sectors, women continue to be under-represented in the top jobs in our industry, and WPP is no exception. In some ways it's going to get harder still, because marketing services are becoming more influenced by digital, data and technology – fields in which achieving gender balance has been even tougher.

Below the very highest level, the picture is a little brighter: women now make up 33% of executive leaders within our operating companies and 47% of senior managers. But there's clearly a long way to go.

Within our companies we operate various schemes to help the development of female leaders, including training, raising awareness of unconscious bias, networking, sponsorship and mentoring programs. Examples include Team Detroit's recently launched 'Returnship' program, which gives women the chance to restart their careers and is designed to increase the number of women in leadership positions.

> **Companies with greater gender balance in their leadership teams outperform their peers**

There are also many external-facing initiatives, such as J. Walter Thompson's *Female Tribes*, a new, proprietary study about women around the world, and an associated documentary the agency co-produced for the BBC called *Her Story: The Female Revolution*.

At Group level we have schemes such as The X Factor, a mentoring and development program for senior women run by Charlotte Beers, the former CEO of Ogilvy & Mather and chairman of J. Walter Thompson. This has recently been supplemented by Women In Leadership Lessons, again led by Charlotte, for those currently in mid-level management roles.

In the UK, WPP Stella is a network that supports efforts to achieve gender balance and encourages the sharing of best practice between our companies. We aim to roll it out in other markets soon. WPP also supports Women On Boards, which encourages women to take on non-executive board roles across a range of private and public organisations.

The business imperative for improving our record is crystal clear: companies with greater gender balance in their leadership teams outperform their peers. We will renew our efforts in this critical area over the coming year, particularly given recent events.

Staying creative, effective and relevant

For the last five years WPP has been named the world's most creative holding company at the Cannes Lions International Festival of Creativity. Just as importantly, perhaps more so, we have also won the Effie for most effective holding company in each of the last four years. And this year, for the second time in a row, WPP was named the top-performing parent company in the highly regarded Warc 100 ranking, which reflects our agencies' success in strategy and effectiveness competitions around the world.

Together this trio of awards is the perfect endorsement of our people's collective abilities, and the perfect encapsulation of what we deliver for clients: creative effectiveness.

But every company and every industry needs to develop constantly to maintain success. Cannes has recognised this and, responding to the stark fact that, very recently, only 3% of creative directors were women, has made gender diversity a key theme of its annual event.

From whichever angle you look at it, it's an unacceptable statistic. It's also one that runs counter to our own commercial interests. Women account for 60% of university graduates and are responsible for 80% of consumer purchasing decisions, so it damages our access to both talent and markets.

If the advertising and marketing services business wants to remain relevant, and to carry on producing the best, most creative and most effective work for clients, it needs to prioritise tackling these issues and support the efforts of organisations like Cannes.

Clients under pressure

Those clients are under increasing pressure as the global economy faces what former US Treasury Secretary Larry Summers and the International Monetary Fund have described as "secular stagnation", a long-term slump in the growth of economic output. Mega mergers such as DuPont and Dow, or AB InBev and SABMiller, reflect this, as companies find top-line growth elusive and instead look to efficiencies of scale.

Boards are being squeezed by a triumvirate consisting of zero-based budgeters like 3G, Valeant and Endo, activist investors like Nelson Peltz, Bill Ackman and Dan Loeb, and disruptors like Airbnb and Uber.

At the same time, the slowdown in the BRICs and other fast-growth countries has dented confidence across the world's markets, which had a rocky start to 2016, to say the least. However, certainly in the context of our business, I expect these markets to bounce back over the medium- to long-term as the explosion in the number of lower-middle- and middle-class consumers continues unabated.

Although China will continue to be volatile, I remain a raging Chinese bull over the long term. India is currently the jewel in the fast-growth crown and markets like Vietnam, the Philippines, Indonesia and Colombia continue to prosper. Increasing the proportion of our revenues from faster-developing markets to 40-45% of the total over the next five years remains one of our core strategic priorities.

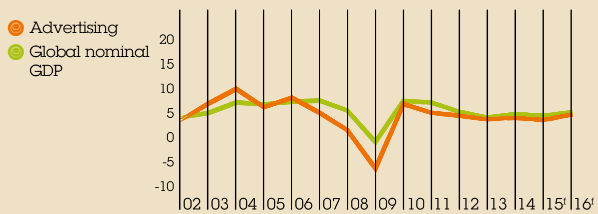
Nonetheless, it seems highly unlikely that global GDP growth will escape the doldrums any time soon. We may be stuck with a slower-growth world for a while yet.

BrandZ™ top 10 most valuable Chinese brands 2016

Rank	Brand	Category	Brand value 2016 $m	Year-on-year change
1	Tencent	Technology	82,107	24%
2	China Mobile	Telecoms	57,157	2%
3	Alibaba	Retail	47,605	-20%
4	ICBC	Banks	34,276	-1%
5	Baidu	Technology	26,849	-13%
6	China Construction Bank	Banks	19,270	-6%
7	Huawei	Technology	18,501	NEW
8	Agricultural Bank of China	Banks	16,239	5%
9	Ping An	Insurance	15,624	41%
10	China Life	Insurance	15,504	53%

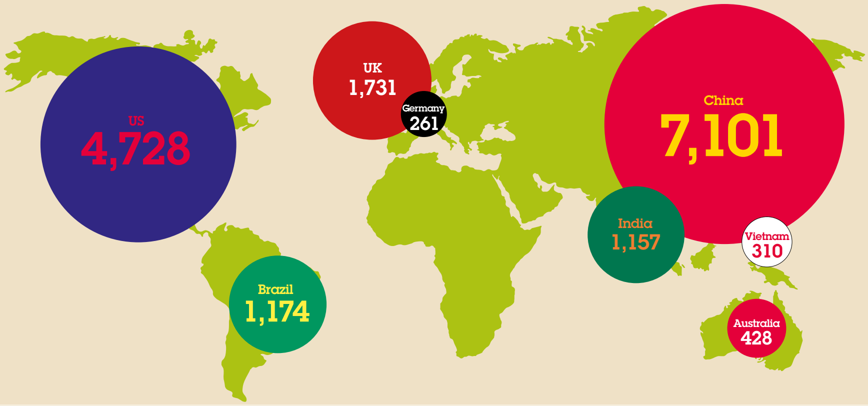
Source: BrandZ/Millward Brown

Shape of global recovery
% change



Source: GroupM
f: Forecast.

Contributions to 2016 media growth by country[f] $m



Source: GroupM
f: Forecast.

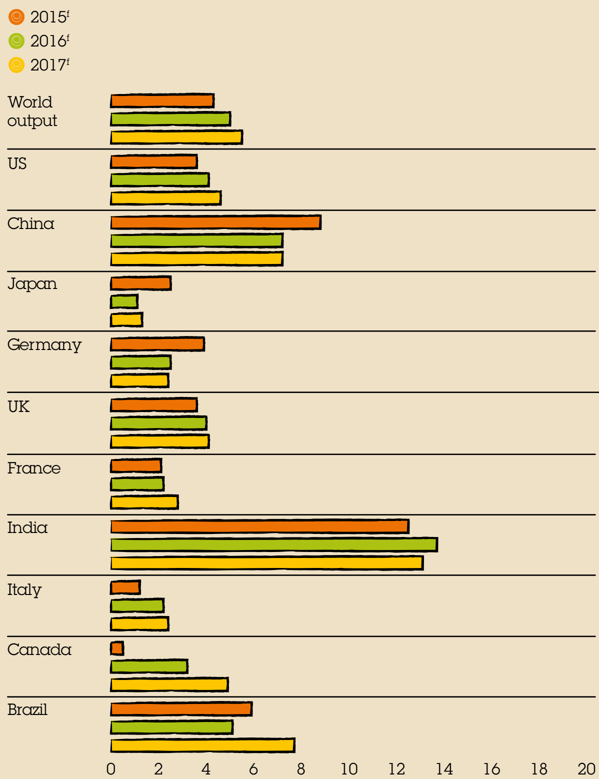
Contributions to 2016 media growth by country[f]

	Contribution $m	Contribution %
Asia Pacific (all)	11,536	51.6
NORTH ASIA	7,563	33.8
China	7,101	31.8
NORTH AMERICA	4,767	21.3
US	4,728	21.1
WESTERN EUROPE	3,121	14.0
LATIN AMERICA	1,914	8.6
UK	1,731	7.7
Brazil	1,174	5.2
India	1,157	5.2
ASEAN	1,119	5.0
Japan	1,110	5.0
MIDDLE EAST & AFRICA	650	2.9
Philippines	507	2.3
Australia	428	1.9
CENTRAL & EASTERN EUROPE	375	1.7
Vietnam	310	1.4
GCC and Pan Arab*	297	1.3
Spain	280	1.3
Germany	261	1.2
Mexico	221	1.0
Greece	217	1.0
Colombia	207	0.9
South Korea	197	0.9

*Gulf Cooperation Council/Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia and UAE.

Source: GroupM
f: Forecast.

Nominal GDP projections 2015-2017[f]
% change



Source: GroupM
f: Forecast.

A prescription for global ills

Last year, under the auspices of the Turkish G20 presidency, a new business group was established to support the G20's efforts to build confidence in the global economy. The B20 (Business 20) International Business Advisory Council, chaired by Coca-Cola's Muhtar Kent and backed by a range of companies including WPP, was set up to enhance dialogue between the corporate world and governments. It made four recommendations.

The first was that governments should ratify and implement the World Trade Organization's Trade Facilitation Agreement to remove red tape and delays when moving goods across borders. The second priority was to improve access to finance for SMEs, which are disproportionately affected by adverse credit market conditions.

The third was to ask the G20 to commit to a comprehensive strategy to boost youth and female participation in the workforce, not least through better public-private collaboration on national skills strategies and education plans. Finally, the B20 said that the world's leading economies must articulate coherent national strategies to attract the huge levels of private investment needed to plug the global spending gap on infrastructure.

To the B20's four I would also add a fifth: collaboration between businesses, and between businesses and governments, to support the United Nations' Sustainable Development Goals (SDGs), the ambitious targets "to end poverty, protect the planet, and ensure prosperity for all." WPP has been working with the UN to support the SDGs, with a focus on fostering such partnerships, and this will be a key project for the Group in 2016.

The united nations of WPP

In WPP's early days I doubt even the UN could have persuaded our companies to put down their cudgels and work together, but happily they have now discovered that peaceful co-existence and cooperation is not only possible, but very fruitful.

Getting our 190,000 people (including associates) to collaborate as seamlessly as possible across company, functional and national boundaries for the benefit of clients is our fourth and final core strategic priority. We call this 'horizontality' – an ugly word for an increasingly effective way of working.

> **"Peaceful co-existence and cooperation is not only possible, but very fruitful"**

We have been pursuing this strategy for some time, largely in response to demand from clients. Our biggest client, Ford, has been served through a dedicated cross-Group team since 2006. We now have 45 such teams, responsible for over a third of WPP's revenues and involving nearly 40,000 of our people, working for clients as diverse as American Express, Unilever, Coca-Cola, IBM and News Corp. Team wins in the last year included Emirates, General Mills and Bayer.

For the first time our Annual Report has a section devoted to our Global Client Teams, featuring a collage of all their leaders (almost half of whom, it is encouraging to note, are women).

As well as the client teams we have 17 Country Regional and Sub-Regional Managers, covering 51 out of the 112 countries in which we operate. Their job is to encourage horizontality to deliver the best resources to clients, identify acquisition opportunities and help recruit the best talent locally.

At least one of WPP's global competitors has finally woken up to this approach, announcing, late last year amidst a broader reorganisation, the creation of 'chief client officers'. It also signalled its intention to bring together its media agencies to leverage their collective scale, something WPP did under GroupM more than a decade ago. Flattery, indeed.

Back to politics, and risk

In geopolitics, togetherness is harder to find. In the coming year, deeply divisive political events will dominate news coverage in our two biggest markets.

In the US the 'reality TV' Presidential election is rocking the Establishment, on both sides of the party divide. In the UK, against the backdrop of the ongoing migrant crisis, the electorate will decide whether or not the country should remain in the European Union. Both could have a significant economic impact.

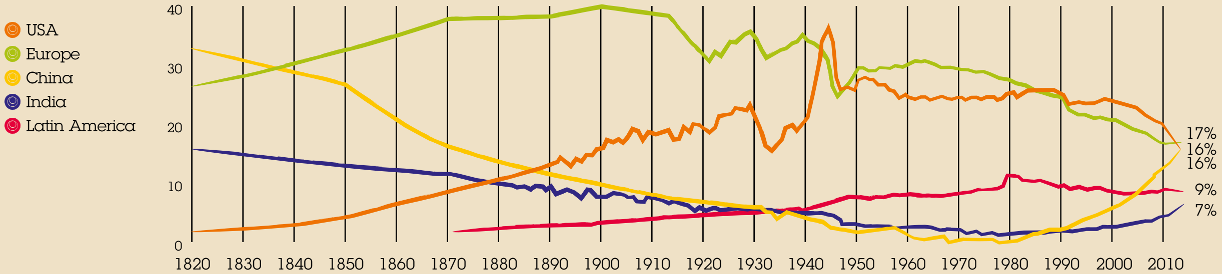
In each case, voters face a choice between a riskier and a safer option. Brexit will bring uncertainty for business and, potentially, real damage to the UK economy. Populism and protectionism in the White House is not a recipe for economic success. For once, a cautious approach may be no bad thing.

> **"The interests of our people, clients and investors are best served when we embrace calculated risk-taking"**

At WPP, however, we hold to the view that the interests of our people, clients and investors are best served when we embrace calculated risk-taking. We will continue to stick our neck out on their behalf. →

10 key trends

Global GDP 1820-2014
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

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.

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 need 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, smaller family sizes and urban concentration; 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.

"Economic development lifts millions into lives of greater prosperity, aspiration and consumption"

3. 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 have been 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.

4. 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.

> **Unless manufacturers move quickly, there is a danger that Amazon or Alibaba or Flipkart will become the new Walmart or Tesco**

5. 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 $4 billion out of $73 billion of billings in 2015 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 inventory on 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?

Global public internet companies' market capitalisation 1995 vs 2015
$bn

	Company	Country	Market cap $bn
1	Netscape	USA	5,415
2	Apple	USA	3,918
3	Axel Springer	Germany	2,317
4	RentPath	USA	1,555
5	Web.com	USA	982
6	PSINet	USA	742
7	Netcom On-Line	USA	399
8	IAC/Interactive	USA	326
9	Copart	USA	325
10	Wavo Corporation	USA	203
11	iStar Internet	Canada	174
12	Firefox Communications	USA	158
13	Storage Computer Corp.	USA	95
14	Live Microsystems	USA	86
15	iLive	USA	57
	Total market cap of top 15		**$16,752**

	Company	Country	Market cap $bn
1	Apple	USA	763,567
2	Google	USA	373,437
3	Alibaba	China	232,755
4	Facebook	USA	226,009
5	Amazon.com	USA	199,139
6	Tencent	China	190,110
7	eBay	USA	72,549
8	Baidu	China	71,581
9	Priceline Group	USA	62,645
10	Salesforce.com	USA	49,173
11	JD.com	China	47,711
12	Yahoo!	USA	40,808
13	Netflix	USA	37,700
14	LinkedIn	USA	24,718
15	Twitter	USA	23,965
	Total market cap of top 15		**$2,415,867**

Source: Morgan Stanley, Capital IQ, Bloomberg; KPCB
Note: Market capitalisations are as of 31 December 1995 and 22 May 2015, respectively.

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. After all, our local people know who are the good people, the growing companies and the best acquisitions and investments.

> **"What CEOs want is a nimble, much more networked centre, with direct connections to local markets"**

7. Number-crunchers have too much clout

Some companies seem to think they can cost-cut their way to growth. This misconception is increasingly a post-Lehman phenomenon: corporates still bear the mental scars of the crash, and conservatism rules. But there's hope: finance 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.

> **"Finance will only hold sway over the chief marketing officers in the short term"**

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.

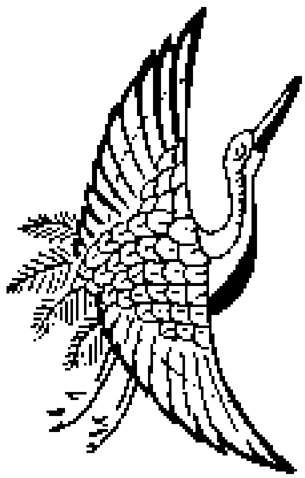
10. Industry consolidation

As a result of all this, we expect consolidation to continue – among clients, media owners and marketing services agencies. This consolidation takes many forms, including the Bolloré model, which consolidates ownership of telecommunications and media with an agency. 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. In this low-growth, low-inflation, low-pricing power world, where top-line expansion is hard to come by, boards and investors increasingly turn to mergers and acquisitions. In this environment the activist investors like Nelson Peltz, Bill Ackman and Dan Loeb seem to have had remarkable success in 2015 (e.g. Dow and Dupont, AB InBev and SABMiller). At WPP, we'll continue to play our part by focusing on small- and medium-sized strategic acquisitions and investments (52 of them in all in 2015).

Sorry to Disappoint You – But the Business We're in is Unusually Low in Risk

(Which is why experiment and adventure can be so confidently explored)

By Jeremy Bullmore



Of all the expenditure decisions that major companies make, decisions on advertising expenditure are surely thought to be some of the most perilous.

In last year's Annual Report, we picked over that apocryphal saying, "I know that half the money I spend on advertising is wasted. My only problem is that I don't know which half." And although there's no hard evidence that anyone of authority ever said it, the old adage clearly still strikes an instinctive chord with many. Apocryphal though it may be, it evidently gives voice to an underlying unease about advertising: that there's some elusive, immeasurable element about advertising decision-making that's mercifully absent from other major investment decisions.

It's true that the sums involved are huge. It's true that decisions have to be made about advertising content that, unnervingly, may rely at least as much on informed experience and subjective judgement as on empirical evidence. It's true that there seem to be no universally accepted rules. When authorising an equivalent sum on capital expenditure, for example, there will be many reassuring metrics. By contrast, when authorising advertising and promotional expenditure, there will be disturbingly few.

Advertising agencies seem to enjoy this sense of living dangerously. They constantly encourage their clients to be brave. And when an advertising campaign has been shown to be unusually effective, they publicly praise their clients for the courage they displayed in accepting it. So if the approval of advertising demands courage, it surely follows that the approval of advertising must demand risk? If risk were low or non-existent, surely the need for courage would be minimal?

Simply through association, the annual Cannes Lions International Festival of Creativity emphasises the showbiz aspects of advertising; and everybody knows just how hazardous and unpredictable the funding and making of movies can be. Remember *Heaven's Gate*? Hollywood does. It cost $44 million to make, took $3.5 million at the box office and brought its studio, United Artists, to the brink of bankruptcy.

And yet, and yet: if approving advertising were as risk-laden as approving the making of a motion picture, wouldn't common sense suggest that there would be at least a few notorious examples of major marketing companies being brought to their knees by high-risk, ill-advised advertising campaigns?

Surprisingly, there are none.

I exclude from that claim stunts and promotional campaigns. If you inadvertently print too many winning numbers on your bottle tops, you can easily find yourself paying for a million five-star vacations in Las Vegas rather than the 200 you allowed for in your budget. I'm talking only about conventional, main-media advertising campaigns. And search as rigorously as you may, you will find no single example of a purely media campaign inflicting *Heaven's Gate*-type injury on its sponsoring company.

There are, of course, countless examples of advertising campaigns failing to meet the extravagantly high hopes that were held out for them. They may even constitute the majority. And there have been all too many expensive product failures. But in the 150-year history of mass media advertising, there is no single recorded instance of an advertiser being brought to the brink of bankruptcy solely because of a misguided advertising campaign.

There is, I believe, at least one main reason for this curious fact – and it's one that doesn't get much attention because of the nature and structure of the advertising business.

From the beginning, the advertising agency market has always been fragmented. Because of advertisers' concerns about confidentiality, the need to avoid client conflict has restricted agencies' ability to grow. The result has been a great many competing agencies – but with even the biggest seldom enjoying a market share into double figures.

In most consumer markets, a comfortable brand leader can appropriate generic market benefits and expect to reap the most reward. In the agency world, there's never been such an agency; so no one has ever put the generic case for advertising. Agencies, entirely reasonably, assume that their clients or potential clients have already accepted the need to advertise and are concerned only with how much to spend, in which media, and on what creative content. So agencies compete with each other at the margins – each claiming that *how* they allocate the clients' funds is what will make the crucial difference. And of course, that's true. But what gets neglected is a reminder of the generic benefits that advertising – yes, just about *any* advertising – bestow on the advertiser.

> **"In the 150-year history of mass media advertising, there is no single recorded instance of an advertiser being brought to the brink of bankruptcy solely because of a misguided advertising campaign"**

Reluctant though the advertising trade may be to admit it, the reason that advertising catastrophes are so rare as to be non-existent is that just about any advertising, as long as it follows a couple of primitive rules, will have some value.

This, then, is the first and most basic truth about advertising:

If the medium you've chosen reaches the people you want to reach, and if your medium clearly carries the name of your brand, your money will not have been wasted.

I am not, please note, suggesting that anyone should consciously adopt, or indeed settle for, such an unambitious approach. But it's a fundamental, reassuring fact – and one to savour.

Billboard advertising carrying a poster design invisible to the human eye is money wholly wasted. Online advertising that reaches only robots is money wholly wasted. But for an established, repeat-purchase brand, if the right people are aware that the brand is being advertised, it is impossible for money to be wholly wasted.

Recent understanding of how much advertising works lends power to this belief. The late Andrew Ehrenberg long argued that the role for advertising for established brands was much more to do with publicity than persuasion: people don't need to be talked into buying brands with which they're already familiar. But brand values fade and need to be refreshed and brand equity needs to be replenished. It's more and more widely accepted that maintaining salience, topping up fame, providing brand sustenance – simply being out there – may be the principal contribution that mass advertising makes to mass brands. By far the most important decision that an advertiser makes is the decision to advertise.

The purpose of disinterring this truth about advertising's most basic function is not to encourage marketing complacency; not to stop advertisers striving for excellence. Indeed, it's the absolute opposite.

To be reminded just how unlikely we are to make a catastrophic error is to be liberated: liberated to be less of a slave to caution; liberated to experiment, both in content and in levels of expenditure; liberated to test the waters, to try things out, to suck it and see. The penalties for getting it wrong will be barely measurable. The rewards for getting it right can be heady.

Let me return to this basic truth: *If the medium you've chosen reaches the people you want to reach, and if your medium clearly carries the name of your brand, your money will not have been wasted.*

Given this under-recognised and deeply reassuring comfort blanket, we can return to more familiar territory – the role of something called creativity; or to be precise, *advertising* creativity. Advertising creativity may borrow the tools of the fine arts – the words, the sounds, the images – but in all other respects it is different. It exists not for its own sake but in order to have a defined and calculated effect – on people's opinions, feelings or behaviour.

"To be reminded just how unlikely we are to make a catastrophic error is to be liberated"

There are some who, puzzlingly, still talk of creativity and effectiveness as though they were disconnected outcomes; as though advertising can be highly creative while failing to achieve its functional objectives. That's like honouring a bridge for its aesthetic beauty while closing it to traffic for safety reasons. In advertising, creativity is never an end in itself – its sole purpose is to make commercial communication more telling, more evocative, more compelling, more moving, more rewarding, more likeable, more readily understood – than any unadorned brand name could ever achieve.

At its most basic, creativity in advertising exists for just one purpose: to make an advertiser's money go further. And at its best, as any number of well-documented cases celebrate, it can do so in multiple increments.

But the conscientious analysis of a thousand case histories will never guarantee the emergence of another. Trying to do something that's never been done before doesn't just run the risk of risk: it knowingly invites it. And that's why the basic truth about advertising, however unheroic it may sound, should be far more openly acknowledged; and indeed celebrated.

It should be the commonplace truth that frees us all to search for the exceptional.

Who runs WPP

Board of Directors

Non-executive chairman

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

Executive directors

Sir Martin Sorrell
Chief executive

Paul Richardson
Finance director
Chairman of the Sustainability Committee

Non-executive directors

Jacques Aigrain
Chairman of the Audit Committee
Member of the Compensation Committee

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

Sir John Hood
Chairman of the Compensation Committee

Ruigang Li
Member of the Nomination and Governance Committee

Daniela Riccardi
Member of the Nomination and Governance Committee

Nicole Seligman
Senior independent director

Hugo Shong
Member of the Nomination and Governance Committee

Timothy Shriver
Member of the Compensation Committee

Sally Susman
Member of the Nomination and Governance Committee

Sol Trujillo
Member of the Audit Committee

Members of the Advisory Board

Jeremy Bullmore

John Jackson

Bud Morten

Koichiro Naganuma

John Quelch

Richard Rivers

Guiseppe Sala

Cuneyd Zapsu

Company Secretary

Marie Capes

Board of Directors

Roberto Quarta Non-executive chairman Age 66

Roberto Quarta was appointed as a director with effect from 1 January 2015 and became Chairman of WPP in June 2015. He is 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 IMI plc and a Non-Executive Director at BAE Systems plc, Equant NV, Foster Wheeler AG and PowerGen plc.

Sir Martin Sorrell Chief executive Age 71

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 58

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.
paul.richardson@wpp.com

Jacques Aigrain Non-executive director Age 61

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 on the Executive Committee of Swiss Re AG from 2001 to 2009 including CEO from 2006, 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 and 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 and Supervisory Board Member of Lufthansa AG until April 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 49

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.

Sir John Hood Non-executive director Age 64

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 Study Group Limited and BMT Group. 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 46

Ruigang Li was appointed a director of WPP in October 2010. He is the Founding Chairman of CMC Capital Partners and CMC Holdings (CMC), China's most prestigious platforms for media and entertainment investment and operation with an extensive coverage across the entire spectrum of traditional and internet space. Ruigang Li has led CMC to create a number of champions and emerging leaders in key sub-sectors including television, film, animation, sports, music, location-based entertainment, financial media, financial and media data services, advertising, e-commerce, ticketing, mobile video social network, game and education. Ruigang Li was the Chairman and President of SMG (Shanghai Media Group) for more than 10 years and successfully transformed SMG from a Shanghai-based provincial broadcaster into China's leading media conglomerate with the most diversified business scope.

Daniela Riccardi Non-executive director Age 56

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.

Nicole Seligman Non-executive director Age 59

Nicole Seligman was appointed a director on 1 January 2014. Most recently, Ms Seligman served as 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 60

Hugo Shong was appointed a director on 13 May 2013. He is the Founding General Partner of IDG Capital Partners 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 56

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 54

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 64

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, EMEA and Asia-Pac. 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.

How we behave and how we're rewarded

Directors' report

Report by Roberto Quarta
Chairman of the Company and chairman of the Nomination and Governance Committee

Dear share owner

This is my first letter as chairman of your Company, having taken up the role last June.

I have run companies in sectors as diverse as manufacturing, engineering, distribution and electronics so, while my background is not in advertising and marketing services, I would like to think that this degree of separation from the business, and the breadth of my own experience, lend both independence and perspective – two qualities essential for any chairman.

Over the years people have asked me: what is the chairman's agenda? That's easy. There is none. There is only the agenda of our stakeholders: whether they are our people, clients, share owners or the broader communities with whom we have relationships.

With that in mind, here are some notes from a relative newcomer after what has been yet another record year for WPP.

First, reasons to celebrate. We have an excellent business. It is well run. It produces stellar results year in, year out and enjoys – on balance – contented investors.

One of the differences between our business and many others is that its principal assets are not plant and machinery, but human. Senior staff retention is strong. The business was built in part through acquisition and many founders of acquired companies are still with us long after their earn-outs have ended.

Speaking of entrepreneurs, it hardly needs me to say that your Company's founder has made an extraordinary contribution to this business as CEO. The accolades Sir Martin receives on a regular basis say it better than I ever could. In the last year alone he was named the world's fifth best performing CEO by the *Harvard Business Review*, and voted the joint most impressive business person in the UK in the Ipsos MORI *Captains of Industry survey.*

This recognition matters, because it adds to the reputation of your Company and all the operating businesses within it. Sir Martin's public profile, as one of the world's most successful CEOs and a leading commentator on global economic affairs, is of enormous material value to WPP, bringing prestige, talent and new business to the Group.

Second, some reflections. Times are always changing. WPP's succession planning, as my distinguished predecessor Ambassador Philip Lader said last year, is "steadily more rigorous and comprehensive."

We are obliged to consider succession from two angles: first, as an orderly, planned process; and second, as something potentially more sudden as recent tragic events have shown. As Philip said, "Sir Martin, like all of us, is not immune from being hit by the proverbial bus."

At some point we all leave our jobs. The question is when. Whether, in Sir Martin's case, that happens tomorrow, in one, two, three, four or five years, or even over a longer period, we have already begun to identify internal and external candidates who should be considered.

Since joining your Board, I have seen first-hand a rigorous and comprehensive process, where independent members of the Board and the chairman regularly meet not just those who report directly to Sir Martin, but also the senior tier below.

Seeing people regularly, gives your Board insight into individual businesses and helps us get to know senior management and consider whether they have the attributes for a future chief executive of this Group.

Do they understand the Group or just their own business? Familiarity with clients, familiarity with strategy are key. What would they do if they became chief executive?

Before and since my appointment, the Board has had a very productive session in which all members shared views on who, specifically, might or could succeed Sir Martin now or in the more distant future. The list of candidates discussed must be constantly refined and reconsidered and I and the other independent members of the Board will continue to focus on this in 2016 and beyond.

Share owners should have no doubt that we already have a strong pool of internal and external candidates to draw from.

Third, some predictions. This may be my first year as your chairman, but I am aware of the rhythms and rituals of the Company calendar.

In the lead-up to our AGM there will be debate about compensation.

The record performances that form executive pay mean that share owners have been handsomely rewarded over the years as their investments increase in value substantially. But there are critics.

The first thing to remember about compensation schemes is that they don't happen overnight. The headlines we will inevitably read concern obligations and agreements put in place several years ago for our executives.

The Board must assess whether pay is aligned with share owner interest. That's not about quantum. It's about alignment. Was the pay plan approved by a majority of share owners? The answer is yes. The plan was laid out; the results are laid out. The performance is there; the metrics are there. This is a matter of record, contract and history. It is not the future.

Other changes are on the horizon. This year we have instituted an externally-facilitated Board review by a leading expert in this field.

I promised share owners that we would appoint a well-known, respected professional to review our Board composition and effectiveness and that we would report in due course on the outcome.

The review has evaluated Board processes, Board discipline, composition, dynamics and effectiveness. Our expert has attended Board and committee meetings as an observer and held one-to-one discussions with each director and the Company Secretary.

The full report will be considered by the Board at the end of April and will help us to be a more effective and efficient Board, whose agenda reflects the needs of the Board, and the Company's stakeholders. This is my job and one I aim to do with fresh eyes and ears.

As part of the Board evaluation process, we are identifying its strengths and weaknesses. Perspective is vital. My idea of a great Board is a group of diverse people sitting round the table who bring informed, well thought-out, experienced perspectives and who, when combined, add value to the business.

While the proportion of women on our Board, for example, is in line with internal targets of 30%, there is always room for further improvement.

Fourth, a thank you and a sad farewell. As I complete my first letter to share owners, I would like to thank Philip Lader for his outstanding 14 years as your chairman. His ready wit, fine style and tremendous scope of vision are well known.

On behalf of every Board member I wish him the very best for the future and register our deep gratitude for his service.

I would also like to remember and honour the wisdom and service of Roger Agnelli, a non-executive director since 2013 who died tragically in March this year.

Finally, in conclusion, a pledge. I am well aware that I can only claim the status of newcomer for so long, and that I have a window of opportunity to deliver the things I have described. I do not intend to delay.

Whatever issues we identify collectively will not be solved by revolution – they'll be solved by evolution. Logical steps, clearly understood by all, taken in the interests of everyone with a stake in the future of this remarkable Company.

Roberto Quarta
15 April 2016

Review of the Company's governance and the Nomination and Governance Committee

Report by Roberto Quarta
Chairman of the Nomination and Governance Committee

Nomination and Governance Committee members

	Attendance at 4 meetings in 2015
Roberto Quarta (Chairman)[1]	3
Philip Lader[2]	2
Charlene Begley	4
Roger Agnelli[3,5]	2
Ruigang Li	1
Daniela Riccardi[4]	1
Jeffrey Rosen[2]	2
Hugo Shong	4
Tim Shriver[3]	3
Sally Susman	3

[1] Appointed to the committee on 9 February 2015.
[2] Retired from the committee on 9 June 2015.
[3] Retired from the committee on 10 October 2015.
[4] Appointed to the committee on 10 October 2015.
[5] Roger Agnelli tragically died on 19 March 2016.

Dear share owner

Committee responsibilities and how they were discharged in 2015

The principal focus of the four meetings of the Nomination and Governance committee in 2015 were:

- succession planning for the CEO and senior management;
- Board and committee composition;
- the appointment of a new senior independent director and chairman of the Audit Committee;
- Board evaluation; and
- share ownership guidelines for non-executive directors.

Succession planning

As the new chairman and chairman of the Nomination and Governance Committee, I have had extensive discussions with share owners on the issue of succession and understand their request for greater transparency of reporting and to integrate the Board evaluation process with succession planning. The committee and the full Board fully appreciates that strategic, thoughtful and practical succession planning is critical to the long-term success of the Company.

The Board has for some time had a strategy in place for an agreed or foreseen departure of the senior management team including the CEO and CFO and also in the event of sudden emergencies, where an individual cannot continue working.

During 2015, the Board has held three detailed senior management and CEO succession planning reviews and has met with the senior management teams of all of the major operating companies within the Group and in many cases the tier of managers below to develop their understanding of the diversity of the pipeline of internal candidates and continually reassess the succession plans.

The committee has also considered the attributes for future non-executive director appointments in the context of the strategic development of the Group, which include business-specific and digital or data analytics expertise, back office integration and UK governance experience.

New senior independent director

The Board announced the appointment of Nicole Seligman as senior independent director on 4 April 2016, following the recommendation of the committee and succeeding Jeffrey Rosen who retired at the 2015 AGM. Ms Seligman was appointed to the Board in January 2014 and has served on the Compensation Committee and attended the other committee meetings at the invitation of the chairmen of those committees.

Committee composition

Jacques Aigrain succeeded Colin Day as chairman of the Audit Committee with effect from the close of the 2015 AGM following the recommendation of this committee. Jacques Aigrain has been a member of the committee since joining the Board in May 2013 and is considered as the committee's financial expert for Sarbanes-Oxley Act (SOX) purposes and together with Charlene Begley as having recent and relevant financial experience for the purposes of the UK Corporate Governance Code.

The committee reviewed the composition of each of the Board Committees and the Board agreed following that review to realign and reduce committee memberships in October 2015, to reflect the skills and interests of respective directors. Subject to their appointment and reappointment at the AGM, the amended composition of our three main committees will continue to be as follows:

Committee composition 2016	Audit Committee	Compensation Committee	Nomination and Governance Committee
Roberto Quarta		●	Chair ●
Jacques Aigrain	Chair ●	●	
Charlene Begley	●		●
Sir John Hood		Chair ●	
Ruigang Li			●
Daniela Riccardi			●
Nicole Seligman			
Hugo Shong			●
Tim Shriver		●	
Sally Susman			●
Sol Trujillo	●		

Board and committee evaluation

The annual evaluation of the Board's and all committees' effectiveness was commenced at the end of 2015 following the appointment of the new chairman and the realignment of the committee memberships. The evaluation process is being externally facilitated by Dr Tracy Long of Boardroom Review Limited who has no other connection with the Group. Dr Long has attended Board and committee meetings as an observer and has held one-to-one discussions with each director and the Company Secretary. Dr Long's observations from these discussions and meetings are being reviewed by the Board with proposals being made to the full Board as to improving Board effectiveness.

The results of the evaluation will be considered in the 2015 Sustainability Report to be published in June 2016 and discussed as part of the ongoing dialogue with share owners.

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 briefing focused especially on the changes related to remuneration, ongoing risk management and internal control and the requirement for directors to provide a longer term viability statement in respect of the financial year ended 2015 taking into account the Group's current position and principal risks.

Share Ownership Guidelines

The committee reviewed the guidelines for non-executive director share ownership considering practices in the UK and the US and investor guidance. The committee recommended and the Board approved that non-executive directors should accumulate shares with a value equivalent to one year's fees on a post-tax basis during their tenure, to align the interests more fully with share owners.

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 2015. A more detailed review of our sustainability performance and activities can be read on pages 155 to 161 and in our 2015/2016 Sustainability Report and Pro bono book to be published in June 2016.

Terms of reference

The committee's terms of reference, which are reviewed with the Board annually and most recently in April 2015, are on the Company's website at wpp.com/investor.

Roberto Quarta
15 April 2016

Review of the Audit Committee

Report by Jacques Aigrain
Chairman of the Audit Committee

Audit Committee members

	Attendance at 8 meetings in 2015
Jacques Aigrain (Chairman)	8
Colin Day[1]	5
Sol Trujillo	7
Jeffrey Rosen[1]	5
Roger Agnelli[3]	8
Charlene Begley	8
Hugo Shong[2]	5

[1] Colin Day and Jeffrey Rosen retired from the committee on 9 June 2015.
[2] Hugo Shong retired from the committee on 10 October 2015.
[3] Roger Agnelli tragically died on 19 March 2016.

Dear share owner

We held eight meetings during the year, which were attended by Deloitte LLP, the Company's external auditor, the Company's chairman, the Group finance director, the director of internal audit, the Group chief counsel, the Group chief accountant and the Company Secretary.

Committee responsibilities and how they were discharged in 2015

The main matters we dealt with during 2015 were as follows:
- monitoring the integrity of the Company's financial statements and reviewing significant financial reporting judgements;
- reviewing internal controls and internal audit activities;
- assisting the Board in meeting its responsibilities in respect of carrying out a robust assessment of the principal risks affecting the Group and 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, the earnout payments profile review 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 IT transformation project and integration initiatives; and
- reviewing issues raised on our Right to Speak helpline and the actions taken in response to those calls.

Fair, balanced and understandable

A sub-committee of the Board including two members of this committee examined whether the Annual Report and Accounts for 2015 was fair, balanced and understandable and provided the information necessary for share owners to assess the Group's position, performance, business model and strategy. The sub-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 169.

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 2015 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 2015 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 44 to 47:

- 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 2015;
- the restructuring charges incurred as part of a restructuring program in 2015 relating to Kantar, GroupM and IBOPE and whether these are exceptional. The committee supported management's analysis of the nature of the restructuring charges;
- the judgements made in determining the gains on investments made in 2015 on the comScore, eRewards and Chime transactions. The committee agreed that the approach adopted by management is appropriate;
- the judgements made in respect of the recoverability of other media income and 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 by management to accounting for exceptional expenses incurred in relation to the ongoing IT Transformation project, 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 the level of central 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 viability statement and key forecast assumptions. The committee concur with management's going concern assumptions as set out on page 47.

External audit

Deloitte have been WPP's auditors since 2002. The lead partner rotates every five years and the latest rotation took effect during 2015. In 2015, 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 2015 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 Review on Deloitte. The committee recommends the reappointment of Deloitte at the AGM on 8 June 2016.

The committee considered the Group's position on its audit services contract in the context of the regulations concerning the audit market. Although there is no immediate intention to tender the audit contract, the Company will re-tender at the latest by the 2022 year end in compliance with the transitional arrangements for competitive tender that require mandatory rotation after the 2023 fiscal year-end.

The Company confirms that it has complied with the Competition and Markets Authority final order on mandatory tendering and audit committee responsibilities.

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 principal 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 was 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 2015 is shown in note 3 on page 189.

Committee Evaluation

The committee and its members were formally assessed by the Nomination and Governance Committee as part of the review of committee composition in 2015 and as part of the evaluation process described on page 117 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 together with Charlene Begley 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 110.

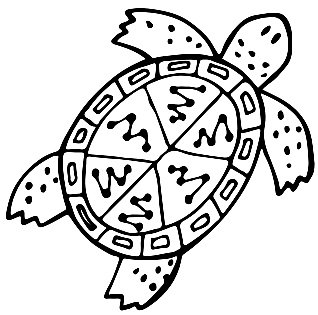
Terms of reference

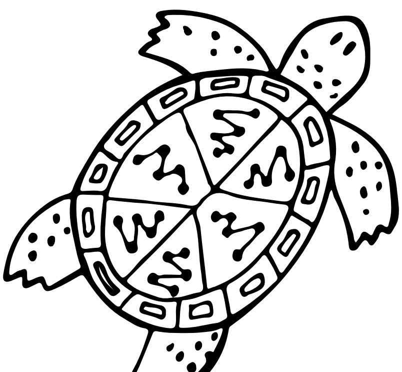
The committee's terms of reference, are reviewed annually and most recently in April 2015 and can be viewed on the Company's website at wpp.com/investor.

Committee membership

This is my first report as chairman of the committee and I would like to thank Colin Day for his hard work over many years as a member of and subsequently chairman of the committee. We will greatly miss Roger Agnelli from the committee – his commitment and wisdom were appreciated by all of us who were privileged to work with him.

Jacques Aigrain
15 April 2016





Letter from the chairman of the Compensation Committee

Dear share owner

As Chairman of the Compensation Committee, I am pleased to present this report on directors' compensation for the year ended 31 December 2015. This report sets out how we have implemented the compensation policy that you as share owners approved in 2014, and for your convenience, provides a reminder of the details of that policy. I would also like to take this opportunity to describe the key topics that have been considered in 2015.

During the year, the Nomination and Governance Committee reviewed the composition of each of the Board committees, including the Compensation Committee. Following this review, it was agreed to reduce directors' committee membership, to most effectively align their skills and interests with the needs of each of the Board committees. The result of this review is that the Compensation Committee now comprises myself as Chairman, Roberto Quarta, Jacques Aigrain and Tim Shriver.

At the 2015 AGM, 80% of share owners voted in support of the 2014 Compensation Committee Report. The committee carefully reviewed the reasons why 20% of share owners felt they needed to abstain or vote against the report and considered what was necessary to address their concerns. The primary reason for their vote related to the 2014 total compensation for the CEO. This 'single figure' was largely driven by the vesting of a five-year long-term incentive award that was granted under a plan approved by share owners in 2009 ('LEAP III'), based on a plan first approved in 1999 ('Original LEAP'). Of this 'single figure', 84% of the value realised resulted from the vesting of this long-term incentive award, with a further 8% being awarded to reflect short-term performance. The committee, while aware of the concerns, needs to remind share owners that the LEAP stock awards are contractual and it is not possible to reduce awards if the targets have been achieved. The committee was and remains comfortable that the value realised under LEAP aligned with very strong returns in terms of share price growth and strong dividend payments. It also reflected excellent annual and multi-year operating performance, with 2014 being another record-breaking year for the Group. The secondary reason for some share owners abstaining or voting against the report was the provision of a spousal travel benefit to the CEO.
As a result, this benefit was removed, with the CEO's agreement, as of 2015. Furthermore, Sir Martin Sorrell decided to repay the sum he received for spousal travel disclosed in last year's report.

2015 was yet another record-breaking year for the Group with many performance highlights, including EBITDA exceeding £2 billion for the first time. Against this backdrop of excellent sustained long-term performance, the committee again expects share owner and media focus in 2016 to be on the total compensation for Sir Martin Sorrell. I will explain this in more detail in the sections below, but again, it is driven by the outstanding performance of the Company over the last five years relative to our peers and the market-leading returns delivered to share owners.

Pay for performance in 2015

A focus on performance and an ownership mindset are central to the culture at WPP, and the committee firmly believes the compensation programs are an important part of this principle. WPP incentivises its Executive Directors and other senior executives to deliver and drive sustainable share owner returns, with plans that measure performance over the short- and long-term. The annual performance of the Company is measured and rewarded under the short-term incentive plan. In 2015, performance against our key measures of like-for-like PBT growth of 9.3%, like-for-like net sales growth of 3.3% and constant currency net sales margin improvement of 0.4% were all excellent. For the financial component of the short-term incentive plan, this resulted in awards of 162% of target. The individual component for each Executive Director was based on areas of strategic importance to the Group, for which they are directly accountable. Details are set out later in the report, but in general performance was equally strong.

Since 2013, WPP has granted long-term incentive awards under a new plan: the Executive Performance Share Plan (EPSP). The design of this plan was strongly informed by share owner feedback, including the removal of the upside of five times the executives' investment, potentially available under LEAP, and the incorporation of additional performance metrics. The historic long-term incentive plan, LEAP, under which the 2011 award was made, was a co-investment plan that required executives to pledge shares that would be matched at the end of the five-year performance period depending on the TSR performance of the Company relative to our peer group.

The 2011 awards, which vested in full on 14 March 2016, were based on performance over the five financial years to 31 December 2015. Over this period WPP achieved TSR of 134.9%, out-performing our peers and broader market indices in Europe and the US. This was underpinned by strong financial performance. The key performance highlights over the five-year performance period were:

- More than doubling of market capitalisation to £20.2bn, represented by a 14.6% compound annual increase in share price
- a 31.1% increase in revenue
- a 44.4% increase in headline PBIT
- a compound annual growth in the dividend of 20.2%
- TSR that out-performed our most direct competitors, Omnicom and Publicis, as well as 95% of the FTSE 100, weighted by market capitalisation
- An increase in permanent employees of 23% to 124,930

While the value of Sir Martin Sorrell's award is very large, it was the result of an outstanding set of returns to share owners.

Pay policy and implementation

At the end of January 2015, Mark Read stood down from the Board to take up the role of CEO of Wunderman. We have pro-rated his compensation and benefits to reflect his time on the Board, as outlined in the report that follows.

During the year, the committee reviewed the base salary of the Chief Executive and Chief Financial Officer. The committee decided that in light of other pay and incentive rewards, no change to the level of base salary would be made. This means there haven't been any changes to the Executive Directors' base salaries since January 2013 for Sir Martin Sorrell, when his salary was reduced to its current level, and July 2013 for Paul Richardson.

Finally, in accordance with commitments made last year, we have implemented clawback arrangements to the cash bonus and EPSP awards. These arrangements take effect for 2016 and subsequent awards and permit a clawback of incentives for a period of up to three years after payment in the case of a prescribed event occurring. This amendment will work in tandem with the pre-existing malus clauses in the incentive plans.

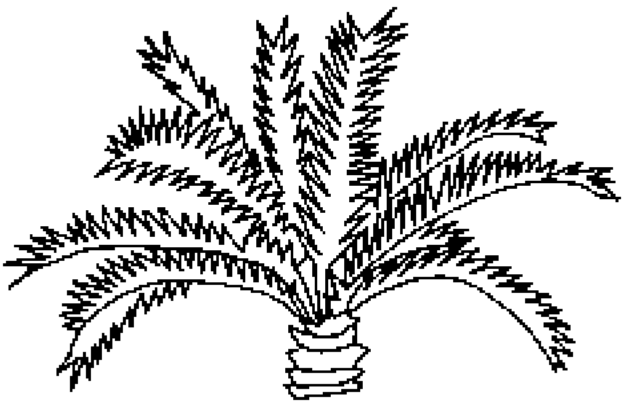
Performance targets for 2016

As part of the Committee's normal practice, in preparation for the 2016 EPSP awards, we have reviewed the ranges applied to the ROE and EPS measures and have concluded they remain appropriate, stretching and aligned to the guidance issued to share owners. The short-term incentive plan financial measures will remain the same as used in 2015.

Consultation with share owners

Our Executive Remuneration Policy will be re-presented to share owners for approval at the AGM in 2017. We plan to consult with our major share owners and representative bodies during 2016 to present our thoughts and seek their views.

Sir John Hood
Chairman of the Compensation Committee
15 April 2016

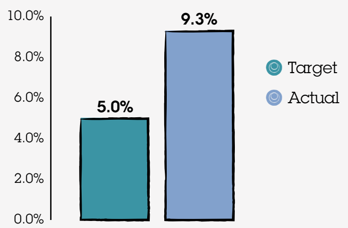


At a glance

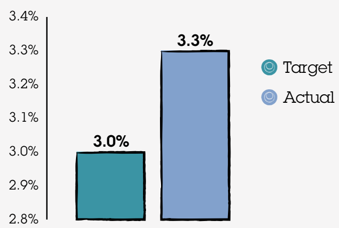
How we performed in 2015

Group financial performance measures:

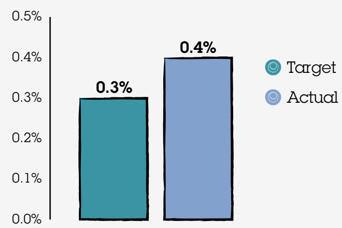
Headline PBT growth



Growth in net sales

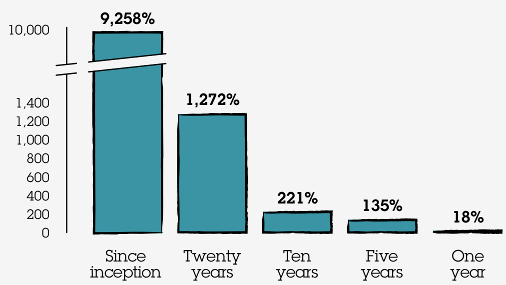


Headline net sales margin improvement



Long-term total shareholder return performance[1]

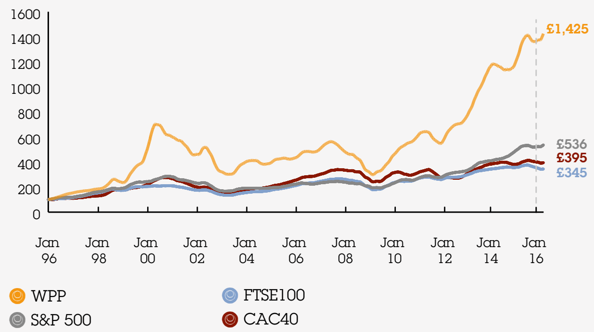
WPP Total Shareholder Return ('TSR')



FTSE 100	253%	70%	37%	-2%
S&P 500	423%	137%	101%	6%

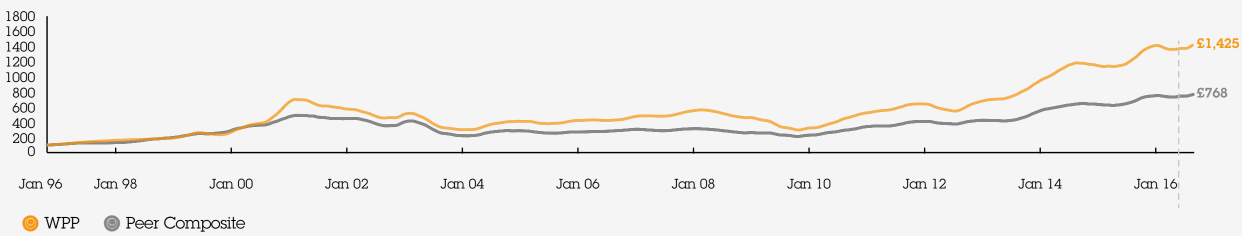
Source Datastream. TSR calculated up until 31 December 2015.

Change in value of a £100 investment in WPP over 20 years relative to indices



Source Datastream. TSR calculated up until 31 March 2016.

Change in value of a £100 investment in WPP over 20 years relative to a composite index of peers

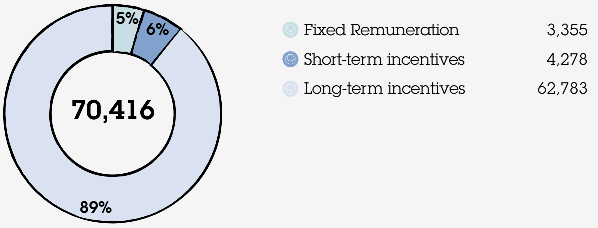


Source: Datastream. TSR calculated up until 31 March 2016. "Peer Composite" comprises Havas, IPG, Omnicom and Publicis, and from its date of listing in 2001; Dentsu. All data has been converted on a daily basis into GBP. It is assumed that an investment is made on a market-cap weighted basis across all companies, redistributed at the end of each day.

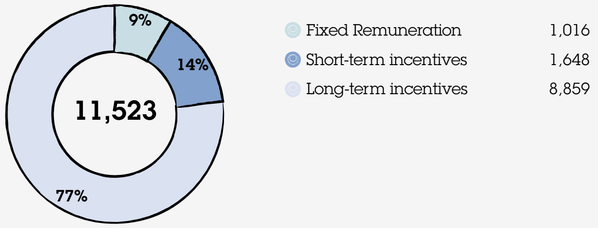
[1] TSR calculated using an averaging period of one-month (one-year TSR) or six months (longer-term TSR) in common currency.

How much the executive directors earned in 2015 (£000)

Sir Martin Sorrell



Paul Richardson



How we will implement our compensation policy in 2016

Key measures of five-year performance

	Policy		Implementation[1]	
		2016	Sir Martin Sorrell	Paul Richardson
Base salary and fees	▪ 24-month review period	No change	£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)	No change	Opportunity: 0% – 435% Target: 217.5%	Opportunity: 0% – 300% Target: 200%
Long-term incentives	▪ TSR, EPS and ROE ▪ Five-year performance ▪ 100% WPP shares	No change	Opportunity: 0% – 975%	Opportunity: 0% – 400%

[1] Opportunity and target expressed as a percentage of base salary and fees.

Implementation report

This section of the Compensation Committee report contains details of how the Company's Executive Remuneration Policy was implemented in 2015.
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 2015 executive remuneration together with a summary of pay across the Group.

Governance in relation to compensation

Compensation Committee members

	Attendance at 5 meetings in 2015
Committee effective 10 October 2015	
Sir John Hood (Chairman)	5
Jacques Aigrain	5
Roberto Quarta[1]	5
Tim Shriver	5
Pre-October committee members	
Roger Agnelli[2,3]	4
Colin Day[4]	4
Ruigang Li[2]	3
Daniela Riccardi[2]	3
Jeffrey Rosen[4]	4
Nicole Seligman[2]	4
Hugo Shong[2]	4
Sol Trujillo[2]	4

[1] Appointed to the Compensation Committee at the WPP Board meeting held on 9 February 2015.
[2] Retired from the Compensation Committee on 10 October 2015.
[3] Roger Agnelli tragically died on 19 March 2016.
[4] Retired from the WPP Board on 9 June 2015, following the AGM.

During 2015, the Nomination and Governance Committee reviewed the composition of each of the Board committees and the Board agreed, following that review, to realign and reduce committee memberships in October 2015. The goal was to reflect the skills and interests of the respective directors, matching these with the needs of the Board. Therefore the Compensation Committee membership was amended as detailed in the table above.

During 2015, the Compensation Committee met five 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 136) 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 invites 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 retains Willis Towers Watson to act as independent advisors. Willis 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. Willis 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.

Willis Towers Watson provides limited other services at a Group level, however some of the operating companies may engage advisors, including Willis Towers Watson, at a local level.

In 2015, Willis Towers Watson received fees of £87,190 in relation to the provision of advice to the Committee. The Committee receives external legal advice, where required, to assist it in carrying out its duties.

Statement of share owner voting

In 2015, a number of share owners expressed concern at the overall level of pay for the Executive Directors. The compensation levels were driven by the maturing of a five-year LEAP award and the increase 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). 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	757,414,100	79.97	189,727,858	20.03	947,141,958	26,502,257

The Compensation Committee reinforced the existing malus provisions by implementing clawback. This will allow, in respect of performance year 2016 onwards, recovery of performance-related remuneration should it be determined that fraud, breach of fiduciary duty or a material misstatement caused determination of the amounts of performance-related remuneration paid or vested to be incorrect. Clawback will apply for three years post payment or vesting of an incentive award. As noted in the committee Chairman's letter, the policy will be resubmitted to share owners in 2017 for approval. Major share owners and representative bodies will be consulted in advance of the new policy being submitted for approval.

Executive directors' total remuneration received (audited)

Single total figure of remuneration in 2015 and 2014

		Base salary and fees	Benefits[4]	DEPs[5]	Pension	Short-term incentives[6]	Long-term incentives[7]	Total annual remuneration
		£000	£000	£000	£000	£000	£000	£000
Sir Martin Sorrell[1]	**2015**	**1,150**	**200**	**1,545**	**460**	**4,278**	**62,783**	**70,416**
	2014	1,150	179	1,288	456	3,590	36,041	42,704
Paul Richardson[1,2]	**2015**	**718**	**82**	**–**	**216**	**1,648**	**8,859**	**11,523**
	2014	674	67	–	202	1,542	8,734	11,219
Mark Read[3]	**2015**	**37**	**2**	**–**	**5**	**–**	**2,175**	**2,219**
	2014	440	8	–	63	737	2,187	3,435

[1] Any US dollar amounts received in 2015 have been converted into sterling at an exchange rate of $1.5288 to £1.

[2] Paul Richardson's base salary figure is denominated in US dollars other than his fee for directorship of WPP plc which amounts to £100,000. There has been no change in base salary over 2014 and differences to the 2014 value are due to a change in exchange rates.

[3] Mark Read's remuneration figures have been pro-rated to align with the time spent as an Executive Director of WPP. The long-term incentive figure has been pro-rated to reflect the 4 years and 1 month of the 5-year performance period in which Mark Read served as a member of the WPP Board. There was no short-term incentive entitlement in relation to his time on the Board in 2015. Mark Read stepped down from the WPP Board on 27 January 2015.

[4] Details of benefits are set out on page 127. The 2014 benefits figure for Sir Martin Sorrell has been adjusted to reflect his personal decision to repay a sum of £274,000 in respect of spousal travel costs.

[5] 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 2015 totaling £1,545,340, £1,288,191 during 2014, in respect of the shares reflected in the UK and US Deferred Stock Units Awards Agreements, these agreements that now comprise the awards granted under the Capital Investment Plan in 1995.

[6] This is the aggregate amount awarded for the 2015, and 2014, financial years' performance. The awards are delivered equally in a deferred share bonus in the form of an ESA which vests two years from the date of grant subject to continued employment and cash.

[7] This is the value of the 2011, and 2010, LEAP awards which vested in 2016, and 2015, following the end of the five-year performance period on 31 December 2015, and 31 December 2014.

Fixed elements of remuneration (audited)

Base salary and fees

	Effective/ last review date	Contractual salary and fees 000	Base salary and fees received in 2015 000
Sir Martin Sorrell	1 January 2015	£1,150	£1,150
Paul Richardson	1 July 2015	$945 and £100	$945 and £100
Mark Read[1]	1 July 2013	£440	£37

[1] Mark Read's base salary and fees value represent the pro-rated amount up to his retirement from the Board on 27 January 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, but not necessarily changed, every 24 months.

Benefits, dividend equivalent payments and pension

	2015 Benefits £000	2015 DEPs £000
Sir Martin Sorrell	200	1,545
Paul Richardson	82	–
Mark Read[1]	2	–

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 that are detailed in the numbers above include car and/or car allowance, healthcare, life assurance, long-term disability allowance 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 £1,545,340, £1,288,191 during 2014, which are due on certain of Sir Martin Sorrell's deferred share awards. The following table provides a breakdown of the key taxable benefits for 2015:

	Car benefits £000	Healthcare £000	Accommodation allowance £000	Other expenses £000
Sir Martin Sorrell	37	54	47	62
Paul Richardson	24	12	23	23
Mark Read[1]	–	0.2	–	2

	Contractual pension (% of base salary and fees)	2015 Pension £000
Sir Martin Sorrell	40%	460
Paul Richardson	30%	216
Mark Read[1]	15%	5

[1] Mark Read's benefit and pension values represent the pro-rated amount up to his retirement from the Board on 27 January 2015.

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 contribution rates in the last year.

Variable elements of pay (audited)

Short-term incentive

This section summarises the Compensation Committee's assessment of the Executive Directors' performance during 2015 under the short-term incentive plan. Mark Read was ineligible for a short-term incentive in respect of his Executive Director role from 1 January 2015 to 27 January 2015.

2015 short-term incentive plan outcome (percentages expressed relative to base salary and fees)

	Actual short-term incentive received	Attributed to financial objectives	Attributed to personal objectives	Total 2015 short-term incentives £000
Sir Martin Sorrell	372%	247%	125%	4,278
Paul Richardson	230%	184%	46%	1,648

According to our policy, 50% of the 2015 short-term incentive will be delivered in the form of shares as an Executive Share Award (ESA) with a two-year deferral requirement. ESAs are subject to malus provisions.

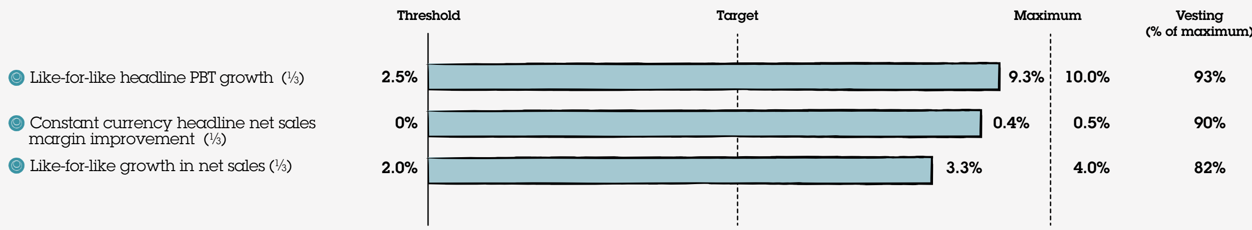
Performance against financial objectives

Performance against all financial objectives is calculated on a pro forma ('like-for-like') basis other than Net Sales margin that is calculated on a constant currency basis. The key financial short-term incentive plan objectives for all the Executive Directors are consistent with 2014 and provide a robust basis for assessing financial achievement.

As illustrated below, the 2015 financial performance of the Group was very strong. For the Group CEO and CFO, strong PBT and net sales margin improvement produced performance well above target, achieving 93% and 90% of the maximum award respectively. The net sales growth achieved an above target performance equivalent to 82% of the very ambitious maximum.

Group performance (CEO and CFO)

2015 financial objectives (70% of the award)



Performance against individual strategic objectives (30% of the award)

Executive director	Personal measure 2015	Clarification of measures	Maximum potential (% of base salary and fees)	Award received (% of maximum)
Sir Martin Sorrell	Leadership planning	Actively managing the process of strengthening the Group's senior leadership teams through internal development, promotions, transfers and external hires.	131%[1]	95%
	Strategic planning & execution	Key focus areas include maintaining creative excellence; driving strategy in the digital, data, analytics and new markets; improving the effectiveness of the WPP horizontality approach to enhance client service delivery.		
Paul Richardson	Working capital management	Improving year-on-year rolling average net working capital as a percentage of the annual revenue trend.	90%[2]	51%
	WPP IT transformation	Implementing a transformational program of outsourcing IT services to produce enhanced service and cost savings in future years.		
	Financial control	Demonstrating measures taken to improve operating company balance sheet control and management.		

[1] Figure relates to 30% of the 435% maximum bonus potential for Sir Martin Sorrell.
[2] Figure relates to 30% of the 300% maximum bonus potential for Paul Richardson.

2015 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	2015 award % against target/ maximum	Total 2015 short-term incentive award 000
Sir Martin Sorrell	£1,150	217.5%	435%	171%/86%	£4,278
Paul Richardson	$945 + £100	200%	300%	115%/77%	£1,648

As noted above, 50% of the 2015 bonus is delivered in the form of WPP shares as an Executive Share Award (ESA). These shares are 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 2016

The Committee has reviewed the performance objectives and weightings for 2016 to ensure continued alignment with the Company's strategies. The weighting of financial objectives (70%) and individual strategic objectives (30%) will remain unchanged as will the Group financial measures of headline PBT growth, net sales margin improvement and net sales growth.

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)

2011 – 2015 LEAP III awards vesting

The 2011 awards were granted under LEAP III, the long-term incentive plan which in 2013 was replaced by the EPSP. Vesting of LEAP 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 93% 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 135% which means that a shareholding of £100 at the start of the period would be worth £235 at the end. 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 previously 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 to the executive directors pledged shares of 500%, equating to the maximum award.

	Number of shares vesting	Share price on vesting £	Value of match at grant price of £6.6475 £000	Value added due to share price appreciation and dividends £000	2015 Long term incentives £000
Sir Martin Sorrell	3,982,605	15.76435	23,637	39,146	62,783
Paul Richardson	561,940	15.76435	3,335	5,524	8,859
Mark Read[1]	137,959	15.76435	819	1,356	2,175

[1] Mark Read was an executive director of WPP plc until 27 January 2015. Accordingly, his LEAP award shown in the table represents the pro-rated amount of his total award.

2015 EPSP awards granted

In 2015, the executive directors, along with a select number of senior executives within the Group, were granted awards under the Executive Performance Share Plan (EPSP). The 2015 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 2015 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	15% – 18% annual average[1]
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 2019	

[1] The ROE measure for EPSP awards issued in 2013 and 2014 was a 10% to 14% average return.

As in previous years, WPP's TSR performance is compared to companies representing our most relevant, listed global competitors, weighted by market capitalisation. In 2015, 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 9 June 2015 at the preceding five-day average share price of £15.172 (ordinary shares) or $115.88 (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	738,267	£11,201
Paul Richardson	400%	ADRs	37,970	$4,400
Mark Read	200%	Ordinary Shares	65,910	£1,000

EPSP measures and targets for 2016 – 2020

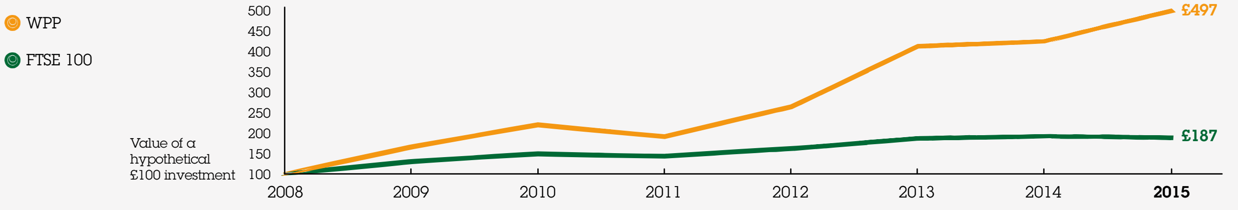
Following review, the committee agreed that the EPSP measures and targets that will be applied to awards made in 2016 will be the same as used in 2015 and detailed above.

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, 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 seven 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	2015
CEO total remuneration (£000)[2]	7,199	11,597	11,941	17,543	29,846	42,704	70,416
Year-on-year change in CEO total remuneration	63%	61%	3%	47%	70%	43%	65%
Short-term incentive award against maximum	32%	95%	77%	62%	82%	72%	86%
Long-term incentive award against maximum	50%	83%	46%	86%	87%	100%	100%
Change in annual TSR[3]	66%	32%	-13%	38%	56%	3%	18%
Change in five-year TSR[4]	10%	37%	13%	45%	241%	172%	135%

[1] Growth in the value of a hypothetical £100 holding of WPP ordinary shares over seven 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.

	2015	2014	% change
Total staff costs	£6,652.6m	£6,440.5m	+3.29%
Headcount – average over the year	124,930	121,397	+2.91%
Dividends and share buy-backs	£1,133.4m	£970.8m	+16.75%

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.

	Base salary and fees	Taxable benefits[1,2]	Annual bonus[3]
Group chief executive	0.0%	+11.7%	+19.2%
All employees	+3.3%	+4.2%	+8.5%

[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 taxable benefits percentage figure for the Group chief executive is calculated using the figure post his election to repay a sum of £274,000 in respect of spousal travel costs incurred in 2014.
[3] The annual bonus data for the Group chief executive uses the short-term incentive figures set out on page 126.

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 2014 and 2015, 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 152.

In 2015, the disclosable value of the expenses that would be chargeable to UK income tax totalled £148,276 (including £50,735 of national insurance and income tax, where relevant).

	Fees £000	
	2015	2014
Philip Lader[1]	211	475
Roberto Quarta[2]	305	–
Roger Agnelli[3]	114	120
Jacques Aigrain	121	110
Charlene Begley	100	96
Colin Day[1]	58	130
Sir John Hood	110	100
Ruigang Li	96	100
Daniela Riccardi	88	90
Jeffrey Rosen[1]	62	150
Nicole Seligman	86	90
Hugo Shong	112	120
Timothy Shriver	106	119
Sally Susman	80	80
Sol Trujillo	106	110

[1] Retired from the WPP Board following the 2015 AGM (9 June 2015).
[2] Received no fees in 2014.
[3] Roger Agnelli tragically died on 19 March 2016.

No compensation for loss of office was paid to non-executive directors who stepped down during the year.

Past directors

During 2015, payments were made to past directors who continued to provide advisory services to the Company. Payments were made to Stanley (Bud) Morten and John Quelch both having stepped down from the Board in June 2013. A payment of £83,726 was made to Mr Morten in respect of advisory services provided to the WPP Group. A payment of £18,176 was made to Mr Quelch in respect of educational presentations he gave to companies within the WPP Group and also in respect of advisory services provided to 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 2015, the Company's ESOPs (which are entirely independent of the Company and have waived their rights to receive dividends) held in total 17,154,359 shares in the Company (17,861,766 in 2014).

				Outstanding scheme interests			
Director		Total share interests (including charitable foundation)	Total beneficial interests and deferred awards[1]	Deferred awards (without performance conditions-vested but unexercised, included in Total beneficial)[2]	Shares without performance conditions (unvested)[3,4]	Shares with performance conditions (unvested)[5,6]	Total unvested shares
Sir Martin Sorrell[7]	At 31 Dec 2015	22,394,954	18,869,018	8,773,456	273,038[3]	8,349,528[5]	8,622,566
	At 15 Apr 2016	24,547,301	21,021,365	8,773,456	113,347[4]	4,793,733[6]	4,907,080
Paul Richardson	At 31 Dec 2015	920,265	920,265	–	113,935[3]	1,544,260[5]	1,658,195
	At 15 Apr 2016	1,000,265	1,000,265	–	49,085[4]	1,042,540[6]	1,091,625
Mark Read	At 31 Dec 2015	120,713	120,713	–	54,309[3]	479,649[5]	533,958
	At 15 Apr 2016	120,713	120,713	–	23,263[4]	328,819[6]	352,082

[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 2).
[2] 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 until November 2017 in accordance with share owner approval. Dividend shares will be due on the exercise of these options.
[3] Shares due pursuant to the 2013 and 2014 Executive Stock Awards, full details of which can be found on page 137. Additional dividend shares will be due on vesting.
[4] Shares due pursuant to the 2014 Executive Stock Awards, full details of which can be found on page 137. Additional dividend shares will be due on vesting.
[5] 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 138. Additional dividend shares will be due on vesting.
[6] As noted at footnote 5 above, less the maximum due under the 2011 LEAP III Award, which vested on 14 March 2016 (full details can be found on page 130).
[7] 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 2015, and at the date of this Compensation Committee report, all executive directors exceeded their respective share ownership guidelines by a substantial margin.

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 2015 or Board retirement date, if earlier	Total interests at 15 April 2016
Philip Lader[1]	11,950	n/a
Roberto Quarta	19,000	21,800
Roger Agnelli[2]	–	–
Jacques Aigrain	9,000	9,000
Charlene Begley	1,000	2,140
Colin Day[1]	15,240	n/a
Sir John Hood	–	–
Ruigang Li	4,000	4,000
Daniela Riccardi	–	–
Jeffrey Rosen[1]	12,000	n/a
Nicole Seligman	3,750	3,750
Hugo Shong	–	–
Timothy Shriver	10,070	10,070
Sally Susman	–	–
Sol Trujillo	10,000	10,000

[1] Retired from the WPP Board following the 2015 AGM (9 June 2015), share interests pre-retirement.
[2] Roger Agnelli tragically died on 19 March 2016.

Outstanding share-based awards

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 2015 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 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	2012 ESA	30.05.13	£11.6450	132,139	£1,539	7,095	139,234	09.03.15	£15.6105	£2,174
	2013 ESA	27.05.14	£12.8850	159,691	£2,058	–	–	06.03.16	–	–
	2014 ESA	27.05.15	£15.8350	113,347	£1,795	–	–	06.03.17	–	–
Paul Richardson[1]	2012 ESA	30.05.13	$88.3100	12,575	$1,110	664	13,239	09.03.15	$117.3730	$1,554
	2013 ESA	27.05.14	$108.100	12,970	$1,402	–	–	06.03.16	–	–
	2014 ESA	27.05.15	$121.720	9,817	$1,195	–	–	06.03.17	–	–
Mark Read	2012 ESA	30.05.13	£11.6450	24,452	£285	1,312	25,764	09.03.15	£15.6105	£402
	2013 ESA	27.05.14	£12.8850	31,046	£400	–	–	06.03.16	–	–
	2014 ESA	27.05.15	£15.8350	23,263	£368	–	–	06.03.17	–	–

[1] Paul Richardson's ESAs were granted in respect of ADRs.
[2] Dividend shares will be due on these awards.

Long-term incentive plans – Leadership Equity Acquisition Plan III

The following table summarises all of the awards outstanding under LEAP III.

Name	Award date	Investment and performance period	Number of investment shares/ADRs	Share/ ADR price on grant date	Maximum number of matching units at 1 Jan 2015[2]	During 2015 Granted/ (Lapsed) units	During 2015 Additional dividend shares	During 2015 Vested or deferred shares	Maximum number of matching units at 31 Dec 2015	Share/ ADR price on vesting	Value on vest/ deferral date 000
Sir Martin Sorrell											
	24.11.10	01.01.10 – 31.12.14	416,666	£7.2475	2,083,330	(0)	243,615	2,326,945	–	£15.4887	£36,041
	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											
	24.11.10	01.01.10 – 31.12.14	100,968	£7.2475	504,840	(0)	59,030	563,870	–	£15.4887	£8,734
	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											
	24.11.10	01.01.10 – 31.12.14	25,281	£7.2475	126,405	(0)	14,780	141,185	–	£15.4887	£2,187
	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 on these awards.

Long-term incentive plans – Executive Performance Share Plan

The following table summarises all of the awards outstanding under Executive Performance Share Plan.

	Grant date	Performance period	Maximum number of nil cost options over shares/ADRs awarded[2]	Share/ADR price on grant date	During 2015 Options vested/ (lapsed)	During 2015 Additional dividend shares	During 2015 Options exercised or deferred	Maximum number of nil cost options over shares/ADRs at 31 Dec 2015
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
	09.06.15	01.01.15-31.12.19	738,267	£15.1720	–	–	–	738,267
Paul Richardson[1]	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
	09.06.15	01.01.15-31.12.19	37,970	$115.8800	–	–	–	37,970
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
	09.06.15	01.01.15-31.12.19	65,910	£15.1720	–	–	–	65,910

[1] Paul Richardson's EPSP awards were granted in respect of ADRs.
[2] Dividend shares will be due on these awards.

Full details of the 2015 EPSP award, including performance measures and targets, can be found on page 131.

Implementation of reward policy for management outside the Board

As noted on pages 146 and 147, 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 2015 is described below.

The Restricted Stock Plan

The WPP Leaders, Partners and High Potential program provided awards to approximately 1,700 of our key executives in 2015. Awards will vest three-years after grant, provided the participant is still employed within the Group. Awards are subject to malus conditions and for awards granted in 2016 onwards, clawback conditions will also apply.

WPP Share Option Plan 2015

At the 2015 AGM share owners approved the WPP Share Option Plan 2015 as the replacement for the Executive Stock-Option Plan and Worldwide Ownership Plan.

During 2015, the WPP Share Option Plan 2015 was used to make awards to over 48,000 employees. By 31 December 2015, options under this plan, and its predecessor plan, the Worldwide Ownership Plan, had been granted to approximately 147,000 employees over 72.9 million shares since March 1997.

During 2015, approximately 20,000 WPP employees who had received awards under the Worldwide Ownership Plan, took advantage of the rising share price and exercised their options.

While the WPP Share Option Plan 2015 provides the authority to make executive option awards in addition to all-employee awards, no executive option awards were granted in 2015.

Share incentive dilution for 2005 to 2015

The share incentive dilution level, measured on a 10-year rolling basis, was at 2.9% at 31 December 2015 (2014: 2.7%). 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
15 April 2016

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. In 2015, the Policy was amended to remove references that were specific to Mark Read who retired from the Board on 27 January, include references to clawback provisions being included in the incentive plans; and inclusion of share ownership guidelines for non-executive directors. 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
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.

Component and purpose	Operation	Performance	Maximum annual opportunity
Short-term incentives (details of how performance measures and targets are set are included in the notes to this table on pages 146 and 147)			
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.	**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. **Clawback provisions** The committee has the ability to clawback cash bonus, earned in respect of the performance year 2016 or after, in the three years post payment in certain situations, including when fraud, breach of fiduciary duty or a material misstatement has affected the level of any performance-related remuneration.	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.	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.

	Threshold	Target (as percentage of maximum)
Sir Martin Sorrell	0%	50%
Other executive directors	0%	67%

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 146 and 147)			
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. **Clawback provisions** The committee has the ability to clawback the amount net of tax received by an executive from the proceeds of the vesting of an award granted in 2016 or later years, in the three years post payment, in certain situations, including when fraud, breach of fiduciary duty 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.

<table>
<tr><th>Component and purpose</th><th>Operation</th><th>Performance</th><th>Maximum annual opportunity</th></tr>
<tr><td colspan="4">Long-term incentives (legacy plans with unvested awards)</td></tr>
<tr><td>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.</td><td>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.</td><td>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.

<table><tr><th></th><th>Threshold</th><th>Maximum</th></tr><tr><td>All executive directors</td><td>30%</td><td>100%</td></tr></table>
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.</td><td>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.</td></tr>
</table>

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.

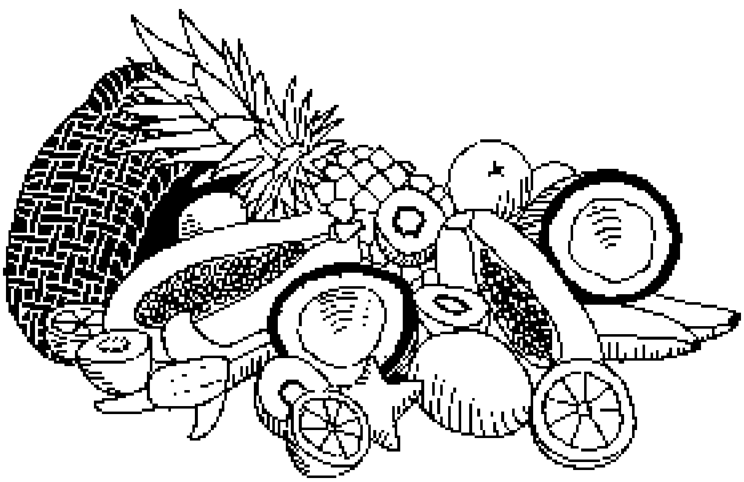
Executive Stock Option Plan

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 149). This plan expired in 2015 and was replaced by the WPP Share Option Plan 2015.

Share Option Plan 2015

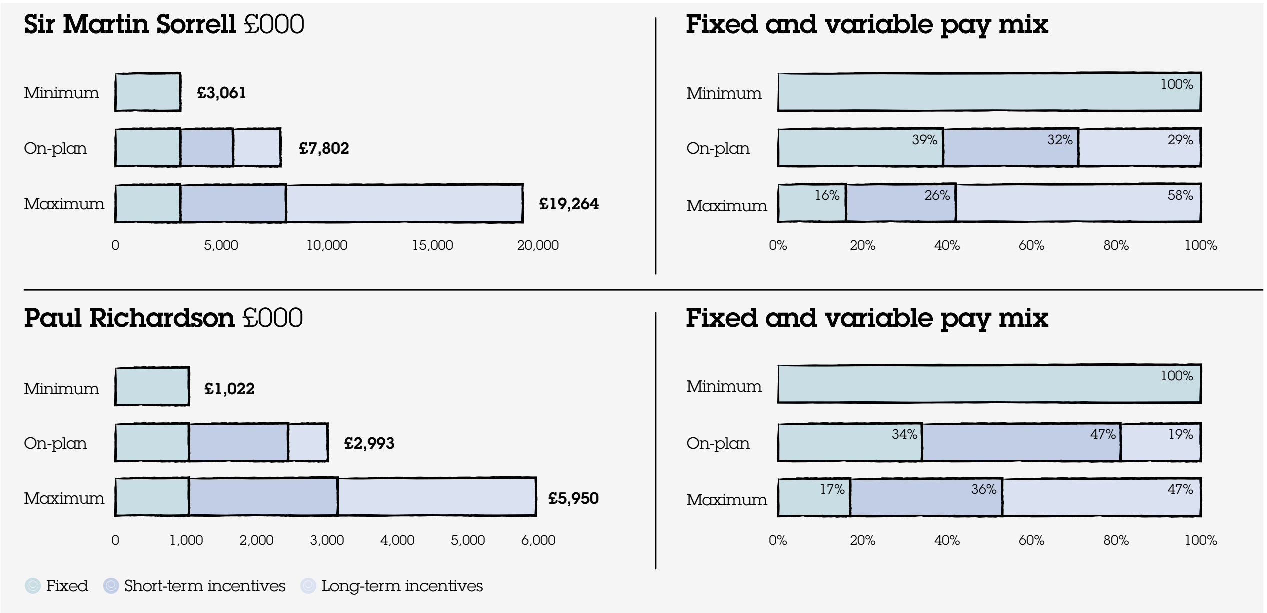
The WPP Share Option Plan 2015 is an all-employee plan that makes annual grants of stock options to employees with two years of service who work in wholly-owned subsidiaries. This plan replaced the legacy Worldwide Ownership Plan.

The WPP Share Option Plan 2015 also has the capability to make grants of executive options in order to attract or retain key talent. Such awards are made infrequently.



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).



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
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%
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%

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%
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 145) 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

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 contract of Paul Richardson provide for notice to be given on termination.

The fixed compensation elements of the contract 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 151.

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 151 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 146, 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 151.

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.
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 149) 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

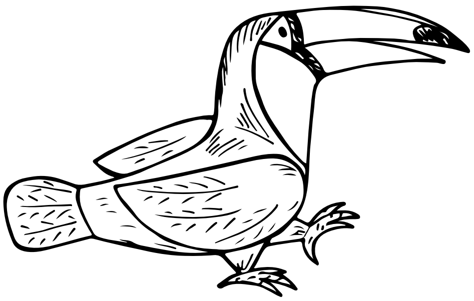
Letters of appointment will be consistent with the current terms as set out in this Annual Report. The chairman and non-executive directors are not eligible to receive any variable pay. Fees for any new non-executive directors will be consistent with the operating policy at their time of appointment. 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.

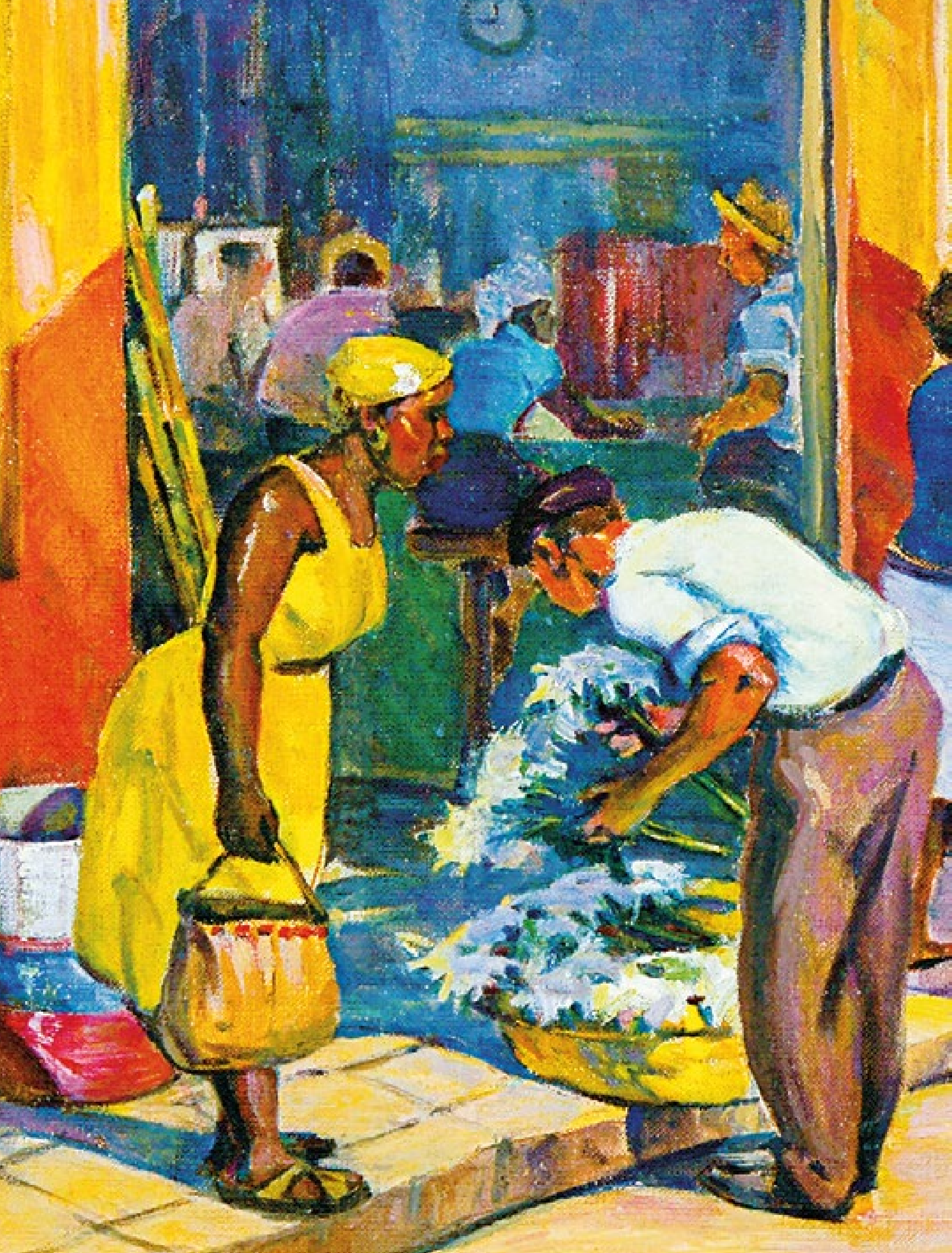
Share ownership guidelines

Non-executive directors are required to accumulate shares with a value equivalent to one-year's fees on a post-tax basis during their tenure.

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

Sustainability issues are increasingly important to our stakeholders and clients. A growing number of our clients are reshaping their businesses to prepare for the impact of global social and environmental trends. They need the best marketing and communications services to help them make this change and want to select suppliers who share their outlook on the world.

At WPP we strive to develop our expertise on sustainability issues and to improve our own social and environmental performance. This enables us to better serve our clients, to align with changing stakeholder expectations, to reduce business risks and to achieve our business objectives.

Sustainability and our business

Enabling our strategy today

Our business strategy is focused on four strategic priorities (see pages 16 and 17): horizontality, new markets, new media, technology, data & content. Our work on sustainability enables our strategy in three main ways:

- ***Improving access to skills*** – Our employment practices and reputation for sustainability help us to recruit, retain and engage the best creative talent in our industry. By recruiting from a diverse talent pool and investing in training and development we can ensure we have the right people to serve our clients in all disciplines across our locations, including new markets where our industry is less well established.
- ***Supporting access to new business*** – Clients are prioritising sustainability, looking to integrate improved social and environmental performance into their products, communications and operations. They need a marketing services provider with the right expertise and who shares their values. By managing our own sustainability performance and developing our knowledge on social and environmental change we can access this business and meet the standards required by the growing number of client procurement processes which include sustainability criteria.
- ***Improving efficiency, reducing risk and protecting our reputation*** – Managing our social and environmental performance and selecting suppliers who meet standards consistent with our own, helps us to operate more efficiently, to reduce costs and risks to the business and to enhance our reputation with clients, our people, share owners and other stakeholders.

Fit for the long term

The next decade presents unprecedented opportunities and risks for today's leading brands. On the one hand, the continued rise of the global middle class represents a huge new market for consumer goods and services. On the other, climate change, ecosystem decline, water scarcity, the obesity epidemic and a growing global population present major challenges.

These changes will disrupt old business models, alter supply chains and give rise to new products, services and businesses. Successful companies will find opportunity in this change, identifying new ways to do more with less, adopting circular and sharing economy models to avoid resource scarcity, rising prices and disruption to supply chains. They will look to generate shared value through their products and services, helping to improve quality of life as they grow their businesses.

Expectations of what business can and should contribute to society are also rising. Increasingly, business is expected to play a significant role in tackling the world's challenges alongside governments, while technology and social media enable people to hold brands to account for their social and environmental performance, from anywhere in the world.

In this environment, brands will need the best insight, research and communications services and they will seek a marketing services provider who understands the changing landscape and shares their values.

Our companies are already working with many pioneers of sustainable business. As our clients increasingly feel the impact of these longer-term trends, their significance will grow for WPP too. Our work on sustainability today will help ensure our business is fit for the future.

Performance 2015

Access to skills

We are a people business. Adopting leading employment practices enables us to deliver the creative and effective work our clients need across disciplines and in all markets.

Inclusion and diversity

We believe a workforce with diversity of outlook and experience is more creative and effective. Diversity is particularly important in marketing because our work must engage consumers in every market and sector. We aim to recruit talented people from all backgrounds and provide inspiring and inclusive workplaces where they can thrive.

Achieving a gender-balanced workforce at all levels of the business is a particular priority for WPP. 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, which prepares senior and high potential WPP female leaders for the next level of leadership. By the end of 2015, 97 women had completed the program. Charlotte Beers also helped to inspire 'WILL: Women in Leadership Lessons' – programs targeted at enhancing the professional development of the group's high potential women. WILL programs have run in the UK and US, with 140 women leaders from 50 WPP agencies attending up to 2015.

Our WPP Stella Leadership group aims to enable women in our companies to maximize their potential, to address barriers that could prevent women progressing their careers to senior levels and to facilitate sharing of good practices between our companies. It has three workstreams, focusing on: visibility and networking for senior women in our companies; progression training for senior women; and policy development in areas such as maternity and paternity leave and flexible working. The group began in the UK and is now being extended to our businesses in the US.

At an operating company level, our businesses focus on internships and apprenticeships for diverse candidates, flexible working options, employee resource networks, mentoring programs, diversity and unconscious bias training and partnerships with specialist minority recruitment firms.

Gender diversity 2011-2015

					% women
	2015	**2014**	**2013**	**2012**	**2011**
WPP Board	**29%**	24%	29%	19%	19%
Executive leaders	**33%**	31%	32%	32%	31%
Senior managers	**47%**	46%	47%	47%	47%
Total employees (full-time equivalent)	**54%**	54%	54%	54%	54%

As at 31 December 2015, women comprised 29% of the WPP Board, 33% of non-executive directors, 33% of directors and executive leaders in our operating companies, 47% of senior managers and 54% of total employees.

We measure ethnic diversity in our businesses in the UK and the US using national definitions of ethnic/racial minorities (the Equality and Human Rights Commission in the UK and the Equal Opportunity Commission in the US). In 2015, 26% of full-time employees in these countries were from ethnic minorities (2014: 26%).

Training, development and education

Through training and development we can engage our people and equip them with the knowledge they need to serve the changing needs of our clients around the world. We invested £41.1 million on training in 2015 (2014: £38.2 million). In previous years we reported a combined figure for training and welfare spend. We now report training spend only (course fees and training-related travel, accommodation and subsistence costs). This will make it easier to monitor investment in training. We have restated our data for previous years to reflect our new approach.

Our Group training programs are designed to help us deliver our strategic objectives. For example, Maestro: Orchestrating Client Value, is our week-long program for senior client leaders held in 27 countries, that helps us to achieve horizontality in our ways of working. There have been 3,822 participants from 133 WPP companies since its inception in 2003.

We also support marketing and communications education outside WPP, to help develop the skills our industry needs and support a future pipeline of talent for our businesses, particularly in newer markets for WPP. We launched the WPP Africa Academy in February 2016 to provide high-quality training and talent development in sub-Saharan Africa. We also continue to support the WPP School of Communications and Marketing in Shanghai and the ISDI WPP School of Communication in Mumbai.

Internships and apprenticeships enable young people to gain experience in our industry, while supporting youth employment and helping us identify talented new recruits. We offered 5,378 paid internships and apprenticeships at our companies during 2015. It is WPP's policy that all internships and apprenticeships should be paid positions. This ensures they are accessible to a diverse range of candidates.

The WPP Fellowship program for graduates, provides experience and training across a range of marketing disciplines. Since 1995, 170 Fellows have completed or are participating in this global multidisciplinary initiative.

Reward

We offer attractive compensation packages, which are benchmarked against other companies in our markets and sectors. As well as competitive remuneration, our people have access to a range of benefits, including pensions and private health insurance, in accordance with local practice.

Many of our people participate in performance-related incentive plans on top of base pay. Senior employees may participate in share-based compensation plans.

Our Worldwide Ownership Plan and WPP Share Option Plan 2015 have operated from 1997 and, to date, have granted share option awards to more than 147,000 of our people. In 2015, under the WPP Share Option Plan 2015, over 48,000 eligible employees received awards in 71 countries.

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

Our focus on sustainability helps us to be a provider of choice to the growing number of leading businesses who are prioritising sustainability and to meet the sustainability requirements in their procurement processes.

Together, clients that asked about our approach to sustainability or engaged with us on sustainability issues were worth at least £1.29 billion in 2015, 11% of revenues (2014: £1.35 billion).

Sustainability services

Our companies are working with clients on a growing number of sustainability-related commissions across a range of disciplines from research and insight to branding, and consumer, employee and stakeholder communications. Examples of recent campaigns are included in our annual Sustainability Report and Pro bono book.

Many of our companies have established specialist sustainability offerings and social marketing units. These include: J. Walter Thompson ethos, Ogilvy Social Change, OgilvyEarth, P&G's S-Team, Young & Rubicam Group companies' INSPIRE collaboration, Hill+Knowlton Strategies' CR + Sustainability Communications, Kinetic Future and TNS Political and Social.

Privacy and data security

Consumer data is used extensively in developing, implementing and monitoring marketing campaigns and is particularly important to the services provided by our digital marketing and insight businesses. When collecting, using and storing consumer data, it is critical that we protect consumer privacy and implement rigorous data protection and security procedures.

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. Our WPP Client Contract Toolkit helps WPP companies understand how privacy and data protection criteria should be integrated into client contracts.

We bring our Code and policies to life for our people through Group-wide ethics training. In 2015, we launched mandatory global online Privacy and Data Security Awareness training. Over 20,000 employees completed the training in the first two months following launch.

We also launched Safer Data in 2015, a privacy and security awareness campaign and online platform with information and guidance for employees on the importance of privacy risk and data security. It is intended that Safer Data becomes the platform for know-how on privacy risk and data security at WPP. It includes a 'SaveMyData' reporting tool, to allow our people to raise concerns and questions they have about data issues direct with our in-house legal teams.

We used our Data Health Checker in 2015 for the third year running to review privacy risks and data security practices in our businesses. The results showed us that the majority of our companies have strong mitigation measures that match or exceed their level of privacy risk, with the average score being 3.9 out of 5, where 5 is the maximum score possible. Of those companies surveyed, 74% have a dedicated privacy lead and 51% have trained all of their people on data security and privacy in addition to Group training.

Efficiency, risk and reputation

Operating responsibly improves efficiency, reduces costs and lessens operational, legal, reputational and financial risks to our business. It enables us to maintain positive relationships with our people, clients and other stakeholders.

We focus on implementing high ethical standards, respecting human rights and reducing our environmental impact and we aim to work with suppliers who adopt standards consistent with our own.

Our investment in pro bono work and community projects helps to enhance the reputation and creative standing of WPP agencies.

Our ethical standards

The WPP Code of Business Conduct provides the framework for how we operate. It establishes the values and ethical standards that all our companies must implement. Senior managers in all our companies and our business partners and suppliers are asked to sign a copy of the WPP Code of Business Conduct each year to confirm they will comply with its principles.

Our ethics training, 'How we behave', is compulsory for all employees. It covers topics such as diversity, privacy, human rights 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. Over 200,000 employees have completed our anti-bribery and corruption training and almost 200,000 have completed our ethics training since the last update in 2013. These figures are higher than our current number of employees as they include some employees who have since left the business. The training will be updated again in 2016.

We expect associate companies (those in which we hold a minority stake) and affiliate companies (preferred partners to whom we may refer business) to adopt ethical standards that are consistent with our own.

We have a Group-level committee that meets regularly to discuss ethical and compliance issues and new risk areas. Committee members include the Group chief counsel, deputy general counsel, litigation and compliance, Group finance director, the head of talent and the head of sustainability.

Employees can report concerns or suspected cases of misconduct in confidence through our third party-managed Right to Speak facility, overseen by our internal audit department.

Human rights

Respect for human rights is a fundamental principle for WPP and we take steps to prevent, identify and address any negative human rights impacts associated with our business. That includes the human rights of employees and workers in our supply chain as well as issues associated with human rights and marketing. We also look for opportunities to positively promote and support human rights, including through our pro bono work.

We published a Human Rights Policy Statement during 2015 to explain our approach to human rights. This reflects international standards and principles, including the International Bill of Human Rights, the UN's Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Children's Rights and Business Principles. We are reviewing our other policies to confirm that they align with our position on human rights and we have added a number of scenarios to our online ethics training that cover human rights related issues. We joined the United Nations Global Compact during 2015 to reflect our commitment to human rights and responsible business practices.

We will publish a statement in relation to the UK's Modern Slavery Act during 2016, explaining how we assess and manage risks relating to slavery in our operations and supply chain.

Living wage

We support the principle that full-time workers should be paid enough to provide a decent standard of living. This principle is known as the 'living wage'. In the UK, the Living Wage Foundation, a not-for-profit organisation, has calculated a voluntary living wage rate which exceeds the UK's current statutory national minimum wage.

As a professional services firm, the vast majority of our people already earn significantly above the living wage rate. However, wage rates in our supply chain may be lower. We clarified our position on this issue in the UK during 2015. WPP, the parent company, pays the living wage for all parent company employees and all on-site contractors such as cleaning, security and catering staff in the UK. Our UK agencies are working towards paying the living wage for all employees and on-site contractors within three years and several already do so.

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.

Supply chain

We aim to work with suppliers who meet high standards in areas such as ethical conduct, workplace standards and environmental management. This reduces risks for WPP and our clients. By improving oversight of our supply base we can also identify opportunities to consolidate procurement and reduce costs.

We evaluate potential new suppliers on factors including 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 comply with our standards.

We have identified two 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 – advertising production and data collection. We are working more closely with suppliers in these areas to identify and manage risks, using Sedex (the sustainability supply chain platform). Over the last three years (2013-2015) we have assessed 218 suppliers covering £200 million in annual spend or approximately 12% of our total spend on advertising production and data collection. More details are available in our Sustainability Report.

Environment

We aim for WPP to be a low-carbon and resource-efficient Group. This improves efficiency and reduces costs, enhances our credibility as advisors to clients, enables us to meet the environmental requirements included in many client tender processes and supports employee engagement.

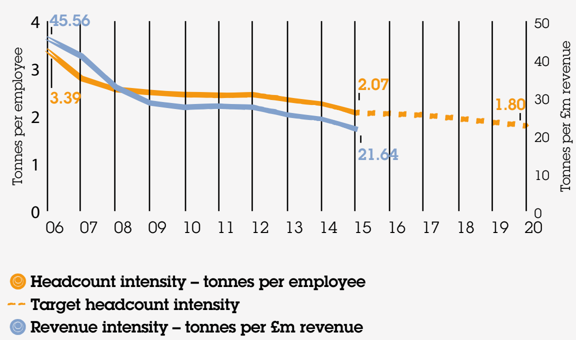
By 2020, we aim to reduce carbon emissions to 1.8 tonnes of CO_2e per employee, a 47% reduction from 2006. Each of our operating companies has its own individual reduction target. Our strategy focuses on:

- **Office energy use:** Improving the energy efficiency of our buildings and IT systems. 16% 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. We offset the equivalent of 100% of emissions from our business air travel, by supporting renewable energy generation projects in fast-growing economies. Our video conferencing network now incorporates more than 700 units in over 160 cities.
- **Renewable energy:** Around 21% of the total electricity we purchase is generated from renewable sources.

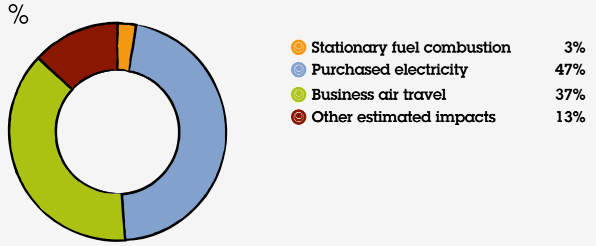
Our progress in 2015:

- Our footprint per employee was 2.07 tonnes of CO_2e, down 9% on 2014 and 39% lower than 2006.
- Our footprint per £million of revenue was 21.64 tonnes of CO_2e, down 11% on 2014 and 53% lower than 2006.
- Our absolute carbon footprint was 264,774 tonnes CO_2e (2014: 281,389 tonnes CO_2e).

Carbon intensity 2006-2015
Tonnes CO_2e



Carbon footprint in 2015
%



WPP's carbon emissions breakdown (tonnes of CO_2e)

	2015	2014	2013	2012	2006
Scope 1 – Fuel used to heat WPP offices	8,135	9,748	11,305	9,840	2,628
Scope 2 – Total purchased electricity	153,798	159,540	157,471	164,212	149,728
Scope 3 – Air travel and other estimated impacts	133,420	133,293	132,382	133,034	116,825
Total gross (excluding carbon reduction of renewable electricity)	295,354	302,581	301,158	307,086	269,181
Carbon reduction of purchased renewable electricity	30,580	21,192	21,299	23,765	–
Total net (including carbon reduction of renewable electricity)	264,774	281,389	279,859	283,321	269,181
Percentage change from 2006 (net)	(2%)	5%	4%	5%	–

WPP's carbon intensity (tonnes of CO_2e)

	2015	2014	2013	2012	2006
Tonnes per employee (net)	2.07	2.28	2.35	2.45	3.39
Percentage change from 2006	(39%)	(33%)	(31%)	(28%)	–
Tonnes per £m of revenue (net)	21.64	24.41	25.40	27.31	45.56
Percentage change from 2006	(53%)	(46%)	(44%)	(40%)	–

Our carbon data covers the year ended 31 December 2015 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 2015 in our Sustainability Report.

As well as managing our direct greenhouse gas emissions we can also have an influence on indirect emissions associated with our business activities – our value chain emissions. Our analysis shows that the main sources of carbon emissions in our value chain are associated with: advertisements we place for clients; goods and services we buy; and day-to-day activities (our direct emissions). GroupM, our Media Investment Management business, is exploring how we can work with clients to reduce the carbon footprint of media campaigns. We are also integrating the analysis into procurement tools to help us identify lower carbon procurement options.

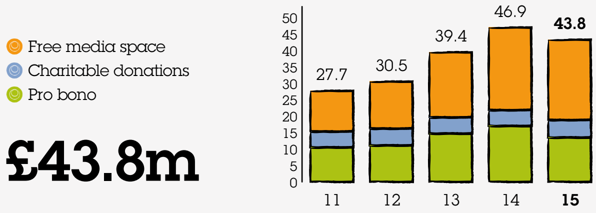
Social investment

Our agencies have a positive impact on issues such as human rights, health, education and conservation through our pro bono work – marketing services provided to NGOs and voluntary groups for little or no fee. Our companies also negotiate free media space on behalf of charities and support their work through donations and volunteering.

In 2015, our social investment was worth £19.4 million (2014: £21.8 million). This is equivalent to 1.3% of reported profit before tax. It includes cash donations to charities of £5.9 million and £13.5 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 £24.4 million on behalf of pro bono clients (2014: £25.1 million), making the total social contribution £43.8 million (2014: £46.9 million).

Our business in India has established the WPP India CSR Foundation in line with local regulatory requirements. This will be investing US$5 million in projects supporting education, life skills and vocational training for children aged 11-18.

Total social contribution
£m



£43.8m

Sustainability management

Paul Richardson, WPP's Group finance director, is the Board director responsible for corporate sustainability.

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.

Reflecting our decentralised structure, our strategic direction and policy frameworks are established at Group level with the practical work of implementation devolved to our operating companies.

Risk and opportunity

Sustainability risks – including social, environmental, human rights and ethical risks – are integrated into the Group's robust assessment of principal risks which are discussed in detail in the Strategic Report.

Materiality and stakeholder engagement

Stakeholder views and insights, including from clients, investors and our people, help us to improve how we work and to identify new sustainability-related risks and opportunities for our business. We aim to keep our stakeholders updated on our progress through regular communication.

We carry out a formal materiality assessment, through which we seek feedback on our approach and priorities. We use this to identify which issues should be covered in our reporting and/or require further action. Our most recent analysis is available in our Sustainability Report.

We engaged with a number of investors, rating agencies and benchmarking organisations on sustainability during 2015. These included BNP Paribas, Corporate Knights, Dow Jones Sustainability Index, Sustainalyitics, FTSE4Good, MSCI, Oekom, Trucost, Vigeo. To raise investor awareness of our activities, we submit this section of our Annual Report for share owner voting at our AGM.

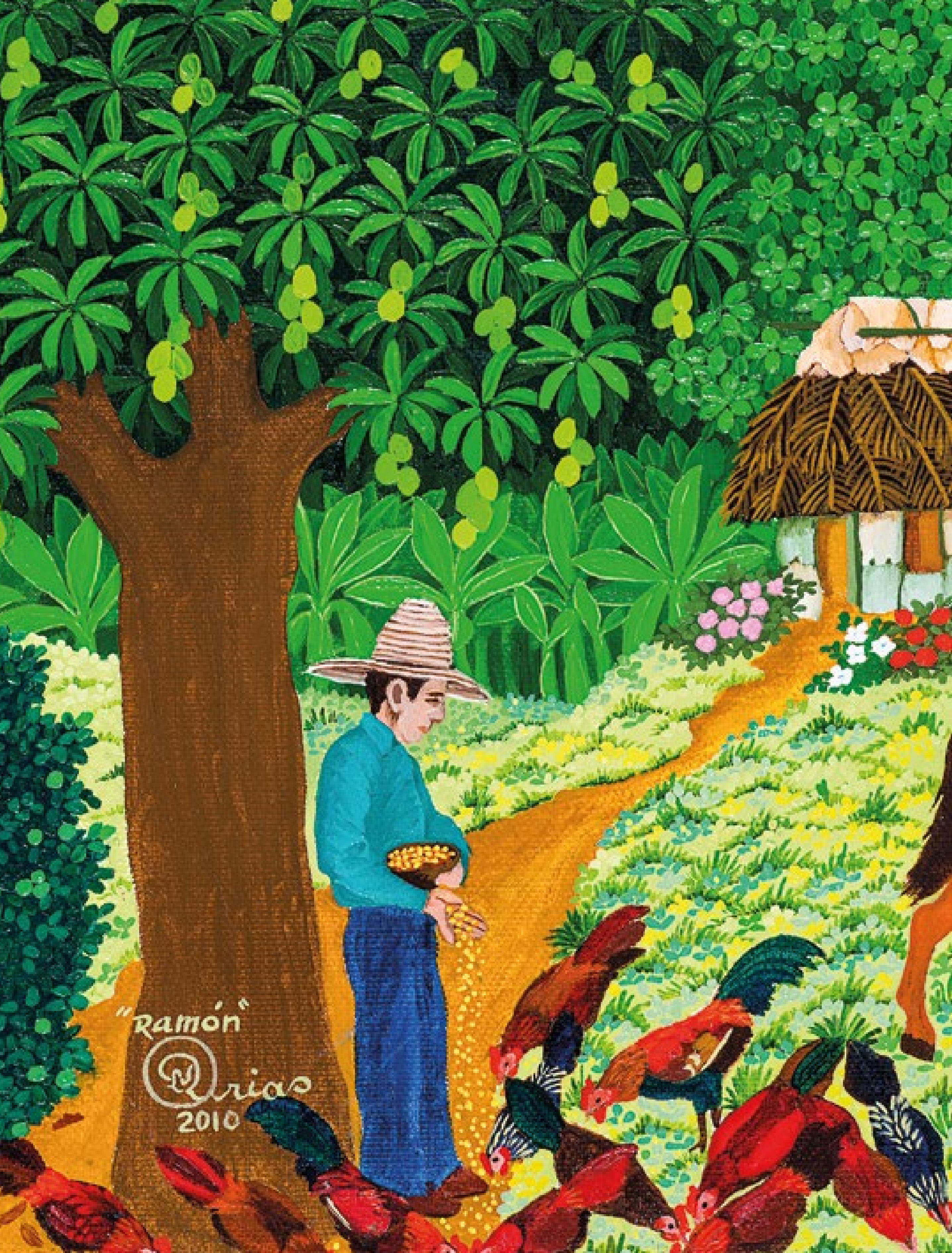
We are included in the DJSI World and Europe Indices and the FTSE4Good Index. We participate in the Carbon Disclosure Project (CDP) and received a score of 97B in 2015.

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 2015 to 31 December 2015. We will publish our 14th Sustainability Report in June 2016. In line with best practice, selected environmental and employment data will be externally assured by Bureau Veritas, a leading independent assurance provider.

We received the Ethical Corporation Responsible Business Award 2015 for Best Sustainability Report.

Read more
Our 2015/2016 Sustainability Report and showcase of pro bono work will be published in June 2016.
See **wpp.com/sustainability**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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 2015 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 FRC guidance on risk management and internal control.

How we comply

We have structured this section around the main principles of the UK Corporate Governance Code to enable share owners to evaluate how the principles have been applied.

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 2015, the Board met six times formally and held 17 committee meetings throughout the year.

Attendance of directors at meetings	Board	Audit Committee	Compensation Committee	Nomination and Governance Committee
Roberto Quarta (Chairman)[1,4]	6	8	4	3
Sir Martin Sorrell	6	–	–	–
Paul Richardson	6	8	–	–
Philip Lader[1,3]	3	5	–	2
Roger Agnelli[2,6,7]	6	8	4	2
Jacques Aigrain	6	8	5	–
Charlene Begley	6	8	–	4
Colin Day[3]	3	5	4	–
Ruigang Li[6]	4	–	3	1
Nicole Seligman[6]	6	–	5	–
Daniela Riccardi[2,6]	5	–	3	1
Jeffrey Rosen[3]	3	5	4	2
Hugo Shong[5,6]	6	5	4	4
Sir John Hood	6	–	5	–
Tim Shriver[2]	5	–	5	3
Sally Susman	6	–	–	3
Sol Trujillo[6]	6	7	4	–

[1] By invitation, and whilst chairman, Philip Lader and then Roberto Quarta attended all of the Audit Committee meetings.
[2] Roger Agnelli and Tim Shriver retired from and Daniela Riccardi was appointed to the Nomination & Governance Committee on 10 October 2015.
[3] Philip Lader, Colin Day and Jeffrey Rosen retired on 9 June 2015.
[4] The chairman was appointed to the Compensation Committee and the Nomination and Governance Committee on 9 February 2015.
[5] Hugo Shong retired from the Audit Committee on 10 October 2015.
[6] Roger Agnelli, Ruigang Li, Daniela Riccardi, Hugo Shong, Nicole Seligman and Sol Trujillo retired from the Compensation Committee on 10 October 2015.
[7] Roger Agnelli tragically died on 19 March 2016.

The role of the chairman

The Board is chaired by Roberto Quarta, who chairs the Nomination and Governance Committee and is a member of the Compensation Committee and attended all meetings of the Audit Committee at the invitation of its chairman. The chairman provides the leadership of the Board and is the main point of contact between the Board and the CEO. 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 evaluation process, restructuring of the committee membership, and the ongoing emphasis on management development and CEO and senior management succession planning.

The role of the senior independent director

The senior independent director is Nicole Seligman 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. The Board announced the appointment of Nicole Seligman as senior independent director on 4 April 2016, following the recommendation of the Nomination and Governance Committee and succeeding Jeffrey Rosen who retired at the 2015 AGM. Nicole Seligman was appointed to the Board in January 2014 and has served on the Compensation Committee and attends the other committee meetings at the invitation of the chairmen of those committees.

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 110, the non-executive directors work across the globe in media and advertising, investment banking and investment management, pharmaceuticals, 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 composed of 13 directors. Two current members are executive directors and 11, including the chairman, are non-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 2016 AGM continue to demonstrate the characteristics of independence.

Succession: Board and committee membership

The following changes to the Board's roles and composition took place during 2015 and early 2016:

- Nicole Seligman has succeeded Jeffrey Rosen as the senior independent director.
- Jacques Aigrain has succeeded Colin Day as chairman of the Audit Committee. Jacques Aigrain has been a member of the Audit Committee since joining the Board in May 2013.
- Roberto Quarta succeeded Philip Lader as chairman of the Group and as chairman of the Nomination and Governance Committee.
- Roger Agnelli, who was a member of the Audit Committee, tragically died on 19 March 2016.

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 Share Dealing 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 2015, the Board met in Beijing, where it received briefings from all the heads of the Group's Asia Pacific operations. In 2016, in Berlin, the Board will review the Group's European operations.

Evaluation
WPP undertakes an annual review of the Board, its committees and individual directors. The annual evaluation of the Board's and all committees' effectiveness was commenced at the end of 2015 following the appointment of the new chairman and the realignment of the committee memberships. As outlined in the Nomination and Governance Committee report on page 117, an evaluation process is being externally facilitated. Our expert's observations from these discussions and meetings are being reviewed by the Board with proposals being made to the full Board as to improving Board effectiveness. The results of the evaluation will be considered in the 2015 Sustainability Report to be published shortly and discussed as part of the ongoing dialogue with share owners.

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 applicable UK and US standards and which is 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 2015, women comprised 29% of the WPP Board and 33% of non-executive directors, 31% of Board members and executive leaders in the subsidiaries, 46% of senior managers and 54% of total employees. As at the date of this report, women comprised 31% of the WPP Board and 36% 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.

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 121.

Relations with share owners

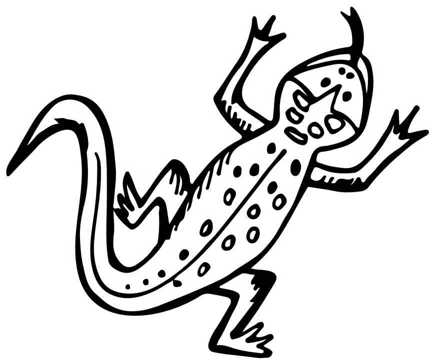
Dialogue with share owners

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 chairman meets 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 2015, the chairman held extensive rounds of discussions with share owners and advisory groups regarding senior executive compensation, and CEO 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 2016 AGM will be held on Wednesday 8 June 2016 at 12 noon at Pullman Hotel London St Pancras, 100-110 Euston Road, London NW1 2AJ. 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.

Other statutory information

Substantial share ownership

As at 15 April 2016, the Company is aware of the following interests of 3% or more in the issued ordinary share capital:

MFS	6.6%
BlackRock Inc	5.1%

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 £1,492.6 million (2014: £1,451.9 million). The directors declared a final dividend of 28.78p (2014: 26.58p) per share to be paid on 4 July 2016 to share owners on the register at 10 June 2016 which, together with the interim ordinary dividend of 15.91p (2014: 11.62p) per share paid on 9 November 2015, makes a total of 44.69p for the year (2014: 38.20p).

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 2020, 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 9 June 2015, share owners passed resolutions authorising the Company, in accordance with its Articles of Association, to allot shares up to a maximum nominal amount of £87,271,076 of which £6,551,882 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 211 to 213.

Authority for purchase of own shares

At the AGM on 9 June 2015, share owners passed a special resolution authorising the Company, in accordance with its Articles of Association, to purchase up to 131,037,653 of its own shares in the market. In the year under review, 39,607,954 ordinary shares of 10 pence each were purchased at an average price of £14.84 per share.

Auditors

The directors will propose a resolution at the AGM to re-appoint Deloitte LLP as auditors.

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 117.

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 position, 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 153, 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
15 April 2016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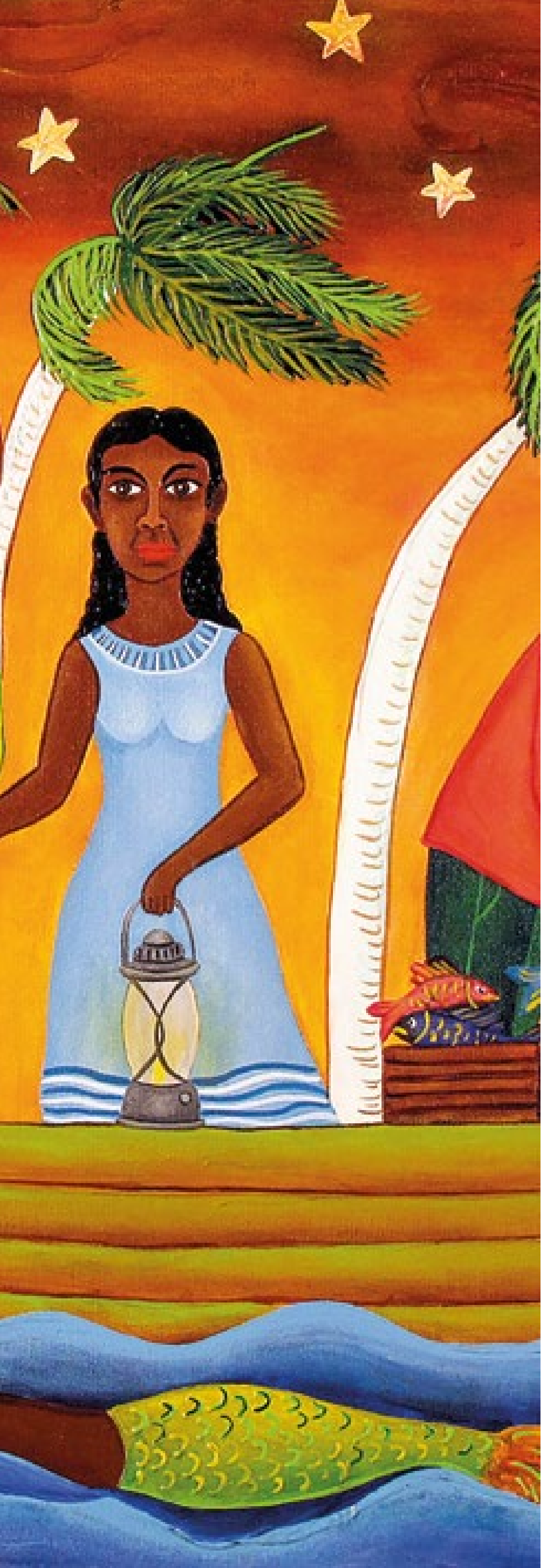


Our 2015 financial statements

Accounting policies

The consolidated financial statements of WPP plc and its subsidiaries (the Group) for the year ended 31 December 2015 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 2015.

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.

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, liabilities are classified as current. Any interest and penalties accrued are included in corporate 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.

The Group has revised its tax accounting policy to classify all income tax creditors as current liabilities. The Group believes this provides a more relevant presentation, whilst having no impact on the timing of expected cash flows. Accordingly, the consolidated balance sheets at 31 December 2014 and 31 December 2013 have been restated to reclassify £441.2 million and £362.6 million respectively of corporate income tax payable from non-current liabilities to current liabilities.

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, which can require the use of accounting estimation and the exercise of judgement. 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 taxable 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. Net interest expense 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, 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;
- IFRS 15: Revenue from Contracts with Customers; and
- IFRS 16: Leases

With the exception of IFRS 15 and IFRS 16, the Group does not consider that these Standards 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 and IFRS 16 will impact the accounting for those leases currently classified as operating leases. It is not practicable to provide a reasonable estimate of the effect of IFRS 15 and IFRS 16 until a detailed review has been completed.

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

15 April 2016

The numbers in full …

Consolidated income statement

For the year ended 31 December 2015

	Notes	2015 £m	2014 £m	2013 £m	2015 $m[2]	2014 $m[2]	2013 $m[2]
Billings[1]		**47,631.9**	46,186.3	46,209.3	**72,766.7**	75,943.6	72,344.5
Revenue	2	**12,235.2**	11,528.9	11,019.4	**18,693.2**	18,956.0	17,251.5
Direct costs		**(1,710.9)**	(1,464.1)	(943.3)	**(2,614.3)**	(2,407.0)	(1,477.0)
Net sales	2	**10,524.3**	10,064.8	10,076.1	**16,078.9**	16,549.0	15,774.5
Operating costs	3	**(8,892.3)**	(8,557.5)	(8,665.8)	**(13,585.1)**	(14,097.4)	(13,547.9)
Operating profit		**1,632.0**	1,507.3	1,410.3	**2,493.8**	2,451.6	2,226.6
Share of results of associates	4	**47.0**	61.9	68.1	**71.2**	101.8	107.8
Profit before interest and taxation		**1,679.0**	1,569.2	1,478.4	**2,565.0**	2,553.4	2,334.4
Finance income	6	**72.4**	94.7	64.3	**110.9**	154.0	101.2
Finance costs	6	**(224.1)**	(262.7)	(267.9)	**(342.6)**	(430.9)	(418.7)
Revaluation of financial instruments	6	**(34.7)**	50.7	21.0	**(53.2)**	82.1	34.4
Profit before taxation		**1,492.6**	1,451.9	1,295.8	**2,280.1**	2,358.6	2,051.3
Taxation	7	**(247.5)**	(300.4)	(283.7)	**(378.4)**	(487.2)	(448.1)
Profit for the year		**1,245.1**	1,151.5	1,012.1	**1,901.7**	1,871.4	1,603.2
Attributable to:							
Equity holders of the parent		**1,160.2**	1,077.2	936.5	**1,771.6**	1,749.4	1,485.1
Non-controlling interests		**84.9**	74.3	75.6	**130.1**	122.0	118.1
		1,245.1	1,151.5	1,012.1	**1,901.7**	1,871.4	1,603.2
Headline PBIT	31	**1,774.0**	1,680.6	1,661.6	**2,704.3**	2,739.8	2,620.1
Net sales margin	31	**16.9%**	16.7%	16.5%	**16.8%**	16.6%	16.6%
Headline PBT	31	**1,622.3**	1,512.6	1,458.0	**2,472.6**	2,462.9	2,302.6
Earnings per share							
Basic earnings per ordinary share	9	**90.0p**	82.4p	72.4p	**137.5¢**	133.8¢	114.8¢
Diluted earnings per ordinary share	9	**88.4p**	80.5p	69.6p	**134.9¢**	130.8¢	110.4¢

Notes

The accompanying notes form an integral part of this consolidated income statement.

1 Billings is defined on page 228.

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$1.5288 to the pound sterling for the year 2015 (2014: US$1.6475, 2013: US$1.5646).

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	2015 £m	2014 £m	2013 £m
Profit for the year	**1,245.1**	1,151.5	1,012.1
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments on foreign currency net investments	**(275.9)**	(221.2)	(372.6)
Gain on revaluation of available for sale investments	**206.0**	64.6	72.0
	(69.9)	(156.6)	(300.6)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension plans	**33.5**	(86.6)	76.2
Deferred tax on defined benefit pension plans	**(5.2)**	62.1	(1.2)
	28.3	(24.5)	75.0
Other comprehensive loss for the year	**(41.6)**	(181.1)	(225.6)
Total comprehensive income for the year	**1,203.5**	970.4	786.5
Attributable to:			
Equity holders of the parent	**1,121.6**	893.0	727.0
Non-controlling interests	**81.9**	77.4	59.5
	1,203.5	970.4	786.5

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 2015

	Notes	2015 £m	2014 £m	2013 £m
Net cash inflow from operating activities	11	**1,359.9**	1,703.7	1,374.2
Investing activities				
Acquisitions and disposals	11	**(669.5)**	(489.1)	(201.4)
Purchases of property, plant and equipment		**(210.3)**	(177.9)	(240.7)
Purchases of other intangible assets (including capitalised computer software)		**(36.1)**	(36.5)	(43.8)
Proceeds on disposal of property, plant and equipment		**13.4**	5.9	7.3
Net cash outflow from investing activities		**(902.5)**	(697.6)	(478.6)
Financing activities				
Share option proceeds		**27.6**	25.0	42.4
Cash consideration for non-controlling interests	11	**(23.6)**	(5.6)	(19.6)
Share repurchases and buy-backs	11	**(587.6)**	(510.8)	(197.0)
Net increase in borrowings	11	**492.0**	465.2	436.8
Financing and share issue costs		**(11.4)**	(27.5)	(19.1)
Equity dividends paid		**(545.8)**	(460.0)	(397.3)
Dividends paid to non-controlling interests in subsidiary undertakings		**(55.2)**	(57.7)	(53.2)
Net cash outflow from financing activities		**(704.0)**	(571.4)	(207.0)
Net (decrease)/increase in cash and cash equivalents		**(246.6)**	434.7	688.6
Translation differences		**(54.4)**	(70.3)	(164.7)
Cash and cash equivalents at beginning of year		**2,247.6**	1,883.2	1,359.3
Cash and cash equivalents at end of year	11	**1,946.6**	2,247.6	1,883.2

Reconciliation of net cash flow to movement in net debt:				
Net (decrease)/increase in cash and cash equivalents		**(246.6)**	434.7	688.6
Cash inflow from increase in debt financing		**(480.5)**	(437.7)	(418.1)
Conversion of bond to equity		**–**	–	449.9
Other movements		**(124.0)**	23.8	21.0
Translation differences		**(84.3)**	(55.8)	(160.6)
Movement of net debt in the year		**(935.4)**	(35.0)	580.8
Net debt at beginning of year		**(2,275.4)**	(2,240.4)	(2,821.2)
Net debt at end of year	10	**(3,210.8)**	(2,275.4)	(2,240.4)

Note
The accompanying notes form an integral part of this consolidated cash flow statement.

Consolidated balance sheet

At 31 December 2015

	Notes	2015 £m	2014 £m	2013 £m
Non-current assets				
Intangible assets:				
Goodwill	12	**10,670.6**	9,979.4	9,472.8
Other	12	**1,715.4**	1,668.9	1,667.8
Property, plant and equipment	13	**797.7**	772.5	773.3
Interests in associates and joint ventures	14	**758.6**	759.9	792.8
Other investments	14	**1,158.7**	669.2	270.6
Deferred tax assets[1]	15	**94.1**	108.8	89.5
Trade and other receivables	17	**178.7**	148.6	158.5
		15,373.8	14,107.3	13,225.3
Current assets				
Inventory and work in progress	16	**329.0**	327.3	304.5
Corporate income tax recoverable		**168.6**	145.6	136.0
Trade and other receivables	17	**10,495.4**	9,530.0	9,088.1
Cash and short-term deposits		**2,382.4**	2,512.7	2,221.6
		13,375.4	12,515.6	11,750.2
Current liabilities				
Trade and other payables	18	**(12,685.0)**	(11,784.0)	(10,710.7)
Corporate income tax payable[2]		**(598.5)**	(599.8)	(482.7)
Bank overdrafts and loans	20	**(932.0)**	(653.2)	(941.4)
		(14,215.5)	(13,037.0)	(12,134.8)
Net current liabilities		**(840.1)**	(521.4)	(384.6)
Total assets less current liabilities		**14,533.7**	13,585.9	12,840.7
Non-current liabilities				
Bonds and bank loans	20	**(4,661.2)**	(4,134.9)	(3,520.6)
Trade and other payables	19	**(891.5)**	(624.9)	(457.6)
Deferred tax liabilities[1]	15	**(552.3)**	(536.7)	(620.8)
Provision for post-employment benefits	23	**(229.3)**	(296.2)	(247.5)
Provisions for liabilities and charges	21	**(183.6)**	(166.4)	(147.7)
		(6,517.9)	(5,759.1)	(4,994.2)
Net assets		**8,015.8**	7,826.8	7,846.5
Equity				
Called-up share capital	26	**132.9**	132.6	134.9
Share premium account		**535.3**	508.0	483.4
Shares to be issued		**–**	0.3	0.5
Other reserves	27	**(9.7)**	36.2	317.3
Own shares		**(719.6)**	(283.7)	(253.0)
Retained earnings		**7,698.5**	7,106.7	6,903.7
Equity share owners' funds		**7,637.4**	7,500.1	7,586.8
Non-controlling interests		**378.4**	326.7	259.7
Total equity		**8,015.8**	7,826.8	7,846.5

The financial statements were approved by the Board of Directors and authorised for issue on 15 April 2016.
Signed on behalf of the Board:

Sir Martin Sorrell
Group chief executive

Paul Richardson
Group finance director

Notes

The accompanying notes form an integral part of this consolidated balance sheet.

1 As described in note 15, prior year balance sheets have been restated to reduce both deferred tax assets and deferred tax liabilities, by a corresponding amount.

2 As described in the Group's accounting policy on taxation, prior year balance sheets have been restated to reclassify all income tax creditors from non-current liabilities to current liabilities.

Consolidated statement of changes in equity

For the year ended 31 December 2015

	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 2015	**132.6**	**508.0**	**0.3**	**36.2**	**(283.7)**	**7,106.7**	**7,500.1**	**326.7**	**7,826.8**
Ordinary shares issued	0.3	27.3	(0.3)	–	–	0.2	27.5	–	27.5
Treasury share additions	–	–	–	–	(406.0)	–	(406.0)	–	(406.0)
Treasury share allocations	–	–	–	–	3.6	(3.6)	–	–	–
Net profit for the year	–	–	–	–	–	1,160.2	1,160.2	84.9	1,245.1
Exchange adjustments on foreign currency net investments	–	–	–	(272.9)	–	–	(272.9)	(3.0)	(275.9)
Gain on revaluation of available for sale investments	–	–	–	206.0	–	–	206.0	–	206.0
Actuarial gain on defined benefit pension plans	–	–	–	–	–	33.5	33.5	–	33.5
Deferred tax on defined benefit pension plans	–	–	–	–	–	(5.2)	(5.2)	–	(5.2)
Comprehensive (loss)/income	–	–	–	(66.9)	–	1,188.5	1,121.6	81.9	1,203.5
Dividends paid	–	–	–	–	–	(545.8)	(545.8)	(55.2)	(601.0)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	99.0	99.0	–	99.0
Tax adjustment on share-based payments	–	–	–	–	–	18.0	18.0	–	18.0
Net movement in own shares held by ESOP Trusts	–	–	–	–	(33.5)	(148.1)	(181.6)	–	(181.6)
Recognition/remeasurement of financial instruments	–	–	–	(59.0)	–	(0.7)	(59.7)	–	(59.7)
Share purchases – close period commitments	–	–	–	80.0	–	2.9	82.9	–	82.9
Acquisition of subsidiaries[2]	–	–	–	–	–	(18.6)	(18.6)	25.0	6.4
Balance at 31 December 2015	**132.9**	**535.3**	**–**	**(9.7)**	**(719.6)**	**7,698.5**	**7,637.4**	**378.4**	**8,015.8**

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 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.

Notes to the consolidated financial statements

For the year ended 31 December 2015

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 & 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] %
2015				
Advertising and Media Investment Management	**5,552.8**	**4,652.0**	**855.6**	**18.4**
Data Investment Management	**2,425.9**	**1,768.1**	**286.1**	**16.2**
Public Relations & Public Affairs	**945.8**	**929.7**	**155.4**	**16.7**
Branding & Identity, Healthcare and Specialist Communications	**3,310.7**	**3,174.5**	**476.9**	**15.0**
	12,235.2	**10,524.3**	**1,774.0**	**16.9**
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

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
2015						
Advertising and Media Investment Management	**55.4**	**119.7**	**96.9**	**15.1**	**26.8**	**377.0**
Data Investment Management	**13.7**	**58.1**	**51.8**	**–**	**0.8**	**86.4**
Public Relations & Public Affairs	**6.7**	**9.1**	**9.8**	**–**	**2.3**	**92.0**
Branding & Identity, Healthcare and Specialist Communications	**23.2**	**59.5**	**69.9**	**–**	**17.1**	**203.2**
	99.0	**246.4**	**228.4**	**15.1**	**47.0**	**758.6**
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

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[1,2] £m	Consolidated total assets £m	Segment liabilities £m	Unallocated corporate liabilities[1,2] £m	Consolidated total liabilities £m
2015						
Advertising and Media Investment Management	**12,911.4**			**(10,506.9)**		
Data Investment Management	**3,713.3**			**(1,067.0)**		
Public Relations & Public Affairs	**1,839.2**			**(425.1)**		
Branding & Identity, Healthcare and Specialist Communications	**7,640.2**			**(1,990.4)**		
	26,104.1	**2,645.1**	**28,749.2**	**(13,989.4)**	**(6,744.0)**	**(20,733.4)**
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	2,767.1	26,622.9	(12,871.5)	(5,924.6)	(18,796.1)
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	2,447.1	24,975.5	(11,563.5)	(5,565.5)	(17,129.0)

Notes

1 Included in unallocated corporate assets and liabilities are corporate income tax, deferred tax and net interest-bearing debt.

2 As described in note 15, prior year balance sheets have been restated to reduce both deferred tax assets and deferred tax liabilities, by a corresponding amount.

Contributions by geographical area were as follows:

	2015 £m	2014 £m	2013 £m
Revenue[1]			
North America[2]	4,491.2	3,899.9	3,744.7
UK	1,777.4	1,640.3	1,414.0
Western Continental Europe	2,425.6	2,568.8	2,592.6
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	3,541.0	3,419.9	3,268.1
	12,235.2	11,528.9	11,019.4

Net sales			
North America[2]	3,882.3	3,471.7	3,547.0
UK	1,504.5	1,396.0	1,303.9
Western Continental Europe	2,016.2	2,142.6	2,217.8
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	3,121.3	3,054.5	3,007.4
	10,524.3	10,064.8	10,076.1

Headline PBIT[3]			
North America[2]	728.2	621.8	616.5
UK	243.1	221.2	204.7
Western Continental Europe	277.2	277.2	272.0
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	525.5	560.4	568.4
	1,774.0	1,680.6	1,661.6

	Margin	Margin	Margin
Net sales margin[4]			
North America[2]	18.8%	17.9%	17.4%
UK	16.2%	15.8%	15.7%
Western Continental Europe	13.7%	12.9%	12.3%
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	16.8%	18.3%	18.9%
	16.9%	16.7%	16.5%

Notes

1 Intersegment sales have not been separately disclosed as they are not material.

2 North America includes the US with revenue of £4,257.4 million (2014: £3,664.9 million, 2013: £3,498.1 million), net sales of £3,674.3 million (2014: £3,254.2 million, 2013: £3,310.8 million) and headline PBIT of £697.3 million (2014: £588.2 million, 2013: £582.6 million).

3 Headline PBIT is defined in note 31.

4 Net sales margin is defined in note 31.

	2015 £m	2014 £m
Non-current assets[1]		
North America[2]	6,225.3	5,686.9
UK	2,106.4	1,793.9
Western Continental Europe	3,558.6	3,463.8
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	3,349.7	3,012.0
	15,240.0	13,956.6

Notes

1 Non-current assets excluding financial instruments and deferred tax.

2 North America includes the US with non-current assets of £5,202.6 million (2014: £5,101.0 million).

3. Operating costs

	2015 £m	2014 £m	2013 £m
Staff costs (note 5)	6,652.6	6,440.5	6,477.1
Establishment costs	726.3	711.3	727.4
Other operating costs (net)	1,513.4	1,405.7	1,461.3
Total operating costs	8,892.3	8,557.5	8,665.8
Operating costs include:			
Goodwill impairment (note 12)	15.1	16.9	23.3
Investment write-downs	78.7	7.3	0.4
Restructuring costs	106.2	127.6	5.0
IT asset write-downs	29.1	–	–
Amortisation and impairment of acquired intangible assets (note 12)	140.1	147.5	179.8
Amortisation of other intangible assets (note 12)	33.7	31.6	32.7
Depreciation of property, plant and equipment	190.0	191.7	195.5
Losses/(gains) on sale of property, plant and equipment	1.1	(0.8)	(0.4)
Gains on disposal of investments and subsidiaries	(131.0)	(186.3)	(6.0)
Gains on remeasurement of equity interest on acquisition of controlling interest	(165.0)	(9.2)	(30.0)
Net foreign exchange gains	(10.7)	(2.5)	(1.1)
Operating lease rentals:			
Land and buildings	476.6	466.1	483.0
Sublease income	(11.3)	(11.2)	(13.2)
	465.3	454.9	469.8
Plant and machinery	18.3	19.9	21.1
	483.6	474.8	490.9

In 2015, operating profit includes credits totalling £31.6 million (2014: £24.9 million, 2013: £19.9 million) relating to the release of excess provisions and other balances established in respect of acquisitions completed prior to 2014. 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 £78.7 million (2014: £7.3 million, 2013: £0.4 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.

In 2015, restructuring costs of £106.2 million (2014: £127.6 million, 2013: £5.0 million) comprise £69.5 million (2014: £88.7 million, 2013: £nil) of costs (including £52.0 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 £36.7 million (2014: £38.9 million, 2013: £5.0 million) of costs resulting from the project to transform and rationalise the Group's IT services and infrastructure. In 2015, IT asset write-downs comprise £29.1 million of accelerated depreciation of IT assets in Asia and Europe.

Gains on disposal of investments and subsidiaries of £131.0 million (2014: £186.3 million, 2013: £6.0 million) include £43.6 million of gains arising on the sale of certain Kantar internet measurement businesses to comScore Inc in consideration for newly issued equity in the buyer; £29.7 million of gains arising on the sale of the Group's minority stake in e-Rewards; and £30.6 million of gains arising on the Group's equity interest in Chime Communications plc following its acquisition by Providence Equity Partners in conjunction with WPP.

Gains on remeasurement of equity interest on acquisition of controlling interest in 2015 primarily comprise gains of £131.7 million in relation to the acquisition of a majority stake in IBOPE in Latin America.

All of the operating costs of the Group are related to administrative expenses.

Auditors' remuneration:

	2015 £m	2014 £m	2013 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**1.5**	1.4	1.4
The audit of the Company's subsidiaries pursuant to legislation	**16.2**	14.5	15.1
	17.7	15.9	16.5
Other services pursuant to legislation	**3.3**	3.1	3.1
Fees payable to the auditors pursuant to legislation	**21.0**	19.0	19.6
Tax advisory services	**1.8**	2.1	2.3
Tax compliance services	**1.0**	1.0	1.2
	2.8	3.1	3.5
Corporate finance services	**0.2**	0.3	0.2
Other services[1]	**6.5**	5.4	4.8
Total non-audit fees	**9.5**	8.8	8.5
Total fees	**30.5**	27.8	28.1

Note
1 Other services include audits for earnout purposes and services for expatriate employees.

Minimum committed annual rentals
Amounts payable in 2016 under leases will be as follows:

	Plant and machinery			Land and buildings		
	2016 £m	2015 £m	2014 £m	2016 £m	2015 £m	2014 £m
In respect of operating leases which expire:						
– within one year	4.3	5.3	4.1	57.6	66.7	26.3
– within two to five years	9.7	10.8	13.1	240.3	223.9	195.2
– after five years	0.3	0.1	0.1	163.1	139.4	139.7
	14.3	16.2	17.3	461.0	430.0	361.2

Future minimum annual amounts payable under all lease commitments in existence at 31 December 2015 are as follows:

	Minimum rental payments £m	Less sub-let rentals £m	Net payment £m
Year ending 31 December			
2016	475.3	(8.1)	467.2
2017	353.8	(5.5)	348.3
2018	321.2	(4.5)	316.7
2019	287.9	(3.6)	284.3
2020	242.7	(3.1)	239.6
Later years	1,655.9	(7.7)	1,648.2
	3,336.8	(32.5)	3,304.3

4. Share of results of associates
Share of results of associates include:

	2015 £m	2014 £m	2013 £m
Share of profit before interest and taxation	**95.2**	101.8	111.0
Share of exceptional losses	**(21.8)**	(7.6)	(10.7)
Share of interest and non-controlling interests	**(1.7)**	(3.1)	(4.6)
Share of taxation	**(24.7)**	(29.2)	(27.6)
	47.0	61.9	68.1

5. Our people
Our staff numbers averaged 124,930 for the year ended 31 December 2015 against 121,397 in 2014 and 117,115 in 2013. Their geographical distribution was as follows:

	2015	2014	2013
North America	**26,224**	26,809	28,093
UK	**13,401**	12,838	11,925
Western Continental Europe	**23,506**	23,376	23,559
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**61,799**	58,374	53,538
	124,930	121,397	117,115

Their operating sector distribution was as follows:

	2015	2014	2013
Advertising and Media Investment Management	**53,227**	52,329	49,505
Data Investment Management	**28,395**	28,240	29,586
Public Relations & Public Affairs	**8,492**	8,392	8,298
Branding & Identity, Healthcare and Specialist Communications	**34,816**	32,436	29,726
	124,930	121,397	117,115

At the end of 2015 staff numbers were 128,123 (2014: 123,621, 2013: 119,116). Including all employees of associated undertakings, this figure was approximately 190,000 at 31 December 2015 (2014: 179,000, 2013: 175,000).

Staff costs include:

	2015 £m	2014 £m	2013 £m
Wages and salaries	4,578.4	4,467.8	4,481.4
Cash-based incentive plans	231.8	210.7	222.2
Share-based incentive plans (note 22)	99.0	102.2	105.4
Social security costs	578.4	567.8	577.3
Pension costs (note 23)	160.0	148.9	151.3
Severance	24.0	37.4	26.9
Other staff costs[1]	981.0	905.7	912.6
	6,652.6	6,440.5	6,477.1
Staff cost to net sales ratio	63.2%	64.0%	64.3%

Note
1 Freelance and temporary staff costs are included in other staff costs.

Included above are charges of £16.7 million (2014: £16.9 million, 2013: £16.9 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 121 to 153.

6. Finance income, finance costs and revaluation of financial instruments

Finance income includes:

	2015 £m	2014 £m	2013 £m
Income from available for sale investments	18.9	26.0	10.1
Interest income	53.5	68.7	54.2
	72.4	94.7	64.3

Finance costs include:

	2015 £m	2014 £m	2013 £m
Net interest expense on pension plans (note 23)	7.3	8.0	11.4
Interest on other long-term employee benefits	2.5	1.9	1.7
Interest payable and similar charges[1]	214.3	252.8	254.8
	224.1	262.7	267.9

Revaluation of financial instruments[2] include:

	2015 £m	2014 £m	2013 £m
Movements in fair value of treasury instruments	(3.7)	31.3	6.3
Movements in fair value of other derivatives	15.9	15.0	–
Revaluation of put options over non-controlling interests	(11.3)	(8.8)	(1.1)
Revaluation of payments due to vendors (earnout agreements)	(35.6)	13.2	15.8
	(34.7)	50.7	21.0

Notes
1 Interest payable and similar charges are payable on bank overdrafts, bonds and bank loans held at amortised cost.
2 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%, €3,450 million of Eurobonds at an average interest rate of 2.54% 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 0.76%.

Average borrowings under the US Commercial Paper Program for 2015 amounted to $372 million at an average interest rate of 0.51% inclusive of margin.

7. Taxation

The headline tax rate was 19.0% (2014: 20.0%, 2013: 20.2%). The tax rate on reported PBT was 16.6% (2014: 20.7%, 2013: 21.9%). The reported tax rate is lower than the headline tax rate and is due to most of the gains on disposals of investments and subsidiaries and the gains on remeasurement of equity interests not being taxable. The cash tax rate on headline PBT was 18.6% (2014: 19.2%, 2013: 18.7%).

The tax charge comprises:

	2015 £m	2014 £m	2013 £m
Corporation tax			
Current year	403.0	394.9	359.1
Prior years	(108.4)	4.4	(48.1)
	294.6	399.3	311.0
Deferred tax			
Current year	(35.8)	(93.2)	(19.6)
Prior years	(11.3)	(5.7)	(7.7)
	(47.1)	(98.9)	(27.3)
Tax charge	247.5	300.4	283.7

The corporation tax credit for prior years in 2015, and also 2013, mainly comprises the release of a number of separate provisions following the resolution of tax matters in various countries. In 2014 the deferred tax credit primarily related to the recognition of temporary differences that were previously unrecognised.

The tax charge for the year can be reconciled to profit before taxation in the consolidated income statement as follows:

	2015 £m	2014 £m	2013 £m
Profit before taxation	1,492.6	1,451.9	1,295.8
Tax at the corporation tax rate of 20.25%[1]	302.3	312.2	301.3
Tax effect of share of results of associates	(9.5)	(13.3)	(15.8)
Irrecoverable withholding taxes	25.7	24.2	30.7
Items that are not deductible/(taxable) in determining taxable profit	25.4	14.2	(27.3)
Effect of different tax rates of subsidiaries operating in other jurisdictions	49.9	12.9	17.6
Origination and reversal of unrecognised temporary differences	0.4	10.6	35.5
Tax losses not recognised or utilised in the year	4.0	52.1	40.6
Utilisation of tax losses not previously recognised	(10.4)	(42.2)	(28.3)
Recognition of temporary differences not previously recognised	(20.6)	(69.0)	(14.8)
Net release of prior-year provisions in relation to acquired businesses	(22.9)	(17.4)	(11.6)
Other prior-year adjustments	(96.8)	16.1	(44.2)
Tax charge	247.5	300.4	283.7
Effective tax rate on profit before tax	16.6%	20.7%	21.9%

Note
1 The parent company of the Group is tax resident in the UK. As such, the tax rate in the tax reconciliation for 2015 is the blended UK corporation tax rate of 20.25% (2014: 21.5%, 2013: 23.25%).

The calculation of the headline tax rate is as follows:

	2015 £m	2014 £m	2013 £m
Headline PBT[1]	1,622.3	1,512.6	1,458.0
Tax charge	247.5	300.4	283.7
Tax charge relating to gains on disposal of investments and subsidiaries	(1.1)	(21.4)	–
Tax credit relating to restructuring costs	26.5	14.1	–
Deferred tax relating to gains on disposal of investments and subsidiaries	–	(13.8)	–
Deferred tax impact of the amortisation of acquired intangible assets and other goodwill items	35.4	23.2	10.6
Headline tax charge	308.3	302.5	294.3
Headline tax rate	19.0%	20.0%	20.2%

Note
[1] Headline PBT is defined in note 31.

Factors affecting the tax charge in future years
Factors that may affect the Group's future tax charge include the levels and mix of profits in the many countries in which we operate, the prevailing tax rates in each of those countries and also the foreign exchange rates that apply to those profits. The tax charge may also be affected by the impact of acquisitions, disposals and other corporate restructurings, the resolution of open tax issues, future planning, and the ability to use brought forward tax losses. Furthermore, changes in local or international tax rules, for example prompted by the OECD's emerging recommendations on Base Erosion and Profit Shifting (a global initiative to improve the fairness and integrity of tax systems), or new challenges by tax or competition authorities, may expose us to significant additional tax liabilities or impact the carrying value of our deferred tax assets, which would affect the future tax charge.

The Group has a number of open tax returns and is subject to various ongoing tax audits in respect of which it has recognised potential liabilities, none of which are individually material. The Group does not currently expect any material additional charges, or credits, to arise in respect of these matters, beyond the amounts already provided. Liabilities relating to these open and judgemental matters are based upon estimates of whether additional taxes will be due after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts which were initially recorded then such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Tax risk management
We maintain constructive engagement with the tax authorities and relevant government representatives, as well as active engagement with a wide range of international companies and business organisations with similar issues. We engage advisors and legal counsel to obtain opinions on tax legislation and principles. We have a Tax Risk Management Strategy in place which sets out the controls established and our assessment procedures for decision-making and how we monitor tax risk. We monitor proposed changes in taxation legislation and ensure these are taken into account when we consider our future business plans. Our directors are informed by management of any tax law changes, the nature and status of any significant ongoing tax audits, and other developments that could materially affect the Group's tax position.

8. Ordinary dividends
Amounts recognised as distributions to equity holders in the year:

	2015	2014	2013	2015	2014	2013
Per share	Pence per share			£m	£m	£m
2014 Final dividend	26.58p	23.65p	19.71p	343.2	309.5	258.0
2015 Interim dividend	15.91p	11.62p	10.56p	202.6	150.5	139.3
	42.49p	35.27p	30.27p	545.8	460.0	397.3

	2015	2014	2013	2015	2014	2013
Per ADR[1]	Cents per share			$m	$m	$m
2014 Final dividend	218.95¢	185.01¢	156.22¢	565.5	484.1	409.0
2015 Interim dividend	121.62¢	95.72¢	82.61¢	309.7	248.0	218.0
	340.57¢	280.73¢	238.83¢	875.2	732.1	627.0

Proposed final dividend for the year ended 31 December 2015:

	2015	2014	2013
Per share	Pence per share		
Final dividend	28.78p	26.58p	23.65p

	2015	2014	2013
Per ADR[1]	Cents per ADR		
Final dividend	219.99¢	218.95¢	185.01¢

Note
[1] These figures have been translated for convenience purposes only, using the approximate average rate for the year shown on page 180. 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:

	2015	2014	2013
Reported earnings[1] (£m)	1,160.2	1,077.2	936.5
Headline earnings (£m) (note 31)	1,229.1	1,135.8	1,088.1
Average shares used in basic EPS calculation (m)	1,288.5	1,307.4	1,293.8
Reported EPS	90.0p	82.4p	72.4p
Headline EPS	95.4p	86.9p	84.1p

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:

	2015	2014	2013
Diluted reported earnings (£m)	1,160.2	1,077.2	947.1
Diluted headline earnings (£m)	1,229.1	1,135.8	1,098.7
Average shares used in diluted EPS calculation (m)	1,313.0	1,337.5	1,360.3
Diluted reported EPS	88.4p	80.5p	69.6p
Diluted headline EPS	93.6p	84.9p	80.8p

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 year ended 31 December 2013 these convertible bonds were dilutive and earnings were consequently increased by £10.6 million for the purpose of the calculation of diluted earnings. At 31 December 2015, options to purchase 7.0 million ordinary shares (2014: 10.7 million, 2013: 6.0 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:

	2015 m	2014 m	2013 m
Average shares used in basic EPS calculation	1,288.5	1,307.4	1,293.8
Dilutive share options outstanding	3.5	4.8	6.8
Other potentially issuable shares	21.0	25.3	30.8
£450 million 5.75% convertible bonds	–	–	28.9
Shares used in diluted EPS calculation	1,313.0	1,337.5	1,360.3

At 31 December 2015 there were 1,329,366,024 (2014: 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	
	2015 £m	2014 £m	2015 £m	2014 £m
Analysis of changes in financing				
Beginning of year	640.6	618.3	4,523.0	4,123.6
Ordinary shares issued	27.6	25.0	–	–
Treasury share cancellations	–	(2.7)	–	–
Net increase in drawings on bank loans and corporate bonds	–	–	492.0	465.2
Amortisation of financing costs included in net debt	–	–	7.5	6.5
Other movements	–	–	105.0	(57.8)
Exchange adjustments	–	–	29.9	(14.5)
End of year	668.2	640.6	5,157.4	4,523.0

Note

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 2015, the Company's share base was entirely composed of ordinary equity share capital and share premium of £668.2 million (2014: £640.6 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, $750 million of 3.75% bonds due September 2024, $300 million of 5.125% bonds due September 2042 and $500 million of 5.625% bonds due November 2043.

Eurobonds In March 2015, the Group issued €252 million of 0.43% bonds due March 2018 in exchange for €252 million of the 6.65% bonds due May 2016. Consequently the amount in issue of the 6.625% bonds due May 2016 has reduced to €498 million. In March 2015, the Group issued €600 million of 1.625% bonds due March 2030 and in November 2015 issued €600 million of 0.75% bonds due November 2019.

The Group also has in issue €750 million of 3% bonds due November 2023 and €750 million of 2.25% bonds due September 2026.

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 2020. 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 2015. The Group had available undrawn committed credit facilities of £1,696.8 million at December 2015 (2014: £1,604.5 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 2015 was $372 million. There was no US Commercial Paper outstanding at 31 December 2015.

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:

	2015 £m	2014 £m
Within one year	(541.7)	(578.4)
Between one and two years	(548.2)	(748.4)
Between two and three years	(325.4)	(533.7)
Between three and four years	(581.6)	(125.7)
Between four and five years	(335.0)	(125.7)
Over five years	(4,459.5)	(4,192.3)
Debt financing (including interest) under the Revolving Credit Facility and in relation to unsecured loan notes	(6,791.4)	(6,304.2)
Short-term overdrafts – within one year	(435.8)	(265.1)
Future anticipated cash flows	(7,227.2)	(6,569.3)
Effect of discounting/financing rates	1,634.0	1,781.2
Debt financing	(5,593.2)	(4,788.1)
Cash and short-term deposits	2,382.4	2,512.7
Net debt	(3,210.8)	(2,275.4)

Analysis of fixed and floating rate debt by currency including the effect of interest rate and cross-currency swaps:

2015 Currency		£m	Fixed rate[1]	Floating basis	Period (months)[1]
$	– fixed	1,052.0	4.62%	n/a	224
	– floating	890.7	n/a	LIBOR	n/a
£	– fixed	400.0	6.19%	n/a	37
	– floating	200.0	n/a	LIBOR	n/a
€	– fixed	2,544.4	2.54%	n/a	90
Other		70.3	n/a	n/a	n/a
		5,157.4			

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.

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	
2015	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	55.2	50.6	72.4	102.7
Between one and two years	40.7	39.4	277.1	298.1
Between two and three years	17.4	17.6	52.8	56.7
Between three and four years	18.4	19.1	55.6	56.7
Between four and five years	20.3	20.8	58.1	56.7
Over five years	834.1	834.2	1,393.6	1,387.2
	986.1	981.7	1,909.6	1,958.1

	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

11. Analysis of cash flows

The following tables analyse the items included within the main cash flow headings on page 182.

Net cash from operating activities:

	2015 £m	2014 £m	2013 £m
Profit for the year	1,245.1	1,151.5	1,012.1
Taxation	247.5	300.4	283.7
Revaluation of financial instruments	34.7	(50.7)	(21.0)
Finance costs	224.1	262.7	267.9
Finance income	(72.4)	(94.7)	(64.3)
Share of results of associates	(47.0)	(61.9)	(68.1)
Operating profit	1,632.0	1,507.3	1,410.3
Adjustments for:			
Non-cash share-based incentive plans (including share options)	99.0	102.2	105.4
Depreciation of property, plant and equipment	194.7	197.3	202.0
Impairment of goodwill	15.1	16.9	23.3
Amortisation and impairment of acquired intangible assets	140.1	147.5	179.8
Amortisation of other intangible assets	33.7	31.6	32.7
Investment write-downs	78.7	7.3	0.4
Gains on disposal of investments and subsidiaries	(131.0)	(186.3)	(6.0)
Gains on remeasurement of equity interest on acquisition of controlling interest	(165.0)	(9.2)	(30.0)
Losses/(gains) on sale of property, plant and equipment	1.1	(0.8)	(0.4)
Operating cash flow before movements in working capital and provisions	1,898.4	1,813.8	1,917.5
Decrease/(increase) in inventories and work in progress	7.8	(9.7)	36.7
Increase in receivables	(921.7)	(84.0)	(253.3)
Increase in payables – short-term	787.9	390.9	67.2
Increase in payables – long-term	24.2	36.5	28.3
Decrease in provisions	(62.3)	(38.7)	(12.3)
Cash generated by operations	1,734.3	2,108.8	1,784.1
Corporation and overseas tax paid	(301.2)	(289.9)	(273.3)
Interest and similar charges paid	(212.0)	(249.1)	(254.7)
Interest received	61.3	69.8	51.3
Investment income	4.9	11.9	10.1
Dividends from associates	72.6	52.2	56.7
Net cash inflow from operating activities	1,359.9	1,703.7	1,374.2

Acquisitions and disposals:

	2015 £m	2014 £m	2013 £m
Initial cash consideration	(463.5)	(382.7)	(165.1)
Cash and cash equivalents acquired (net)	57.7	74.4	25.0
Earnout payments	(43.9)	(34.3)	(27.7)
Purchase of other investments (including associates)	(283.2)	(188.8)	(45.6)
Proceeds on disposal of investments	63.4	42.3	12.0
Acquisitions and disposals	(669.5)	(489.1)	(201.4)
Cash consideration for non-controlling interests	(23.6)	(5.6)	(19.6)
Net cash outflow	(693.1)	(494.7)	(221.0)

Share repurchases and buy-backs:

	2015 £m	2014 £m	2013 £m
Purchase of own shares by ESOP Trusts	(181.6)	(98.3)	(179.4)
Shares purchased into treasury	(406.0)	(412.5)	(17.6)
Net cash outflow	(587.6)	(510.8)	(197.0)

Net increase in borrowings:

	2015 £m	2014 £m	2013 £m
Proceeds from issue of €600 million bonds	858.7	–	–
Repayment of €500 million bonds	(481.9)	–	–
Premium on exchange of €252 million bonds	(13.7)	–	–
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
Repayment of €600 million bonds	–	–	(502.1)
Repayment of convertible bonds	–	–	(0.1)
Increase in drawings on bank loans	128.9	–	–
Net cash inflow	492.0	465.2	436.8

Cash and cash equivalents:

	2015 £m	2014 £m	2013 £m
Cash at bank and in hand	2,227.8	1,967.0	2,099.1
Short-term bank deposits	154.6	545.7	122.5
Overdrafts[1]	(435.8)	(265.1)	(338.4)
	1,946.6	2,247.6	1,883.2

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 2015 and 2014 were as follows:

	£m
Cost:	
1 January 2014	10,065.8
Additions[1]	514.0
Revision of earnout estimates	26.4
Exchange adjustments	(23.2)
31 December 2014	10,583.0
Additions[1]	763.6
Revision of earnout estimates	19.9
Exchange adjustments	(72.3)
31 December 2015	**11,294.2**
Accumulated impairment losses and write-downs:	
1 January 2014	593.0
Impairment losses for the year	8.1
Exchange adjustments	2.5
31 December 2014	603.6
Impairment losses for the year	15.1
Exchange adjustments	4.9
31 December 2015	**623.6**
Net book value:	
31 December 2015	**10,670.6**
31 December 2014	9,979.4
1 January 2014	9,472.8

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:

	2015 £m	2014 £m
GroupM	2,390.7	2,124.5
Kantar	2,223.4	1,965.0
Wunderman	1,083.3	1,081.0
Y&R Advertising	946.9	978.1
Burson-Marsteller	482.6	473.2
Other	3,543.7	3,357.6
Total goodwill	10,670.6	9,979.4

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 2015 and 2014 were as follows:

	Brands with an indefinite useful life £m	Acquired intan-gibles £m	Other £m	Total £m
Cost:				
1 January 2014	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
Additions	–	–	36.1	36.1
Disposals	–	–	(19.2)	(19.2)
New acquisitions	–	230.7	2.4	233.1
Other movements[1]	–	6.7	(4.1)	2.6
Exchange adjustments	(1.2)	(14.5)	2.8	(12.9)
31 December 2015	**968.1**	**2,007.1**	**331.0**	**3,306.2**
Amortisation and impairment:				
1 January 2014	–	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
Charge for the year	–	135.7	33.7	169.4
Disposals	–	–	(18.3)	(18.3)
IT asset write-downs	–	–	29.1	29.1
Other movements	–	–	(7.3)	(7.3)
Exchange adjustments	–	16.5	3.8	20.3
31 December 2015	**–**	**1,339.5**	**251.3**	**1,590.8**
Net book value:				
31 December 2015	**968.1**	**667.6**	**79.7**	**1,715.4**
31 December 2014	969.3	596.9	102.7	1,668.9
1 January 2014	957.9	613.6	96.3	1,667.8

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 2015 include brand names of £401.0 million (2014: £393.0 million), customer-related intangibles of £239.9 million (2014: £197.8 million), and other assets (including proprietary tools) of £26.7 million (2014: £6.1 million).

The total amortisation and impairment of acquired intangible assets of £140.1 million (2014: £147.5 million) includes £4.4 million (2014: £2.8 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 8.5% (2014: 9.0%) and management forecasts for a projection period of up to five years, followed by an assumed annual long-term growth rate of 3.0% (2014: 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 £15.1 million (2014: £16.9 million) relates to a number of under-performing businesses in the Group, of which £nil (2014: £8.8 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 2015 and 2014 were as follows:

	Land £m	Freehold buildings £m	Leasehold buildings £m	Fixtures, fittings and equipment £m	Computer equipment £m	Total £m
Cost:						
1 January 2014	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
Additions	–	0.4	107.2	39.4	63.3	210.3
New acquisitions	–	1.2	2.2	13.3	4.4	21.1
Disposals	–	(12.6)	(68.2)	(37.7)	(55.9)	(174.4)
Exchange adjustments	–	2.9	11.5	(11.4)	(7.3)	(4.3)
31 December 2015	**37.1**	**102.2**	**837.4**	**338.3**	**602.9**	**1,917.9**
Depreciation:						
1 January 2014	–	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
Charge for the year	–	5.2	70.5	40.9	78.1	194.7
Disposals	–	(7.7)	(64.8)	(29.5)	(54.5)	(156.5)
Exchange adjustments	–	(0.8)	5.1	(5.9)	(9.1)	(10.7)
31 December 2015	**–**	**19.2**	**423.2**	**208.9**	**468.9**	**1,120.2**
Net book value:						
31 December 2015	**37.1**	**83.0**	**414.2**	**129.4**	**134.0**	**797.7**
31 December 2014	37.1	87.8	372.3	131.3	144.0	772.5
1 January 2014	37.1	86.0	368.4	134.1	147.7	773.3

At the end of the year, capital commitments contracted, but not provided for in respect of property, plant and equipment were £61.3 million (2014: £60.9 million).

14. Interests in associates, joint ventures and other investments

The movements in 2015 and 2014 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 2014	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
Additions	(18.7)	–	(18.7)	357.1
Goodwill arising on acquisition of new associates	–	124.8	124.8	–
Share of results of associate undertakings (note 4)	47.0	–	47.0	–
Dividends	(75.1)	–	(75.1)	–
Other movements	5.1	5.7	10.8	–
Exchange adjustments	(7.9)	(5.8)	(13.7)	18.9
Disposals	(46.7)	(1.6)	(48.3)	(13.8)
Reclassification from/(to) subsidiaries	11.2	(34.9)	(23.7)	–
Revaluation of other investments	–	–	–	206.0
Amortisation of other intangible assets	–	(4.4)	(4.4)	–
Write-downs	–	–	–	(78.7)
31 December 2015	**334.1**	**424.5**	**758.6**	**1,158.7**

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 2015 included:

	% owned	Country of incorporation
Asatsu-DK Inc.	24.6	Japan
Barrows Design and Manufacturing (Pty) Limited	35.0	South Africa
Chime Communications Ltd	27.8	UK
CTR Market Research Company Limited	46.0	China
CVSC Sofres Media Co Limited	40.0	China
GIIR Inc	30.0	Korea
Globant S.A.[1]	19.8	Argentina
Grass Roots Group plc	44.8	UK
Haworth Marketing & Media Company	49.0	USA
High Co SA	34.1	France
Marktest Investimentos SGPS S.A.	43.1	Portugal
Nanjing Yindu Advertising Agency	49.0	China
Singleton, Ogilvy & Mather (Holdings) Pty Limited	33.3	Australia
Smollan Holdings (Pty) Ltd	25.4	South Africa
STW Communications Group Limited[2]	23.5	Australia

Notes

1 Although the Group holds less than 20% of Globant S.A, it is considered to be an associate as the Group exercises significant influence over the entity.

2 STW Communications Group Limited merged with the Australian and New Zealand businesses of WPP following STW shareholder approval at an Extraordinary General Meeting held on 4 April 2016. As a result of this transaction, WPP will have a majority shareholding.

The market value of the Group's shares in its principal listed associate undertakings at 31 December 2015 was as follows: Asatsu-DK Inc: £171.6 million, GIIR Inc: £25.2 million, Globant SA: £170.3 million, High Co SA: £27.2 million and STW Communications Group Limited: £40.0 million (2014: Asatsu-DK Inc: £160.9 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).

The carrying value (including goodwill and other intangibles) of these equity interests in the Group's consolidated balance sheet at 31 December 2015 was as follows: Asatsu-DK Inc: £120.1 million, GIIR Inc: £30.4 million, Globant SA: £61.9 million, High Co SA: £28.6 million and STW Communications Group Limited: £70.4 million (2014: Asatsu-DK Inc: £140.4 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).

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 2015.

	2015 £m	2014 £m	2013 £m
Income statement			
Revenue	**2,049.5**	2,246.5	2,366.7
Operating profit	**283.7**	280.6	274.8
Profit before taxation	**236.5**	267.0	261.5
Profit for the year	**162.0**	183.0	188.8

	2015 £m	2014 £m	2013 £m
Balance sheet			
Assets	**3,912.4**	4,380.3	5,027.4
Liabilities	**(1,906.2)**	(1,823.9)	(2,411.9)
Net assets	**2,006.2**	2,556.4	2,615.5

The application of equity accounting is ordinarily discontinued when the investment is reduced to zero and additional losses are not provided for unless the Group 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 £93.1 million (2014: £42.4 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 2015 £m	Offset 2015 £m	As reported 2015 £m	Gross 2014 £m	Offset 2014 £m	As reported 2014 £m	Gross 2013 £m	Offset 2013 £m	As reported 2013 £m
Deferred tax assets	410.7	(316.6)	**94.1**	406.8	(298.0)	108.8	224.3	(134.8)	89.5
Deferred tax liabilities	(868.9)	316.6	**(552.3)**	(834.7)	298.0	(536.7)	(755.6)	134.8	(620.8)
	(458.2)	–	**(458.2)**	(427.9)	–	(427.9)	(531.3)	–	(531.3)

The Group has restated the consolidated balance sheets at 31 December 2014 and 31 December 2013 to reduce both the deferred tax assets and the deferred tax liabilities shown in each year by £130.9 million and £29.9 million respectively. This restatement offsets certain deferred tax assets and liabilities relating to the same tax group. There was no impact on the Group's net income or net assets.

The following are the major gross deferred tax assets recognised by the Group and movements thereon in 2015 and 2014:

	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 2014	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
(Charge)/credit to income	(5.8)	(2.9)	(12.0)	2.1	20.4	(3.3)	11.2	(5.1)	4.6
Charge to comprehensive income	–	–	(5.2)	–	–	–	–	–	(5.2)
Credit to equity	–	–	–	–	–	6.4	–	–	6.4
Exchange differences	2.2	0.9	1.8	1.2	2.8	4.2	(0.5)	(0.3)	12.3
Transfer to current tax creditor	–	–	–	–	–	–	(14.2)	–	(14.2)
31 December 2015	**41.9**	**49.5**	**91.0**	**44.7**	**71.3**	**78.8**	**16.9**	**16.6**	**410.7**

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.

In addition the Group has recognised the following gross deferred tax liabilities and movements thereon in 2015 and 2014:

	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 2014	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
Acquisition of subsidiaries	73.4	–	–	–	–	0.4	73.8
(Credit)/charge to income	(44.2)	2.7	4.7	(1.6)	(1.8)	(2.4)	(42.6)
Exchange differences	(10.3)	0.2	8.3	1.7	2.8	0.3	3.0
31 December 2015	**577.1**	**22.5**	**176.7**	**30.9**	**50.7**	**11.0**	**868.9**

At the balance sheet date, the Group has gross tax losses and other temporary differences of £4,581.9 million (2014: £4,840.6 million) available for offset against future profits. Deferred tax assets have been recognised in respect of the tax benefit of £1,186.3 million (2014: £1,262.1 million) of such tax losses and other temporary differences. No deferred tax asset has been recognised in respect of the remaining £3,395.6 million (2014: £3,578.5 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 £42.3 million that will expire within 1–10 years, and £3,067.7 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 £2,311.7 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:

	2015 £m	2014 £m
Work in progress	315.1	313.7
Inventory	13.9	13.6
	329.0	327.3

17. Trade and other receivables

The following are included in trade and other receivables:

Amounts falling due within one year:

	2015 £m	2014 £m
Trade receivables (net of bad debt provision)	6,799.4	6,337.6
VAT and sales taxes recoverable	154.9	116.0
Prepayments	235.0	222.1
Accrued income	2,853.8	2,401.5
Fair value of derivatives	4.6	11.4
Other debtors	447.7	441.4
	10,495.4	9,530.0

The ageing of trade receivables and other financial assets is as follows:

2015	Carrying amount at 31 December 2015 £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	6,799.4	4,290.7	1,704.0	631.9	133.0	35.4	4.4
Other financial assets	453.5	265.7	107.6	23.8	5.1	19.1	32.2
	7,252.9	4,556.4	1,811.6	655.7	138.1	54.5	36.6

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

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:

	2015 £m	2014 £m
Prepayments	1.5	1.9
Accrued income	5.8	7.0
Other debtors	131.7	97.8
Fair value of derivatives	39.7	41.9
	178.7	148.6

Movements on bad debt provisions were as follows:

	2015 £m	2014 £m
Balance at beginning of year	85.3	92.8
New acquisitions	1.0	3.2
Charged to operating costs	21.6	18.9
Exchange adjustments	0.2	0.3
Utilisations and other movements	(22.7)	(29.9)
Balance at end of year	85.4	85.3

The allowance for bad and doubtful debts is equivalent to 1.2% (2014: 1.3%) of gross trade accounts receivables.

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:

	2015 £m	2014 £m
Trade payables	8,538.3	7,846.3
Payments due to vendors (earnout agreements)	126.0	67.1
Liabilities in respect of put option agreements with vendors	51.1	27.7
Deferred income	1,081.0	990.4
Fair value of derivatives	0.7	75.0
Share purchases – close period commitments	–	78.8
Other creditors and accruals	2,887.9	2,698.7
	12,685.0	11,784.0

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:

	2015 £m	2014 £m
Payments due to vendors (earnout agreements)	455.3	244.3
Liabilities in respect of put option agreements with vendors	183.3	157.2
Fair value of derivatives	2.3	2.1
Other creditors and accruals	250.6	221.3
	891.5	624.9

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:

	2015 £m	2014 £m
Within one year	126.0	67.1
Between one and two years	104.9	67.4
Between two and three years	105.1	65.1
Between three and four years	110.9	34.6
Between four and five years	122.5	51.9
Over five years	11.9	25.3
	581.3	311.4

	2015 £m	2014 £m
At the beginning of the year	311.4	193.5
Earnouts paid (note 11)	(43.9)	(34.3)
New acquisitions	262.2	136.0
Revision of estimates taken to goodwill (note 12)	19.9	26.4
Revaluation of payments due to vendors (note 6)	35.6	(13.2)
Exchange adjustments	(3.9)	3.0
At the end of the year	581.3	311.4

As of 31 December 2015, 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 £378 million (2014: £nil to £362 million) and £nil to £1,645 million (2014: £nil to £1,329 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:

	2015 £m	2014 £m
Bank overdrafts	435.8	265.1
Corporate bonds and bank loans	496.2	388.1
	932.0	653.2

The Group considers that the carrying amount of bank overdrafts approximates their fair value.

Amounts falling due after more than one year:

	2015 £m	2014 £m
Corporate bonds and bank loans	4,661.2	4,134.9

The Group estimates that the fair value of corporate bonds is £5,207.4 million at 31 December 2015 (2014: £4,944.8 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:

	2015 £m	2014 £m
Within one year	932.0	653.2
Between one and two years	413.6	581.9
Between two and three years	174.7	413.9
Between three and four years	440.6	–
Between four and five years	194.2	–
Over five years	3,438.1	3,139.1
	5,593.2	4,788.1

21. Provisions for liabilities and charges

The movements in 2015 and 2014 were as follows:

	Property £m	Other £m	Total £m
1 January 2014	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
Charged to the income statement	9.2	15.6	24.8
Acquisitions[1]	13.3	11.2	24.5
Utilised	(7.2)	(11.4)	(18.6)
Released to the income statement	(2.8)	(10.9)	(13.7)
Transfers	(3.0)	2.5	(0.5)
Exchange adjustments	(1.3)	2.0	0.7
31 December 2015	**52.7**	**130.9**	**183.6**

Note

1 Acquisitions include £13.5 million (2014: £0.5 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:

	2015 £m	2014 £m	2013 £m
Share-based payments (note 5)	**99.0**	102.2	105.4

Share-based payments comprise charges for stock options and restricted stock awards to employees of the Group.

As of 31 December 2015, there was £162.0 million (2014: £156.8 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:

Leadership Equity Acquisition Plan III (LEAP III)

Under 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 and 2011 grants is five shares for each investment share. The 2011 LEAP III plan vested in March 2016 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. 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 2015 number m	Granted number m	Lapsed number m	Vested number m	Non-vested 31 December 2015 number m
LEAP III[1]	3.0	4.2	–	(5.1)	**2.1**
Executive Performance Share Plan (EPSP)	4.8	1.9	–	–	**6.7**
Performance Share Awards (PSA)	3.2	0.4	(0.2)	(1.7)	**1.7**
Leaders, Partners and High Potential Group	6.9	2.0	(0.5)	(2.7)	**5.7**
Weighted average fair value (pence per share):					
LEAP III[1]	788p	728p	–	728p	**749p**
Executive Performance Share Plan (EPSP)	1,189p	1,472p	–	–	**1,271p**
Performance Share Awards (PSA)	1,170p	1,252p	1,247p	1,011p	**1,343p**
Leaders, Partners and High Potential Group	1,140p	1,386p	1,149p	778p	**1,401p**

Note

1 The number of shares granted represents the matched shares awarded on vest date for the 2010 LEAP III plan which vested in March 2015. The actual number of shares that vest for each 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 2015 was £111.7 million (2014: £107.2 million, 2013: £87.1 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:

	2015 £m	2014 £m	2013 £m
Defined contribution plans	**135.0**	129.8	124.4
Defined benefit plans charge to operating profit	**25.0**	19.1	26.9
Pension costs (note 5)	**160.0**	148.9	151.3
Net interest expense on pension plans (note 6)	**7.3**	8.0	11.4
	167.3	156.9	162.7

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 2015.

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 2015 amounted to £70.9 million (2014: £68.2 million, 2013: £47.8 million). Employer contributions and benefit payments in 2016 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:

	2015 % pa	2014 % pa	2013 % pa	2012 % pa
UK				
Discount rate[1]	**3.7**	3.4	4.5	4.2
Rate of increase in salaries	**3.1**	3.1	3.6	2.9
Rate of increase in pensions in payment	**3.9**	3.9	4.2	3.9
Inflation	**2.4**	2.4	2.9	2.4
North America				
Discount rate[1]	**4.0**	3.7	4.5	3.5
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]	**2.5**	2.1	3.7	3.6
Rate of increase in salaries	**2.3**	2.2	2.4	2.4
Rate of increase in pensions in payment	**1.6**	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**	4.2	4.4	4.1
Rate of increase in salaries	**5.8**	6.1	5.9	6.1
Inflation	**4.0**	3.9	4.5	4.7

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 2015, 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 Conti-nental Europe	Other[1]
– current pensioners (at age 65) – male	22.9	23.2	23.5	21.0	19.6
– current pensioners (at age 65) – female	24.7	24.9	24.7	24.2	24.8
– future pensioners (current age 45) – male	24.8	24.7	25.5	23.6	19.6
– future pensioners (current age 45) – female	26.7	26.5	26.9	26.6	24.8

Note

1 Includes Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe.

The life expectancies after age 65 at 31 December 2014 were 23.1 years and 24.9 years for male and female current pensioners (at age 65) respectively, and 25.0 years and 26.8 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 Conti-nental Europe	Other[1]
Weighted average duration of the defined benefit obligation (years)	12.0	9.1	13.2	16.7	8.5
Expected benefit payments over the next 10 years (£m)					
Benefits expected to be paid within 12 months	72.9	46.5	17.1	6.9	2.4
Benefits expected to be paid in 2017	56.7	31.3	17.1	6.8	1.5
Benefits expected to be paid in 2018	56.9	30.0	17.9	7.0	2.0
Benefits expected to be paid in 2019	57.7	29.4	18.0	7.3	3.0
Benefits expected to be paid in 2020	56.6	28.2	18.5	7.6	2.3
Benefits expected to be paid in the next five years	292.1	133.9	98.7	42.8	16.7

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 2015 £m	2014 £m
Discount rate		
Increase by 25 basis points		
UK	**(10.9)**	(12.8)
North America	**(9.4)**	(10.8)
Western Continental Europe	**(7.8)**	(10.3)
Other[1]	**(0.5)**	(0.6)
Decrease by 25 basis points		
UK	**11.5**	13.6
North America	**9.7**	11.0
Western Continental Europe	**8.2**	11.2
Other[1]	**0.5**	0.5
Rate of increase in salaries		
Increase by 25 basis points		
UK	**0.2**	0.2
North America	**0.1**	0.1
Western Continental Europe	**1.3**	1.6
Other[1]	**0.5**	0.5
Decrease by 25 basis points		
UK	**(0.1)**	(0.2)
North America	**–**	(0.1)
Western Continental Europe	**(1.3)**	(1.5)
Other[1]	**(0.5)**	(0.6)
Rate of increase in pensions in payment		
Increase by 25 basis points		
UK	**2.1**	2.9
Western Continental Europe	**5.3**	7.5
Decrease by 25 basis points		
UK	**(2.0)**	(2.3)
Western Continental Europe	**(5.0)**	(6.9)
Life expectancy		
Increase in longevity by one additional year		
UK	**13.3**	14.4
North America	**5.1**	5.4
Western Continental Europe	**5.6**	7.3
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:

	2015 £m	%	2014 £m	%	2013 £m	%
Equities	**132.5**	**16.3**	151.1	17.8	147.7	20.3
Bonds	**479.5**	**58.9**	496.2	58.4	405.8	55.9
Insured annuities	**60.5**	**7.4**	68.0	8.0	68.7	9.5
Property	**1.5**	**0.2**	1.4	0.2	1.0	0.1
Cash	**65.1**	**8.0**	52.2	6.1	37.0	5.1
Other	**75.1**	**9.2**	80.6	9.5	66.0	9.1
Total fair value of assets	**814.2**	**100.0**	849.5	100.0	726.2	100.0
Present value of liabilities	**(1,039.9)**		(1,144.8)		(972.8)	
Deficit in the plans	**(225.7)**		(295.3)		(246.6)	
Irrecoverable surplus	**(3.6)**		(0.9)		(0.9)	
Net liability[1]	**(229.3)**		(296.2)		(247.5)	
Plans in surplus	**31.4**		17.2		17.7	
Plans in deficit	**(260.7)**		(313.4)		(265.2)	

Note
1 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	2015 £m	2014 £m	2013 £m
UK	**30.9**	11.4	11.3
North America	**(123.4)**	(150.1)	(136.7)
Western Continental Europe	**(97.4)**	(126.2)	(96.0)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(35.8)**	(30.4)	(25.2)
Deficit in the plans	**(225.7)**	(295.3)	(246.6)

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.

	2015 Surplus/ (deficit) £m	2015 Present value of liabilities £m	2014 Surplus/ (deficit) £m	2014 Present value of liabilities £m	2013 Surplus/ (deficit) £m	2013 Present value of liabilities £m
Funded plans by region						
UK	30.9	(352.6)	11.4	(385.8)	11.3	(346.4)
North America	(45.5)	(364.5)	(70.6)	(402.5)	(68.8)	(334.2)
Western Continental Europe	(42.3)	(143.9)	(67.8)	(178.4)	(41.6)	(135.4)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(4.9)	(15.0)	(5.4)	(15.2)	(5.0)	(14.3)
Deficit/liabilities in the funded plans	(61.8)	(876.0)	(132.4)	(981.9)	(104.1)	(830.3)
Unfunded plans by region						
UK	–	–	–	–	–	–
North America	(77.9)	(77.9)	(79.5)	(79.5)	(67.9)	(67.9)
Western Continental Europe	(55.1)	(55.1)	(58.4)	(58.4)	(54.4)	(54.4)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	(30.9)	(30.9)	(25.0)	(25.0)	(20.2)	(20.2)
Deficit/liabilities in the unfunded plans	(163.9)	(163.9)	(162.9)	(162.9)	(142.5)	(142.5)
Deficit/liabilities in the plans	(225.7)	(1,039.9)	(295.3)	(1,144.8)	(246.6)	(972.8)

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):

	2015 £m	2014 £m	2013 £m
Service cost[1]	23.0	17.3	24.8
Administrative expenses	2.0	1.8	2.1
Charge to operating profit	25.0	19.1	26.9
Net interest expense on pension plans	7.3	8.0	11.4
Charge to profit before taxation for defined benefit plans	32.3	27.1	38.3
Return on plan assets (excluding interest income)	(31.7)	68.9	3.2
Changes in demographic assumptions underlying the present value of the plan liabilities	13.8	(12.3)	13.5
Changes in financial assumptions underlying the present value of the plan liabilities	55.4	(141.4)	58.9
Experience (loss)/gain arising on the plan liabilities	(1.3)	(1.8)	0.4
Change in irrecoverable surplus	(2.7)	–	0.2
Actuarial gain/(loss) recognised in OCI	33.5	(86.6)	76.2

Note

[1] Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments.

(d) Movement in plan liabilities

The following table shows an analysis of the movement in the pension plan liabilities for each accounting period:

	2015 £m	2014 £m	2013 £m
Plan liabilities at beginning of year	**1,144.8**	972.8	1,044.1
Service cost[1]	**23.0**	17.3	24.8
Interest cost	**34.6**	40.7	39.7
Actuarial (gain)/loss			
Effect of changes in demographic assumptions	**(13.8)**	12.3	(13.5)
Effect of changes in financial assumptions	**(55.4)**	141.4	(58.9)
Effect of experience adjustments	**1.3**	1.8	(0.4)
Benefits paid	**(112.6)**	(57.7)	(54.5)
Loss/(gain) due to exchange rate movements	**13.4**	14.8	(5.0)
Settlement payments	**–**	–	(2.9)
Other[2]	**4.6**	1.4	(0.6)
Plan liabilities at end of year	**1,039.9**	1,144.8	972.8

Notes

1 Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments.

2 Other includes acquisitions, disposals, 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:

	2015 £m	2014 £m	2013 £m
Fair value of plan assets at beginning of year	**849.5**	726.2	709.8
Interest income on plan assets	**27.3**	32.7	28.3
Return on plan assets (excluding interest income)	**(31.7)**	68.9	3.2
Employer contributions	**70.9**	68.2	47.8
Benefits paid	**(112.6)**	(57.7)	(54.5)
Gain/(loss) due to exchange rate movements	**12.4**	12.6	(4.8)
Settlement payments	**–**	–	(2.9)
Administrative expenses	**(2.0)**	(1.8)	(2.1)
Other[1]	**0.4**	0.4	1.4
Fair value of plan assets at end of year	**814.2**	849.5	726.2
Actual return on plan assets	**(4.4)**	101.6	31.5

Note

1 Other includes acquisitions, disposals, 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 majority of the Group's debt is therefore denominated in US dollars, pounds sterling and euros. The Group's borrowings at 31 December 2015 were primarily made up of $2,862 million, £600 million and €3,450 million. The Group's average gross debt during the course of 2015 was $3,317 million, £613 million and €2,789 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, 54.2% of the year-end US dollar debt is at fixed rates averaging 4.62% for an average period of 224 months; 66.7% of the sterling debt is at a fixed rate of 6.19% for an average period of 37 months; and 100% of the euro debt is at fixed rates averaging 2.54% for an average period of 90 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 2015 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 2015, the Group has access to £6.8 billion of committed facilities with maturity dates spread over the years 2016 to 2043 as illustrated below:

	£m	2016 £m	2017 £m	2018 £m	2019 £m	2020+ £m
US bond $500m (5.625% '43)	**339.4**					339.4
US bond $300m (5.125% '42)	**203.6**					203.6
Eurobonds €600m (1.625% '30)	**442.5**					442.5
Eurobonds €750m (2.25% '26)	**553.1**					553.1
US bond $750m (3.75% '24)	**509.0**					509.0
Eurobonds €750m (3.0% '23)	**553.1**					553.1
US bond $500m (3.625% '22)	**339.4**					339.4
US bond $812m (4.75% '21)	**551.4**					551.4
£ bonds £200m (6.375% '20)	**200.0**					200.0
Bank revolver ($2,500m)	**1,696.8**					1,696.8
Eurobonds €600m (0.75% '19)	**442.5**				442.5	
Eurobonds €252m (0.43% '18)	**185.9**			185.9		
£ bonds £400m (6.0% '17)	**400.0**		400.0			
Eurobonds €498m (6.625% '16)	**367.3**	367.3				
Total committed facilities available	**6,784.0**	**367.3**	**400.0**	**185.9**	**442.5**	**5,388.3**
Drawn down facilities at 31 December 2015	**5,087.2**	367.3	400.0	185.9	442.5	3,691.5
Undrawn committed credit facilities	**1,696.8**					

	£m
Drawn down facilities at 31 December 2015	**5,087.2**
Net cash at 31 December 2015	**(1,946.6)**
Other adjustments	**70.2**
Net debt at 31 December 2015	**3,210.8**

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 5% of total trade receivables as at 31 December 2015.

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.

	2015 £m	2014 £m
US dollar	–	51.5
Euro	40.8	21.7

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 2015 would increase profit before tax by approximately £7.9 million (2014: £14.2 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 2015, the fair value of the Group's currency derivatives is estimated to be a net liability of approximately £nil (2014: £72.7 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £nil (2014: £nil) assets included in trade and other receivables and £nil (2014: £72.7 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 £nil (2014: charge of £26.4 million) for net investment hedges and a charge of £73.5 million (2014: £60.6 million) for cash flow hedges.

Changes in the fair value relating to the ineffective portion of the currency derivatives amounted to a gain of £3.2 million (2014: gain of £23.0 million, 2013: gain of £12.9 million) which is included in the revaluation of financial instruments for the year. This gain resulted from a £76.7 million gain on hedging instruments and a £73.5 million loss 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 £86.5 million (2014: £197.2 million). The Group estimates the fair value of these contracts to be a net asset of £3.9 million (2014: net liability of £0.1 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 3.63% until September 2022 and have floating interest payments averaging LIBOR plus 1.52%. 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 2.17%. 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 0.64%.

The fair value of interest rate swaps entered into at 31 December 2015 is estimated to be a net asset of approximately £37.4 million (2014: £49.0 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £39.7 million (2014: £51.1 million) assets included in trade and other receivables and £2.3 million (2014: £2.1 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 loss of £6.8 million (2014: gain of £5.3 million, 2013: loss of £2.4 million) which is included in the revaluation of financial instruments for the year. This loss resulted from a £3.9 million loss on hedging instruments and a £2.9 million loss 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 & receiv-ables £m	Available for sale £m	Amortised cost £m	Carrying value £m
2015						
Other investments	–	–	–	1,158.7	–	1,158.7
Cash and short-term deposits	–	–	2,382.4	–	–	2,382.4
Bank overdrafts and loans	–	–	–	–	(932.0)	(932.0)
Bonds and bank loans	–	–	–	–	(4,661.2)	(4,661.2)
Trade and other receivables: amounts falling due within one year	–	–	7,184.4	–	–	7,184.4
Trade and other receivables: amounts falling due after more than one year	–	–	68.5	–	–	68.5
Trade and other payables: amounts falling due within one year	–	–	–	–	(8,595.5)	(8,595.5)
Trade and other payables: amounts falling due after more than one year	–	–	–	–	(5.3)	(5.3)
Derivative assets	39.7	4.6	–	–	–	44.3
Derivative liabilities	(2.3)	(0.7)	–	–	–	(3.0)
Payments due to vendors (earnout agreements) (note 19)	–	(581.3)	–	–	–	(581.3)
Liabilities in respect of put options	–	(234.4)	–	–	–	(234.4)
	37.4	(811.8)	9,635.3	1,158.7	(14,194.0)	(4,174.4)

	Derivatives in designated hedge relationships £m	Held for trading £m	Loans & receiv-ables £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)

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
2015			
Derivatives in designated hedge relationships			
Derivative assets	–	39.7	–
Derivative liabilities	–	(2.3)	–
Held for trading			
Derivative assets	–	4.6	–
Derivative liabilities	–	(0.7)	–
Payments due to vendors (earnout agreements) (note 19)	–	–	(581.3)
Liabilities in respect of put options	–	–	(234.4)
Available for sale			
Other investments	311.4	–	847.3

	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

Reconciliation of level 3 fair value measurements[1]:

	Liabilities in respect of put options £m	Other investments £m
1 January 2014	(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
Losses recognised in the income statement	(11.3)	(2.2)
Gain recognised in other comprehensive income	–	196.4
Exchange adjustments	21.4	13.3
Additions	(86.8)	113.5
Disposals	–	(8.1)
Cancellations	25.3	–
Settlements	1.9	–
31 December 2015	**(234.4)**	**847.3**

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) are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Liabilities in respect of put option agreements are initially recorded at the present value of the redemption amount in accordance with IAS 32 and subsequently measured at fair value in accordance with IAS 39. 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 2015, the weighted average growth rate in estimating future financial performance was 20.3% (2014: 19.8%), 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 2015 was 1.7% (2014: 2.0%).

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 £11.9 million (2014: £6.6 million) and £19.0 million (2014: £11.7 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 £11.6 million (2014: £6.5 million) and £11.9 million (2014: £6.7 million), respectively. An increase in the liability would result in a loss in the revaluation of financial instruments, while a decrease would result in a 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		
1 January 2014	1,750,000,000	175.0
31 December 2014	1,750,000,000	175.0
31 December 2015	**1,750,000,000**	**175.0**
Issued and fully paid		
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)
31 December 2014	1,325,747,724	132.6
Exercise of share options	3,618,300	0.3
31 December 2015	**1,329,366,024**	**132.9**

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 121 to 153.

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 2015 was 17,154,359 (2014: 17,861,766), and £268.1 million (2014: £240.2 million) respectively. The number and market value of ordinary shares held in treasury at 31 December 2015 was 34,619,468 (2014: 7,526,560) and £541.1 million (2014: £101.2 million) respectively.

Share options

WPP Executive Share Option Scheme
As at 31 December 2015, unexercised options over ordinary shares of 14,183 and unexercised options over ADRs of 1,658 have been granted under the WPP Executive Share Option Scheme as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
4,268	5.903	2011-2018
3,174	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
844	59.170	2011-2018
156	63.900	2009-2020
658	75.940	2010-2017

WPP Worldwide Share Ownership Program
As at 31 December 2015, unexercised options over ordinary shares of 7,433,812 and unexercised options over ADRs of 889,581 have been granted under the WPP Worldwide Share Ownership Program as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
4,125	4.819	2011-2018
1,125	5.483	2012-2016
79,700	5.483	2012-2019
125	5.483	2012-2020
36,625	5.483	2013-2019
5,375	5.483	2012-2019
4,625	5.608	2012-2019
4,800	5.913	2011-2018
1,875	5.917	2011-2018
43,925	6.028	2011-2018
13,625	6.268	2014-2018
307,750	6.268	2014-2021
117,110	6.268	2015-2021
125	6.668	2009-2017
1,375	6.740	2009-2016
8,325	6.938	2009-2016
2,500	7.005	2010-2017
1,125	7.113	2013-2017
186,625	7.113	2013-2020
62,750	7.113	2014-2020
2,625	7.478	2011-2017
6,250	7.543	2014-2020
33,950	7.718	2010-2017
912,233	8.458	2015-2022
93,947	13.145	2017-2021
2,933,043	13.145	2017-2024
5,625	13.145	2018-2024
2,483,946	13.505	2016-2023
78,583	13.505	2017-2023

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
28,935	44.560	2012-2019
68,935	49.230	2014-2021
43,765	56.560	2013-2020
19,215	59.500	2011-2018
4,910	60.690	2009-2016
118,205	67.490	2015-2022
15,795	75.760	2010-2017
326,462	102.670	2017-2024
263,359	110.760	2016-2023

WPP Share Option Plan 2015
As at 31 December 2015, unexercised options over ordinary shares of 3,675,550 and unexercised options over ADRs of 400,585 have been granted under the WPP Worldwide Share Ownership Program as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
136,625	15.150	2018-2022
3,496,300	15.150	2018-2025
42,625	15.150	2019-2025

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
400,585	115.940	2018-2025

24/7 Real Media, Inc. 2002 Stock Incentive Plan
As at 31 December 2015, unexercised options over ADRs of 1,884 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
157	53.480	2007-2017
314	55.260	2007-2016
157	56.270	2007-2016
574	56.720	2007-2016
157	58.940	2007-2016
393	60.020	2007-2016
54	64.650	2007-2016
78	65.540	2007-2016

The aggregate status of the WPP Share Option Plans during 2015 was as follows:

Movements on options granted (represented in ordinary shares)

	1 January 2015	Granted	Exercised	Lapsed	Outstanding 31 December 2015	Exercisable 31 December 2015
WPP	114,618	–	(92,145)	–	22,473	19,428
WWOP	18,254,357	–	(3,428,681)	(2,943,959)	11,881,717	3,337,468
WSOP	–	5,807,975	–	(129,500)	5,678,475	–
24/7	62,700	–	(40,620)	(12,660)	9,420	9,420
TNS	56,854	–	(56,854)	–	–	–
	18,488,529	5,807,975	(3,618,300)	(3,086,119)	17,592,085	3,366,316

Weighted-average exercise price for options over

	1 January 2015	Granted	Exercised	Lapsed	Outstanding 31 December 2015	Exercisable 31 December 2015
Ordinary shares (£)						
WPP	6.969	–	6.630	–	7.950	7.228
WWOP	11.020	–	7.688	11.789	11.859	7.442
WSOP	–	15.150	–	15.150	15.150	–
TNS	1.730	–	1.730	–	–	–
ADRs ($)						
WPP	59.455	–	58.346	–	66.270	66.270
WWOP	85.999	–	60.398	94.412	90.449	59.294
WSOP	–	115.940	–	115.940	115.940	–
24/7	42.865	–	40.650	38.980	57.635	57.635

Options over ordinary shares
Outstanding

Range of exercise prices £	Weighted average exercise price £	Weighted average contractual life Months
4.819 – 15.150	12.941	102

Options over ADRs
Outstanding

Range of exercise prices $	Weighted average exercise price $	Weighted average contractual life Months
44.56 – 115.94	98.263	99

As at 31 December 2015 there was £10.4 million (2014: £10.5 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 (2014: 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:

	2015	2014	2013
Fair value of UK options (shares)	144.0p	155.0p	160.0p
Fair value of US options (ADRs)	$11.34	$12.23	$12.92
Weighted average assumptions:			
UK Risk-free interest rate	1.04%	1.12%	1.20%
US Risk-free interest rate	1.45%	1.28%	0.95%
Expected life (months)	48	48	48
Expected volatility	17%	20%	20%
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 2015 was £14.74 (2014: £12.65, 2013: £11.63) and the weighted average ADR price for the same period was $112.88 (2014: $104.21, 2013: $91.22).

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
During the year the Group introduced the Share Option Plan 2015 to replace both the 'all-employee' Worldwide Share Ownership Plan and the discretionary Executive Stock Option Plan. Two kinds of options over ordinary shares can be granted, both with a market value exercise price. Firstly, options can be granted to employees who have worked at a company owned by WPP plc for at least two years which are not subject to performance conditions. Secondly, options may be granted on a discretionary basis subject to the satisfaction of performance conditions.

The Worldwide Share Ownership Program was open for participation to employees with at least two years' employment in the Group. It was 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 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.

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 2014	–	(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
Exchange adjustments on foreign currency net investments	–	–	–	(272.9)	(272.9)
Gain on revaluation of available for sale investments	–	–	206.0	–	206.0
Recognition and remeasurement of financial instruments	–	(59.0)	–	–	(59.0)
Share purchases – close period commitments	–	80.0	–	–	80.0
31 December 2015	**2.7**	**(225.2)**	**364.4**	**(151.6)**	**(9.7)**

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	2.4	230.7	233.1
Property, plant and equipment	21.1	–	21.1
Cash	57.7	–	57.7
Trade receivables due within one year	115.4	–	115.4
Other current assets	75.1	–	75.1
Total assets	**271.7**	**230.7**	**502.4**
Current liabilities	(207.9)	–	(207.9)
Trade and other payables due after one year	(16.8)	(49.5)	(66.3)
Deferred tax liabilities	–	(70.3)	(70.3)
Provisions	(3.3)	(7.7)	(11.0)
Total liabilities	**(228.0)**	**(127.5)**	**(355.5)**
Net assets	**43.7**	**103.2**	**146.9**
Non-controlling interests			(47.2)
Fair value of equity stake in associate undertakings before acquisition of controlling interest			(208.6)
Goodwill			778.9
Consideration			670.0
Consideration satisfied by:			
Cash			411.6
Payments due to vendors			258.4

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 £27.8 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 2015 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:

	2015 £m	2014 £m	2013 £m
Profit before interest and taxation	1,679.0	1,569.2	1,478.4
Amortisation and impairment of acquired intangible assets	140.1	147.5	179.8
Goodwill impairment	15.1	16.9	23.3
Gains on disposal of investments and subsidiaries	(131.0)	(186.3)	(6.0)
Gains on remeasurement of equity on acquisition of controlling interest	(165.0)	(9.2)	(30.0)
Investment write-downs	78.7	7.3	0.4
Restructuring costs	106.2	127.6	5.0
IT asset write-downs	29.1	–	–
Share of exceptional losses of associates	21.8	7.6	10.7
Headline PBIT	1,774.0	1,680.6	1,661.6
Finance income	72.4	94.7	64.3
Finance costs	(224.1)	(262.7)	(267.9)
	(151.7)	(168.0)	(203.6)
Interest cover on headline PBIT	11.7 times	10.0 times	8.2 times

Reconciliation of profit before taxation to headline PBT and headline earnings:

	2015 £m	2014 £m	2013 £m
Profit before taxation	1,492.6	1,451.9	1,295.8
Amortisation and impairment of acquired intangible assets	140.1	147.5	179.8
Goodwill impairment	15.1	16.9	23.3
Gains on disposal of investments and subsidiaries	(131.0)	(186.3)	(6.0)
Gains on remeasurement of equity on acquisition of controlling interest	(165.0)	(9.2)	(30.0)
Investment write-downs	78.7	7.3	0.4
Restructuring costs	106.2	127.6	5.0
IT asset write-downs	29.1	–	–
Share of exceptional losses of associates	21.8	7.6	10.7
Revaluation of financial instruments	34.7	(50.7)	(21.0)
Headline PBT	1,622.3	1,512.6	1,458.0
Headline tax charge	(308.3)	(302.5)	(294.3)
Non-controlling interests	(84.9)	(74.3)	(75.6)
Headline earnings	1,229.1	1,135.8	1,088.1
Ordinary dividends paid	545.8	460.0	397.3
Dividend cover on headline earnings	2.3 times	2.5 times	2.7 times

Calculation of headline EBITDA:

	2015 £m	2014 £m	2013 £m
Headline PBIT (as above)	1,774.0	1,680.6	1,661.6
Depreciation of property, plant and equipment	194.7	197.3	202.0
Amortisation of other intangible assets	33.7	31.6	32.7
Headline EBITDA	2,002.4	1,909.5	1,896.3

Net sales margin before and after share of results of associates:

	Margin %	2015 £m	Margin %	2014 £m	Margin %	2013 £m
Net sales		10,524.3		10,064.8		10,076.1
Headline PBIT	16.9%	1,774.0	16.7%	1,680.6	16.5%	1,661.6
Share of results of associates (excluding exceptional gains/losses)		(68.8)		(69.5)		(78.8)
Headline operating profit	16.2%	1,705.2	16.0%	1,611.1	15.7%	1,582.8

Headline diluted earnings per ordinary share:

	2015	2014	2013
Headline earnings (£m)	**1,229.1**	1,135.8	1,088.1
Earnings adjustment:			
Dilutive effect of convertible bonds (£m)	**–**	–	10.6
Diluted headline earnings (£m)	**1,229.1**	1,135.8	1,098.7
Weighted average number of ordinary shares (m)	**1,313.0**	1,337.5	1,360.3
Headline diluted earnings per ordinary share	**93.6p**	84.9p	80.8p

Reconciliation of free cash flow:

	2015 £m	2014 £m	2013 £m
Cash generated by operations	**1,734.3**	2,108.8	1,784.1
Plus:			
Interest received	**61.3**	69.8	51.3
Investment income	**4.9**	11.9	10.1
Dividends from associates	**72.6**	52.2	56.7
Share option proceeds	**27.6**	25.0	42.4
Proceeds on disposal of property, plant and equipment	**13.4**	5.9	7.3
Movement in working capital and provisions	**164.1**	(295.0)	133.4
Less:			
Interest and similar charges paid	**(212.0)**	(249.1)	(254.7)
Purchases of property, plant and equipment	**(210.3)**	(177.9)	(240.7)
Purchases of other intangible assets (including capitalised computer software)	**(36.1)**	(36.5)	(43.8)
Corporation and overseas tax paid	**(301.2)**	(289.9)	(273.3)
Dividends paid to non-controlling interests in subsidiary undertakings	**(55.2)**	(57.7)	(53.2)
Free cash flow	**1,263.4**	1,167.5	1,219.6

Company profit and loss account

For the year ended 31 December 2015

	Notes	2015 £m	2014 £m
Turnover		–	–
Operating income		10.6	9.9
Operating profit		10.6	9.9
Interest receivable and similar income	33	1.2	2.4
Interest payable and similar charges	34	(146.1)	(94.2)
Revaluation of financial instruments		(4.0)	14.5
Loss on ordinary activities before taxation		(138.3)	(67.4)
Taxation on profit on ordinary activities	35	–	–
Loss for the year		(138.3)	(67.4)

Note
The accompanying notes form an integral part of this profit and loss account.

All results are derived from continuing activities.

Company statement of comprehensive income

	2015 £m	2014 £m
Loss for the year	(138.3)	(67.4)
Exchange adjustments of foreign currency net investments	–	(10.0)
Total comprehensive loss for the year	(138.3)	(77.4)

Note
The accompanying notes form an integral part of this statement of comprehensive income.

Company balance sheet

As at 31 December 2015

	Notes	2015 £m	2014 £m
Fixed assets			
Investments	36	12,863.8	12,764.8
		12,863.8	12,764.8
Current assets			
Debtors			
– due within one year	37	1,686.1	1,612.6
– due after one year	38	19.1	27.7
Cash at bank and in hand		83.8	429.3
		1,789.0	2,069.6
Current liabilities			
Creditors: amounts falling due within one year	39	(3,855.7)	(2,424.9)
Net current liabilities		(2,066.7)	(355.3)
Total assets less current liabilities		10,797.1	12,409.5
Creditors: amounts falling due after more than one year	40	(1,012.3)	(1,744.0)
Net assets		9,784.8	10,665.5

Capital and reserves		
Called-up share capital	132.9	132.6
Share premium account	535.3	508.0
Shares to be issued	–	0.3
Other reserves	(10.0)	(90.0)
Capital redemption reserve	2.7	2.7
Own shares	(496.1)	(93.7)
Profit and loss account	9,620.0	10,205.6
Equity share owners' funds	9,784.8	10,665.5

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 15 April 2016.

Sir Martin Sorrell
Group chief executive

Paul Richardson
Group finance director

Registered Company Number: 111714

Company statement of changes in equity

For the year ended 31 December 2015

	Ordinary share capital £m	Share premium £m	Shares to be issued £m	Other reserves[1] £m	Capital redemption reserve £m	Own shares £m	Profit and loss account £m	Total equity share owners' funds £m
1 January 2014	134.9	483.4	0.5	–	–	(14.3)	10,967.6	11,572.1
Ordinary shares issues	0.4	24.6	(0.2)	–	–	–	0.2	25.0
Treasury share additions	–	–	–	–	–	(412.5)	–	(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)	(67.4)
Dividends paid	–	–	–	–	–	–	(460.0)	(460.0)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	–	102.2	102.2
Exchange adjustments of foreign currency net investments	–	–	–	(10.0)	–	–	–	(10.0)
Share purchases – close period adjustments	–	–	–	(80.0)	–	–	(3.9)	(83.9)
31 December 2014	**132.6**	**508.0**	**0.3**	**(90.0)**	**2.7**	**(93.7)**	**10,205.6**	**10,665.5**
Ordinary shares issues	0.3	27.3	(0.3)	–	–	–	0.2	27.5
Treasury share additions	–	–	–	–	–	(406.0)	–	(406.0)
Treasury share allocations	–	–	–	–	–	3.6	(3.6)	–
Net loss for the year	–	–	–	–	–	–	(138.3)	(138.3)
Dividends paid	–	–	–	–	–	–	(545.8)	(545.8)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	–	99.0	99.0
Share purchases – close period adjustments	–	–	–	80.0	–	–	2.9	82.9
31 December 2015	**132.9**	**535.3**	**–**	**(10.0)**	**2.7**	**(496.1)**	**9,620.0**	**9,784.8**

Notes

The accompanying notes form an integral part of this statement of changes in equity.

[1] Other reserves are analysed in note 41.

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 separate financial statements of the Company are prepared under the historical cost convention in accordance with the Companies (Jersey) Law 1991. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements. The financial statements are prepared on a going concern basis, further details of which are in the Directors' report on page 47.

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 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.

e) 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, IFRS 2 (share-based payment) requires the subsidiary to record an expense for such compensation 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 £99.0 million in 2015 (2014: £102.2 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.

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

	2015 £m	2014 £m
Interest receivable from subsidiary undertakings	**0.6**	2.1
Interest receivable on financial instruments	**0.6**	0.3
	1.2	2.4

34. Interest payable and similar charges

	2015 £m	2014 £m
Interest payable on corporate bonds	65.1	64.8
Bank and other interest payable	8.9	16.2
Interest payable to subsidiary undertakings	72.1	13.2
	146.1	94.2

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 20.25% (2014: 21.5%). The differences are explained below:

	2015 £m	2014 £m
Loss on ordinary activities before tax	(138.3)	(67.4)
Tax at the blended rate of 20.25% thereon	28.0	14.5
Factors affecting tax charge for the year:		
Revaluation of financial instruments	(0.8)	3.1
Unrecognised losses carried forward	(27.2)	(17.6)
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 2015	12,764.8
Additions	99.0
31 December 2015	12,863.8

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 2015 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:

	2015 £m	2014 £m
Amounts owed by subsidiary undertakings	1,685.4	1,612.1
Other debtors	0.7	0.5
	1,686.1	1,612.6

38. Debtors: amounts falling due after one year

The following are included in debtors falling due after more than one year:

	2015 £m	2014 £m
Fair value of derivatives	19.1	27.7

39. Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	2015 £m	2014 £m
Bank overdrafts	1,010.3	1,411.9
Corporate bonds	367.2	–
Amounts due to subsidiary undertakings	2,436.5	888.0
Interest payable on corporate bonds	33.4	45.1
Share purchases – close period commitments	–	78.8
Other creditors and accruals	8.3	1.1
	3,855.7	2,424.9

Corporate bonds include €498 million of 6.625% bonds due May 2016. In March 2015 this was reduced from €750 million as part of a bond exchange. Further details are given in note 10.

40. Creditors: amounts falling due after more than one year

The following are included in creditors falling due after more than one year:

	2015 £m	2014 £m
Corporate bonds	411.8	1,002.1
Amounts due to subsidiary undertakings	600.5	741.9
	1,012.3	1,744.0

Corporate bonds include £400 million of 6% bonds due April 2017.

Total borrowings are repayable as follows:

	2015 £m	2014 £m
Within one year	3,855.7	2,424.9
Between one and five years	411.8	1,047.9
Over five years	600.5	696.1
	4,868.0	4,168.9

41. Equity share owners' funds

Other reserves at 31 December 2015 comprise an equity reserve of £nil (2014: £80.0 million) and a translation reserve of £10.0 million (2014: £10.0 million).

At 31 December 2015 the Company's distributable reserves amounted to £9,310.3 million (2014: £10,001.7 million). Further details of the Company's share capital are shown in note 26.

Independent auditors' report

Opinion on financial statements of WPP plc

In our opinion:

- the 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 2015 and of the Group's and the Parent Company's profit 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, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been properly prepared in accordance with the requirements of 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 41. 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), including FRS 101 "Reduced Disclosure Framework".

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 and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the group

We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting on page 47 to the financial statements and the directors' statement on the longer-term viability of the Group contained within the strategic report.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 44 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures 44 to 47 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement on page 169 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the director's explanation on page 47 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

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.

The Audit Committee has requested that while not required under International Standards on Auditing (UK and Ireland), we include in our report any significant key observations in respect of these assessed risks of material misstatement.

Risk description	How the scope of our audit responded to the risk	Key observations
Revenue recognition – accounting for media volume income Assessing the timing of recognition and valuation of media volume income earned from media owners is an area of complexity and judgement due to the need for management to determine at what point persuasive evidence of agreement with the media owner exists and to interpret the variety of language used in the underlying contractual terms with media owners. Assessing the valuation of media volume income is also an area of complexity with regards to whether the media volume income is required to be passed back to the client and on what basis to calculate such passback. Given the complexity and judgement involved the timing of recognition and the valuation of media income are considered to be key audit risks. Refer to page 118 (Review of the Audit Committee) and page 174 (accounting policy).	We have: ▪ Checked that management could demonstrate that persuasive evidence exists in respect of the arrangement with the media owner at the time media volume income is recorded, and viewed this evidence on a sample basis. ▪ Challenged the timing of recognition and valuation of media volume income earned from media owners by understanding the rationale for income recognised in the current year in respect of media investment activity in prior periods and verifying the accounting for arrangements that are non-coterminous with the Group's year end. ▪ Assessed management's interpretation of contractual terms with media owners and clients in determining the valuation of media volume income and determined whether consistent judgement has been applied year on year. ▪ Assessed the ageing of balance sheet provisions for the pass back of media volume income to clients and challenged management where brought forward provisions had been released. ▪ Analysed and understood the trend of media volume income recognised against prior year activity.	The results of our testing were satisfactory. We consider the timing and valuation of media volume income recognised in the year to be reasonable.
Goodwill Given the magnitude of the goodwill balance and the continued economic uncertainty in certain regions, it is important to ensure that the goodwill impairment review is approached in a robust manner to identify potential impairments, where necessary. 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 (2015: £10,671 million, 2014: £9,979 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 118 (Review of the Audit Committee), page 172 (accounting policy) and page 194 (financial disclosures).	We have: ▪ Challenged the key assumptions used in the impairment model for goodwill, 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. ▪ Tested the integrity and mathematical accuracy of the impairment model. ▪ 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.	The results of our testing were satisfactory and we concur that the assumptions used in the impairment model, including the discount rate, and level of goodwill impairment booked in the year are appropriate.

Risk description	How the scope of our audit responded to the risk	Key observations
Taxation reserves 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 118 (Review of the Audit Committee), page 176 (accounting policy) and page 190 (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.	The results of our testing were satisfactory. There were no material exceptions noted when corroborating Management's judgement to the correspondence and support reviewed for those significant tax reserves.

Last year our report included one other risk which is not included in our report this year: Restructuring costs and IT transformation (there has been no significant restructuring programme and the IT transformation costs have not been as significant during the year).

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 118.

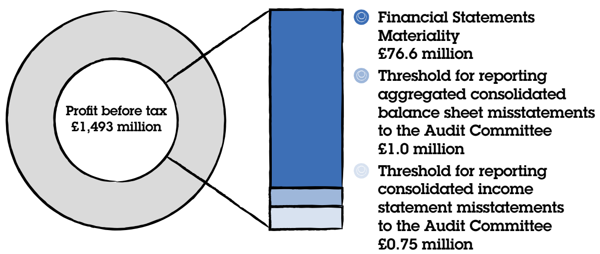
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 have determined that the critical benchmark for the Group was pre-tax profit because we consider this measure to be what the shareholders believe to be a key performance indicator for the Group. We determined materiality for the Group to be £76.6 million (2014: £62.2 million), which, as in 2014, is 5% of pre-tax profit. We also considered this measure to be suitable having compared to another benchmark: our materiality is below 1% of equity (2014: below 1%). Materiality is higher than for the year ended 31 December 2014 primarily as a result of higher pre-tax profit achieved in 2015.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.75 million (2014: £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 (2014: £1.0 million). This is shown in the graph below. 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 112 countries and more than 3,000 offices among more than 150 companies within the Group, a significant portion of audit planning time is spent so that 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 83% of the Group's consolidated revenue (2014: 83%); 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 programme, which considers a variety of factors including size of entity and number of significant risks; this programme 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 addition we assess the competence of our component auditors.

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 in order to 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 UK 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 proper 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 part of the Corporate Governance Statement relating to the company's compliance with certain 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). 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.

Richard Muschamp
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
London, United Kingdom
15 April 2016

Five-year summary

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Income statement					
Billings[1]	**47,631.9**	46,186.3	46,209.3	44,405.3	44,791.8
Revenue	**12,235.2**	11,528.9	11,019.4	10,373.1	10,021.8
Net sales[1]	**10,524.3**	10,064.8	10,076.1	9,514.8	9,238.5
Operating profit	**1,632.0**	1,507.3	1,410.3	1,241.1	1,192.2
Headline EBITDA[2]	**2,002.4**	1,909.5	1,896.3	1,755.7	1,640.5
Headline PBIT[2]	**1,774.0**	1,680.6	1,661.6	1,531.0	1,429.0
Profit before taxation	**1,492.6**	1,451.9	1,295.8	1,091.9	1,008.4
Headline PBT[2]	**1,622.3**	1,512.6	1,458.0	1,317.1	1,229.1
Profit for the year	**1,245.1**	1,151.5	1,012.1	894.7	916.5
Net sales margin[2]	**16.9%**	16.7%	16.5%	16.1%	15.5%
Balance sheet					
Non-current assets[3]	**15,373.8**	14,107.3	13,225.3	13,452.9	13,406.2
Net current liabilities[4]	**(840.1)**	(521.4)	(384.6)	(1,047.2)	(1,250.0)
Net assets	**8,015.8**	7,826.8	7,846.5	7,060.6	6,894.3
Net debt	**(3,210.8)**	(2,275.4)	(2,240.4)	(2,821.2)	(2,464.8)
Average net debt	**(3,562.3)**	(3,000.8)	(2,988.7)	(3,202.5)	(2,811.0)

	2015	2014	2013	2012	2011
Our people					
Revenue per employee (£000)	**97.9**	95.0	94.1	90.6	91.1
Net sales per employee (£000)	**84.2**	82.9	86.0	83.1	84.0
Staff cost per employee (£000)	**53.3**	53.1	55.3	53.3	53.4
Average headcount	**124,930**	121,397	117,115	114,490	109,971
Share information					
Headline[5] – basic earnings per share	**95.4p**	86.9p	84.1p	77.7p	71.0p
– diluted earnings per share	**93.6p**	84.9p	80.8p	73.4p	67.7p
Reported – basic earnings per share	**90.0p**	82.4p	72.4p	66.2p	67.6p
– diluted earnings per share	**88.4p**	80.5p	69.6p	62.8p	64.5p
Dividends per share[6]	**44.69p**	38.20p	34.21p	28.51p	24.60p
Dividend pay-out ratio on headline diluted earnings per share	**48%**	45%	42%	39%	36%
Share price – high	**1,611.0p**	1,383.0p	1,383.0p	894.5p	846.5p
– low	**1,304.0p**	1,117.0p	905.5p	669.0p	578.0p
Market capitalisation at year-end (£m)	**20,236.9**	17,831.3	18,612.5	11,236.8	8,554.4

Notes

1 Billings and net sales are defined on page 228.
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 As described in note 15, prior year balance sheets have been restated to reduce both the deferred tax assets and deferred tax liabilities, by a corresponding amount. No restatement was required in 2012 and 2011.
4 The Group has restated prior year balance sheets to reclassify all income tax creditors from non-current liabilities to current liabilities.
5 Headline earnings per share for 2015, 2014 and 2013 is set out in note 9 of the financial statements.
6 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 2015 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, deferred tax impact of the amortisation of acquired intangible assets and other goodwill items and tax credit relating to restructuring costs)
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, IT asset write-downs, share of exceptional losses/gains of associates, depreciation of property, plant and equipment, losses/gains on remeasurement of equity interest on acquisition of controlling interest and Group restructuring costs
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, IT asset write-downs and Group restructuring costs

Term used in Annual Report	US equivalent or brief description
Headline PBIT	Profit before finance income/costs and revaluation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, Group restructuring costs, IT asset write-downs, share of exceptional gains/losses of associates and gains/losses on remeasurement of equity interest on acquisition of controlling interest
Headline PBT	Profit before taxation, gains/losses on disposal of investments and subsidiaries, investment write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, Group restructuring costs, IT asset write-downs, share of exceptional gains/losses of associates, gains/losses arising from the revaluation of financial instruments, and gains/losses on remeasurement of equity interest on acquisition of controlling interest
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
UK Corporate Governance Code	The UK Corporate Governance Code published by the Financial Reporting Council dated September 2014

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 2015

Issued share capital as at 31 December 2015: 1,329,366,024 ordinary shares.

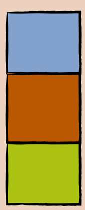
Number of shares held	Number of holders	% owners	Shareholdings	% outstanding*
1-100	2,364	15.3	80,808	0.0
101-250	1,644	10.6	299,681	0.0
251-500	2,105	13.6	797,953	0.1
501-1,000	2,103	13.6	1,564,693	0.1
1,001-5,000	2,490	16.1	5,740,105	0.4
5,001-10,000	729	4.7	5,300,413	0.4
10,001-25,000	934	6.0	15,258,664	1.1
25,001-50,000	749	4.8	27,062,073	2.0
50,001-100,000	720	4.7	52,570,409	4.0
100,001-500,000	1,143	7.4	254,509,512	19.1
500,001-1,000,000	243	1.6	170,103,410	12.8
1,000,001-2,000,000	110	0.7	149,287,371	11.2
2,000,001-3,000,000	43	0.3	105,862,725	8.0
3,000,001-4,000,000	24	0.2	80,581,597	6.1
4,000,001 and above	45	0.4	460,346,610	34.7
Total	**15,446**	**100%**	**1,329,366,024**	**100%**

* All calculations are based on the percentage outstanding on the share register as of 31 December 2015.

Share owners by geography	%	Share owners by type	%
UK	32	Institutional investors	93
US	36	Employees	3
Rest of world	32	Other individuals	4
Total	**100**	**Total**	**100**

Share owners by geography %

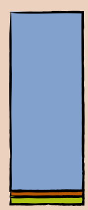
UK	**32**
US	**36**
Rest of world	**32**



Share owners by type %

Institutional investors	**93**
Employees	**3**
Other individuals	**4**

* In addition 1.3% 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:

	2015	2014	2013	2012	2011
Interim or first interim dividend per ordinary share	**15.91p**	11.62p	10.56p	8.80p	7.46p
Final or second interim dividend per ordinary share	**28.78p**	26.58p	23.65p	19.71p	17.14p
Total	**44.69p**	38.20p	34.21p	28.51p	24.60p

Financial calendar

- The 2015 final dividend will be paid on 4 July 2016 to share owners on the register at 10 June 2016.
- 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 14 April 2016	2015	2014	2013	2012	2011
Ordinary 10p shares	**1,656.0p**	1,563.0p	1,345.0p	1,380.0p	888.0p	675.5p

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

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Enquiry number: 0870 707 1411

American Depositary Receipts (ADRs) office

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E-mail enquiries: citibank@shareholders-online.com

WPP registered office

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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 232).

Dividends per ADR in respect of each financial year are set out below.

	2015	2014	2013	2012	2011
In £ sterling					
Interim[1]	**79.55p**	58.10p	52.80p	44.00p	37.30p
Final[2]	**143.90p**	132.90p	118.25p	98.55p	85.70p
Total	**223.45p**	191.00p	171.05p	142.55p	123.00p
In US dollars[3]					
Interim[1]	**121.62¢**	95.72¢	82.61¢	69.75¢	59.80¢
Final[2]	**219.99¢**	218.95¢	185.01¢	156.22¢	137.39¢
Total	**341.61¢**	314.67¢	267.62¢	225.97¢	197.19¢

[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 180. 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

Dividends received on or before 5 April 2016

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, 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.

Dividends received from 6 April 2016

From 6 April 2016, the dividend tax credit previously available to UK resident individuals is replaced by a Dividend Allowance in the form of a 0% tax rate on the first £5,000 of dividend income received each tax year. Any dividends received over the £5,000 allowance are taxed at a rate of 7.5% on dividend income for individuals in the basic rate band, 32.5% for higher rate tax payers and at 38.1% for individuals with income of £150,000 or more.

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.

The island whose art is finding a place in the sun

Natica Betares
Colourful mural **(front cover)**
Photograph by Patricio Molina Vargas

For the past 10 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, Mexico and last year, Africa again, for our visual cue.

This year we focus on Cuba, having become the first major international communications services group with a presence on the island.

WPP is looking to deliver all its communications and marketing services according to the specifics of the Cuban market and seeks to contribute to the economic development of the island.

WPP, and our global network of agencies, are working to provide our international clients with strategic counsel on the institutional and economic environment in Cuba, as well as advice and guidance in planning for eventual Cuba market entry and brand visibility on the island nation. In these areas, the Group will deliver its services in collaboration with front-rank local companies as well as promoting foreign projection of the products and services generated from Cuba.

As Cuba's relations with the US thaw, the Caribbean island's art is also coming in from the cold.

There are said to be more artists in Cuba per head of population than in any other country. Vibrant work spills out everywhere and anywhere: it's on walls and pavements, in homes and warehouses.

In Cuba's state and private galleries, professionals from long-established and highly-regarded academies rub shoulders with self-taught artists. The highly-esteemed contemporary scene is showcased at the Havana Biennale, and the main historic movements are represented in Havana's Museo Nacional de Bellas Artes.

Early works include *costumbrismo* paintings, a genre introduced from colonial Spain that spread throughout Latin America in the early 19th century. At the time, *costumbrismo* seemed to herald a new realism by concentrating on the details of ordinary life, although in truth it was highly idealised. Today the genre has come to embrace the peasant life and folkloric themes typified by **Oscar García Rivera** (1916-1971).

By the 1920s, Cuba had its own avant garde movement, the *Vanguardia*, in which European Cubism, Surrealism and Primitivism were blended with Cuban art: a Cuban Cubism.

Leading artists, particularly graduates of the elite Academy of San Alejandro, sought inspiration from Europe's cultural centres, particularly Madrid and Paris. This produced some of Cuba's most celebrated artists, including **Eduardo Abela** (1889-1965), who was influenced by Chagall and Mexican murals.

Towards the end of the 20th century, in post-revolutionary Cuba, home-grown and often self-taught art asserted itself. Folk, naïve and primitive styles developed. These densely patterned and coloured works, often depicting enjoyment of life despite hardship, are usually devoid of classically taught perspective and scale.

One of the best known folk art collectives to emerge around this time was the Grupo Bayate, founded in 1994 by **Luis Rodríguez Arias** (b.1942).

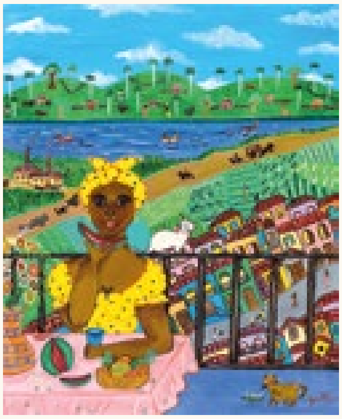
During the late 20th century, the Cuban avant garde moved towards Hyperrealism, and artists including **Manuel Mendive** (b.1944) started working in conceptual art. Mendive is considered Cuba's foremost living artist and has exhibited worldwide. His works, which include performance and soft sculpture, draw on Cuba's African heritage.

Cuban art can be found throughout the US. There are dedicated spaces in the Cuban Foundation Museum in Florida, which controversially houses the collection of the former dictator General Fulgencio Batista, overthrown by Fidel Castro in 1959. The Bronx Museum of the Arts in New York has a continuing collaboration with the Museo Nacional de Bellas Artes.

The market in Cuban art is burgeoning, as contemporary and established Cuban names draw collectors and art lovers from around the globe. The fame of these artists can only grow. →

About the artists
The island whose art is finding a place in the sun

1 page 230



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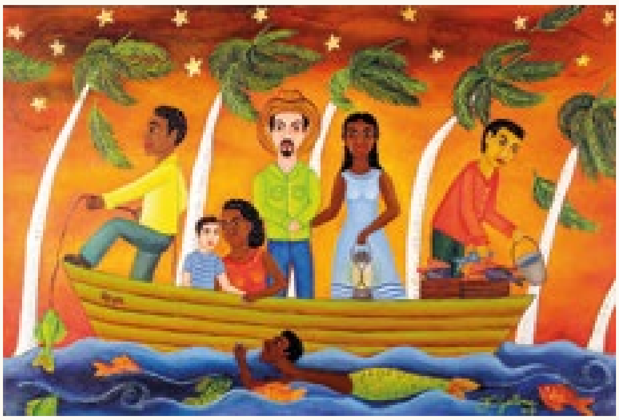

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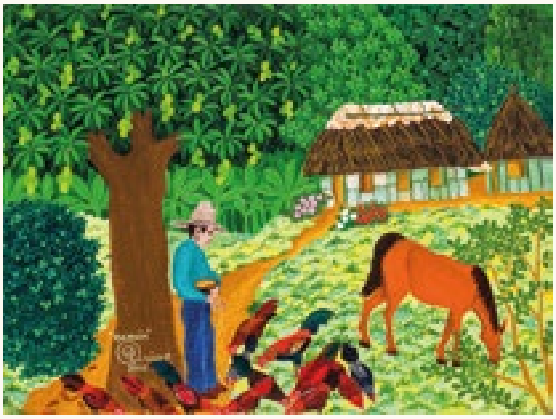

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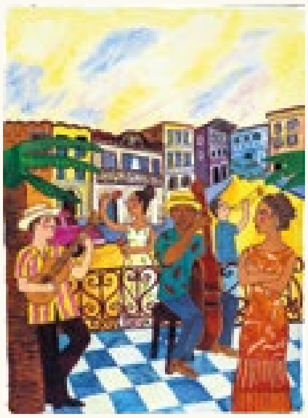


7 page 106

8 page 15

9 page 20, page 154

1 **Eduardo Abela**
Guajiros (Peasants)
Courtesy of *El Museo Nacional de Bellas Artes, La Habana, Cuba*

2 **Yanelys Saavedra**
From My Balcony
Courtesy of Gallery of International Naïve Art, Tel Aviv

3 **Manuel Mendive**
Oshun
Courtesy of Pan American Art Projects, Miami, Florida

4 **Javier Gonzalez Gallosa**
Pescando (Fishing)
Courtesy of Indigo Arts Gallery, Philadelphia

5 **Mario Sánchez**
Twins in Conch Town Garden
Courtesy of The Gallery On Greene, Florida

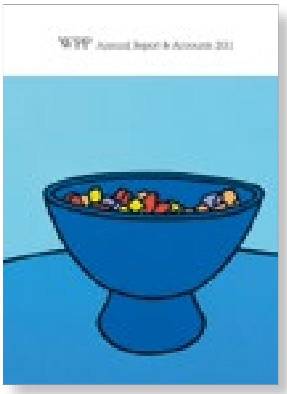
6 **Luis Joaquin Rodriguez Arias**
Ramón
Courtesy of Gallery of International Naïve Art, Tel Aviv

7 **Nicola Heindl**
Artwork from the CD, Putumayo Presents Cuba

8 **Alberto Peña**
Despertar (Awaking)
Courtesy of Cernuda Arte, Coral Gables, Florida

9 **Oscar García Rivera**
Vendedores Callejeros en la Habana Vieja (Street Vendors in Old Havana)
Courtesy of Cernuda Arte, Coral Gables, Florida

Awards for recent WPP Annual Reports



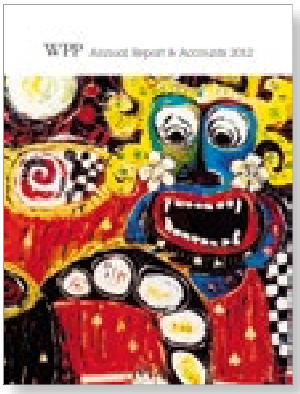
2011

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.

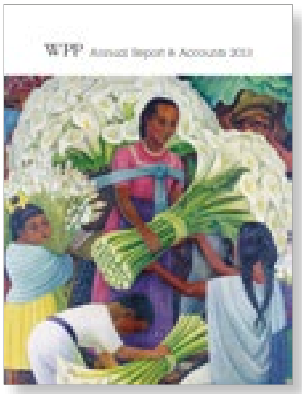
International ARC Awards
Gold Award.

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.

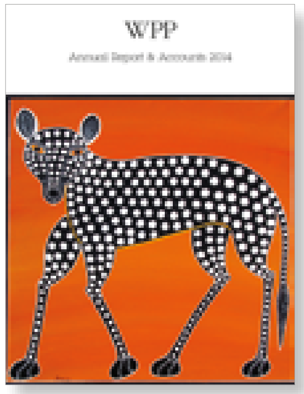


2013

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.



2014

LACP Vision Awards
Ranked 1 out of Top 100 Annual Reports Worldwide.
Ranked 1 out of Top 50 Annual Reports EMEA.

LACP Vision Awards
Three Platinum Awards:

- Industry Excellence.
- Best Agency, Worldwide.
- Best Agency, EMEA.

Digital Impact Awards
Gold, Best Online Annual Report.

International ARC Awards
Gold and Silver.

Galaxy Awards
Silver, Print and Honours, Design.

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Andrew Scott

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