



How we behave and how we're rewarded

Directors' report



Report by Philip Lader
Chairman of the
Company and chairman
of the Nomination and
Governance Committee

Dear share owner

Another record year for WPP.” Fellow share owners, I suspect, do not tire of such repetition in these Annual Reports. And all our people across the globe should take justifiable pride in 2014’s robust financial performance, impressive client wins and – for yet another straight year – the very top international creative and effectiveness awards.

Another thought, however, preoccupies me this year. “Nothing is different, but everything’s changed.”

Hackneyed, certainly; but a poignant refrain in the lyrics of a Paul Simon song. And as my 14-year-period as chairman of this Company concludes, that notion prompts several central questions for me. Transition of a non-executive chairman warrants minor note, but might be, for some share owners, a punctuation point that stirs the same reflection.

A cynic, hastily reviewing our business from 2001 through today, might edit the phrase to “Everything’s different, but *nothing* has changed.” Admittedly, the communications services industry, as well as its geopolitical and economic context, are *extraordinarily* different. And WPP may appear to remain a small central administration overseeing legions of far-flung corporate tribes and associates. With the same chief executive.

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But that view massively misses the mark. Having had the privilege of serving as your Company's chairman for almost half of its life, I find today's WPP to be a vastly different business. Strikingly, however, some fundamentals have not changed.

The differences since 2001 are stunning:

- billings have more than doubled to £46 billion;
- revenues have grown from £4.0 billion to £11.5 billion;
- headline profit before tax has trebled, from £500 million to £1.5 billion;
- our market capitalisation has increased from £8.7 billion, and from the 2008 low of £5.0 billion, to £20.5 billion;
- the size of our workforce (including associates), has grown from 65,000 to 179,000;
- the number of offices is up from 1,400 to 3,000; and countries in which they are located, from 103 to 111;
- the number and breadth of our environmental, corporate social responsibility and employee training and welfare programs now overflow their own, thick annual report;
- our dividend per share has increased from 4.50p to 38.20p; and our dividend payout ratio, then 15%, now stands at 45%;
- Data Investment Management and direct, digital and interactive services have grown from 35% to 50% of revenues;
- digital-related services, then 5%, are now 36% of total revenues;
- over this 14-year period, WPP has invested some £8 billion in 700 acquisitions; and
- WPP was honored to be included (and the only advertising or marketing services company listed) in *Forbes'* 2015 list of The Best Companies to Work For.

"Different," indeed. In fact, led in these years by a singularly tireless and entrepreneurial chief executive, this enterprise has been literally transformed: a transformation resulting from prescient evolution of strategy and painstaking management execution. WPP's value, to clients and investors alike, has thereby been enhanced beyond even these numbers.

'New markets,' 'new technologies,' as well as 'media and data investment management' are now fixtures of the industry lexicon. Yet amidst the earliest mentions of 'BRICs' and long before general recognition of 'the digital age,' your Company's investments and hires pioneered the embrace of fast-developing economies, emerging technologies and innovative services.

In 2001, operations in Mongolia and Myanmar – where WPP now operates – were improbable. Fourteen years ago, an automated media trading platform – our Xaxis today – and high-tech partnerships – like ours with AppNexus, Rentrak and comScore – would have been regarded as futuristic fiction. Back then, some 65 acquisitions or strategic investments in one year – as we accomplished in 2014 – would have seemed preposterous. Rendering no fewer than four of our marketing and communications services to more than 500 clients was an ambitious dream until our recent years' focus on 'horizontality.' Even only a few years ago, the magnitude of, and insights from, 'big data' – today's WPP's capacity to integrate our substantial proprietary data with voluminous market and consumer data from other sources – were fanciful notions.

Amidst the earliest mentions of 'BRICs' and long before general recognition of 'the digital age,' your Company's investments and hires pioneered the embrace of fast-developing economies, emerging technologies and innovative services

These landmark differences illustrate the continuous, consistent evolution of WPP's strategy. They evidence current industry leadership. They represent an unparalleled reservoir of competencies to assist clients in communicating their messages and marketing their products. They, and hundreds of similar examples, constitute the core of your Company's unique positioning for continued growth and profitability.

Just as new technologies, new media, new markets and new players have transformed WPP's business, your Board's composition is significantly different. A mandatory retirement policy for non-executive directors instituted; appointment of 10 new directors, including my successor, completed; and the phased retirement of nine long-serving directors underway: your Board – global, independent and experienced in highly relevant commercial arenas – has been refreshed for a new era.

Although my intent, as I stated in the 2013 Annual Report, had been to retire from this post in December

2014, I agreed, at the Board's request, to continue through the appointment of my successor. In Roberto Quarta, it has selected a seasoned non-executive chairman of FTSE companies, successful investor and respected, former chief executive. Subject to share owner approval, he will assume the chairmanship at the conclusion of the 2015 Annual General Meeting.

 *Your Board – global, independent and experienced in highly relevant commercial arenas – has been refreshed for a new era* 

What's *not changed*? WPP's most recent achievements reflect several enduring commitments. Foremost is to serve clients creatively and effectively. And by those standards, our fourth consecutive top Cannes prize for advertising holding companies and yet another Effie as Most Effective Holding Company best illustrate how the industry itself ranks your Company.

In the provision of such client services, there has been not the slightest easing of WPP's intense management discipline. That principally explains how – buffeted by economic winds, a currency roller-coaster and fierce competition – your Company has continued this string of record years' financial performance. And for enhancement of both our services and our controls, we have undertaken a seven-year, £1.25 billion IT initiative to modernise back-office operations and expand our capabilities in the use of 'big data' and analytics.

Has the Company's commitment to its share owners changed?

Like Domino's, WPP continues to 'deliver.' Your Board has boosted dividend growth by hitting our 45% dividend payout ratio target one year ahead of schedule. In the past five years, share owners' aggregate return – taking into account share price appreciation, dividends and share buy-backs – has totalled £12.8 billion.

What's not changed about your Company's governance?

The full Board of Directors, not merely the Audit Committee, is still deeply engaged in risk management. Meeting over two days, six times each year, the entire group – beyond fiduciary requirements, finance and treasury responsibilities, and customary practices – examines, at each session, the list of WPP's top 100 clients, evaluates the business environment for dozens of the major

WPP businesses, reviews scores of personnel changes and succession plans, and challenges management on potential torpedoes or side-swipes.

From every evidence, there has been no change, except possibly for even the better, in the experience and independence of your Board. Our share owners will find in these relatively new non-executive directors the wisdom, discipline, diversity, and vision necessary to challenge and support management, seize opportunities, make tough choices, honour commitments to our people and the clients and places WPP serves, and act in your best interests.

A noteworthy change over these 14 years, since none of our leadership is getting any younger, has been the emphasis on succession-planning. All business leaders named in this report, other senior talent, and 'rising stars,' and the relevant succession options for each of their roles, are reviewed by the full Board. As to this process, we insist on confidentiality; yet it has become, especially in the past seven years, steadily more rigorous and comprehensive.

If so much is different, why has there not been a change of CEO?

My last two years' letters summarised the issue of WPP CEO succession with reference to another well-worn phrase: "[There's] no elephant in this room.' Our veteran and more recently-appointed non-executive directors alike are unanimous in the view that... 'Martin Sorrell is the best chief executive officer in this industry – and the person who can best serve the interests of share owners in this role at this time.'"

As I am soon to depart, let me take the liberty of a personal, up-close aside.

Some observers might prefer a CEO to opine less on politics, to be less available to media and conference rostrums, and to resist requests to comment on compensation. WPP, however, is a marketing business, and few can match Sir Martin Sorrell in capturing media attention, coining a substantive phrase, or promoting their companies. He is indefatigable: nary a trip or day without client meetings, keynotes at major forums, and social events to secure or strengthen client relationships. His insights are sought in countless quarters, benefitting WPP's and its constituent companies' brands and bottom lines.

Meticulous about corporate governance and compliance issues (okay, with occasional grumbles), he does not manage WPP as a 'personal fiefdom.' This mythology is as much the product of journalists' repetition of 'Sir Martin Sorrell's WPP' as his own energy and influence.

An unwelcome, but understandable spring ritual for this chairman has been the media attention to our CEO's

compensation. Given the quantum, little surprise. Yet several misunderstandings persist.

These long-term awards were performance-based, contractual obligations, approved by more than 80% vote of share owners, and not in the Board's discretion. Under the plan, the cadre of senior executives, including the CEO, had the opportunity – rather than a grant of options or other long-term incentives – to make substantial, personal investments in WPP shares and to receive, potentially, multiples of their share purchases based on WPP's comparative record, measured against competitors over a five-year period.

Led by a singularly tireless and entrepreneurial chief executive, this enterprise has been transformed: a transformation resulting from prescient evolution of strategy and painstaking management execution

Two years ago, when the formula's arithmetic computation and our shares' exceptional performance, in both absolute and relative terms, yielded pay-outs beyond UK custom, your Board proposed, and share owners approved, a new *prospective* long-term incentive program with three separate, even tougher criteria for future, potential five-year pay-outs. The existing plan, in which these participants – all highly sought-after by our competition – had made substantial long-term personal investments, however, still had several years to run.

Few would deny a certain 'Sorrellcentricity' to the Group; pronounced even among founders. This CEO, at heart and in practice, acts as an owner-entrepreneur, within the governance requirements of public ownership. Without excess, there is merit to this approach. Indeed, several years ago, the editor of *Fortune's* list of The World's Most Admired Companies noted that 'one-man phenomena' accounted for seven of the list's top 10.

Yet as enormous as Martin's impact has been over nearly three decades – and as much as he merits principal credit for extraordinary leadership in strategy and execution – WPP is, I can attest, far more than one individual.

Notwithstanding Martin's high profile and incessant emails, it is more than a dozen group and functional heads

who run all WPP businesses day-to-day, with far more authority than occasional observers suggest. Martin's friendship and insights certainly are highly valued by clients; but on marketing matters, these business leaders look principally to those more directly responsible for WPP's services.

Future chairmen, directors and share owners will determine not only how well this CEO continues to perform on their behalf, but also what kind of management will then best serve their, clients', and employees' interests. Whoever follows Martin, whenever, will inevitably have a different style, different strengths and different organizational structure requirements. As I have said, ultimately confronting the 'succession elephant' will be part science, part art. Your Board, I trust, will continue to be prepared for this transition.

Meanwhile, there may have been no change of CEO; but – measured by early discernment of emerging trends and opportunities, continuous calibration of strategy, openness to course correction, rigorous financial discipline, navigation in distant markets and fluency in new media and technologies – there has been remarkable change *in*, and *because of*, this CEO.

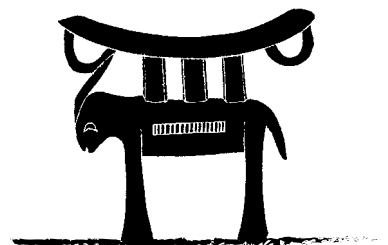
So, much is different with WPP since I came aboard in 2001; but also much not changed, particularly in core values of integrity, client focus, creativity, ambition and stewardship. I have great confidence in your Board's profound sense of responsibility for the future of this Company, the clients we serve, the welfare of our people and the investment of our share owners.

As I depart, "Exit, Stage Left" especially resonates with me. This idiom is defined as "the direction in theatrical scripts, marking the disappearance of a character from the stage in the normal manner; an orderly departure, timed so as not to detract or distract, making way for more interesting events."

What has, perhaps most of all, not changed about WPP? "More interesting events," with the prospect of ever greater achievements, undoubtedly lie ahead.

Philip Lader

20 April 2015



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

Report by Philip Lader Chairman of the Nomination and Governance Committee

Nomination and Governance Committee members

	Meetings
Philip Lader (Chairman)	5
Charlene Begley ¹	2
Esther Dyson ²	3
Orit Gadiesh ²	2
Roger Agnelli	4
Ruigang Li	4
Jeffrey Rosen	5
Hugo Shong	4
Tim Shriver	5
Sally Susman	5

¹ Appointed to the committee on 19 February 2014.

² Retired from the committee in June 2014.

Dear share owner

Committee responsibilities and how they were discharged in 2014

Throughout 2014, succession planning – not only for senior management, but also for a new chairman – and Board performance were the principal focus of the Nomination and Governance Committee's five formal meetings and frequent informal exchanges between committee members and our fellow directors.

All non-executive directors were invited to participate in most of these sessions, with the committee's recommendations to the Board generally reflecting the consensus of such larger number of opinions.

Board refreshment

The continued refreshment of the Board's composition and leadership has dominated this committee's past year's activity. To this end, we reaffirmed our policy that requires

all WPP directors to stand for annual re-election by share owners and our tenure policy for non-executive directors:

Newly-elected non-executive directors shall not stand for re-election after having served for the period of their 'independence' under applicable US and UK governance authority, that presently being 'the nine-year rule' (i.e., under current general governance policy, a non-executive director will not stand for re-election at the Annual General Meeting (AGM) that follows the completion of nine full years' service after the first AGM at which he or she was first elected by share owners; nor will such non-executive directors subsequently stand for election to this Board).

Applying this policy to currently-serving non-executive directors results in the retirement of three non-executive directors including me:

Jeffrey Rosen, the deputy chairman and managing director of Lazard, who has served on this Board since 2004 as a member of the Audit Committee and Nomination and Governance Committee, as chairman of the Compensation Committee until December 2014 and as senior independent director since April 2010;

Colin Day, the chief executive of Essentra plc who has served on this Board and its Compensation and Audit Committees since 2005 and as chairman of the Audit Committee since June 2013; and

Philip Lader, a senior advisor to Morgan Stanley and a director of Marathon Oil, Rusal and AES Corporation was appointed chairman of WPP in 2001 and has served as chairman of the Nomination and Governance Committee since that date and as a member of the Compensation Committee until December 2013.

Neither they nor I will stand for re-election to the Board.

New chairman

The Board worked with the executive recruitment firm, Egon Zehnder International, to identify my successor as chairman and utilised its consultants to identify, evaluate, and screen a number of high-calibre candidates.

The Board announced the appointment of Roberto Quarta as a non-executive director and chairman-designate on 17 December 2014. Roberto brings to the Group extensive and diverse experience in corporate governance and global commerce. He is chairman of Smith & Nephew plc and of IMI plc and is a partner at the private equity firm Clayton Dubilier & Rice. As previously announced, Roberto will succeed me as chairman of the Company and as chairman of this committee, subject to his election by

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share owners at the AGM and on his retirement from the Board of IMI plc following the company's AGM on 7 May 2015. He joined the Board on 1 January 2015 and has been undergoing a thorough induction process which has provided him with a good basis to make an early contribution to our Board discussions and to have a good grounding of our businesses and the Group strategy before he becomes chairman.

Committee leadership and service

Pursuant to our non-executive director tenure policy, WPP's senior independent director, Jeffrey Rosen, will retire at this year's AGM. His successor as senior independent director will be announced later in the year.

Colin Day will be succeeded by Jacques Aigrain as chairman of the Audit Committee. Jacques Aigrain has been a member of the committee since joining the Board in May 2013.

Subject to their appointment and reappointment at the AGM, the composition of our three main committees will be as follows:

Committee composition 2015	Audit Committee	Compensation Committee	Nomination and Governance Committee
Roberto Quarta		●	Chair ●
Roger Agnelli	●	●	●
Jacques Aigrain	Chair ●	●	
Charlene Begley	●		●
Sir John Hood		Chair ●	
Ruigang Li		●	●
Daniela Riccardi		●	
Nicole Seligman		●	
Hugo Shong	●	●	●
Tim Shriver		●	●
Sally Susman			●
Sol Trujillo	●	●	

With the institution of term limits for non-executive directors, phased retirement of long-serving directors, and appointment of new non-executive directors, the Board and its committees were purposely larger than custom to provide the sharing of knowledge about the Company's businesses and people. With the retirement of veteran directors, the Board will resume the more typical size, but with the benefit of enhanced institutional memory. Similarly, while assignments of new directors to committees

resulted in the swelling of their rosters, this was to provide additional orientation for relatively new directors to deepen their insight into the Company; and it has been intended that, in the coming year, committee memberships will be re-aligned to reflect the skills and interests of respective directors and simultaneously reduce their size.

Board and committee evaluation

The annual evaluation of the Board's and all committees' effectiveness was conducted, internally. Each director completed a confidential questionnaire and identified opportunities for improvement. Separate conversations were then held between each director and either me or the senior independent director, who also led the non-executive directors' assessment of my performance. Observations from these discussions and presentations will be intensely reviewed by this committee in upcoming meetings, with proposals to the full Board as to improving Board effectiveness. Overall the results of the evaluation were positive, confirming the Board was operating well as it continues to manage an orderly refreshment of its membership and a number of planned retirements.

UK Corporate Governance Code

During the year, the Board was briefed on regulatory and corporate governance developments. This principally included the anticipated impact of the new UK and EU rules on auditing market reform and the changes to the UK Corporate Governance Code. The review focused especially on the changes related to remuneration, ongoing risk management and internal control and the requirement for directors to provide a going concern statement in respect of the financial year ended 2015 taking into account the Group's current position and principal risks.

Sustainability

Paul Richardson, chairman of the Company's Sustainability Committee, presented a comprehensive assessment of the Group's sustainability performance and risks to the committee for 2014. Particularly noteworthy was WPP's CDP score of 98B and our inclusion in the CDP FTSE 350 Climate Disclosure Leadership Index, the Dow Jones Sustainability Index and the FTSE4 Good Index. WPP continued to help its operating companies by providing a series of webinars and briefings on sustainability issues.

A more detailed review of our sustainability performance and activities can be read on pages 159 to 165 and in our 2014/2015 Sustainability Report and *Pro Bono Book* to be published in June 2015.

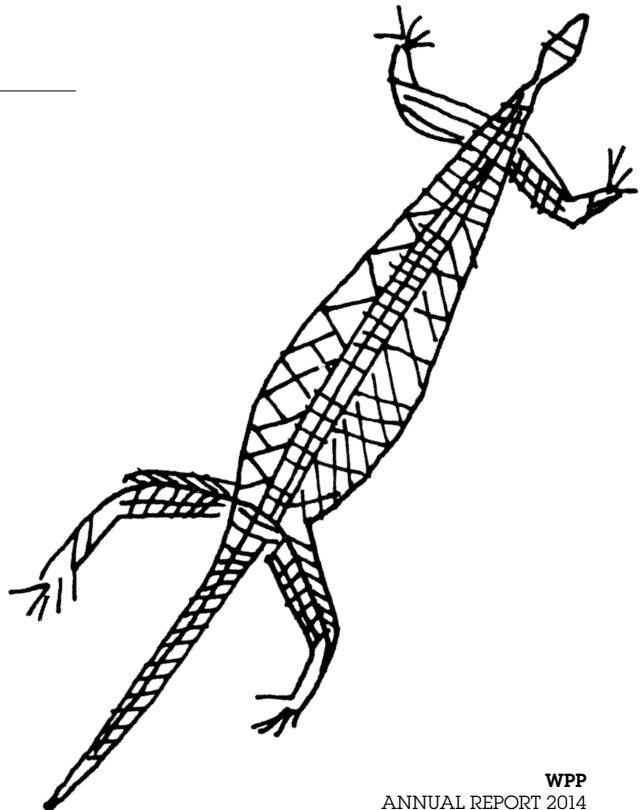
Terms of reference

The committee's terms of reference, which are reviewed with the Board annually and most recently in July 2014, are on the Company's website at wpp.com/investor.

Chairman's role

As I announced in the 2013 Annual Report, it had been my intention to retire from the chairmanship of both the Board and this committee in December 2014. At the Board's request, I have continued to assist with the transition of such leadership to my successor in both roles, Roberto Quarta. Assuming his relinquishment of the chairmanship of IMI plc and election by WPP share owners to the WPP Board at the 2015 Annual General Meeting, I shall step down immediately thereafter; and it is the Board's intent to elect him as my successor in both roles.

Philip Lader
20 April 2015



Review of the Audit Committee

Report by Colin Day

Chairman of the Audit Committee

Audit Committee members

	Meetings
Colin Day	9
Sol Trujillo	9
Jeffrey Rosen	9
Roger Agnelli	8
Jacques Aigrain	9
Charlene Begley	9
Hugo Shong	8

Dear share owner



We held nine meetings during the year, which were attended by Deloitte (the external auditors), the Company's chairman, the Group finance director, the director of internal audit, the Group chief counsel and the Company Secretary.

Preparatory meetings were also held with the internal and external auditors as well as members of the Company's senior management. The committee received presentations from the heads of internal audit, finance, tax, compliance, IT, digital, compensation and benefits and legal. The committee also received reports from the Disclosure Committee on financial reports. The Board received regular reports on key issues arising at the committee meetings.

The committee's terms of reference, are reviewed annually and most recently in June 2014, and can be viewed on the Company's website at wpp.com/investor.

The committee and its members were formally assessed by the chairman of the Company as part of the annual evaluation process described on page 118 for their technical suitability to be members and also for its overall effectiveness. The Board has designated me as the committee's financial expert for Sarbanes-Oxley Act (SOX) purposes and as having recent and relevant financial experience for the purposes of the UK Corporate Governance Code. The members of the committee have financial and/or financial services experience as set out in their biographies on pages 108 to 111.

Committee responsibilities and how they were discharged in 2014

The main matters we dealt with during 2014 were as follows:

- monitoring the integrity of the Company's financial statements and reviewing significant financial reporting judgements;
- reviewing internal financial control and internal audit activities;
- assisting the Board in meeting its responsibilities in respect of reviewing and reporting on the systems and key elements of risk management as they affect the Group;
- reviewing the Group Treasury policy with particular focus on debtors, funding foreign exchange and cash management and the continued ability of the Group to adopt the going concern basis in preparing financial statements;
- reviewing reports on any material litigation or regulatory reviews involving Group companies;
- reviewing the Group's mergers and acquisitions strategy, any significant acquisitions, due diligence procedures and integration processes and the debt financing by the Group;
- reviewing GroupM's trading model and its risk assessment processes;
- reviewing the Group's tax strategy;
- monitoring the accounting and legal reporting requirements, including all relevant regulations of the UK Listing Authority, the SEC and NASDAQ and the Jersey Financial Services Commission and changes to the UK Corporate Governance Code;
- overseeing continued compliance with Section 404 of SOX, through regular status reports submitted by the internal and external auditors;
- reviewing the Group's reporting systems and shared services and IT integration initiatives;
- reviewing issues raised on our Right to Speak helpline and the actions taken in response to those calls; and
- reviewing the Group's initiatives and policies on data privacy and internet security.

The committee examined whether the Annual Report and Accounts for 2014 was fair, balanced and understandable and provided the information necessary for share owners to assess the Group's performance, business model and strategy. The committee received an early final draft of the report for review and comment, as well as a report from the Disclosure Committee as to the governance relating to compilation of the report. The Board subsequently considered the report as a whole and discussed the report's tone, balance and language for compliance with these standards. The Board's statement on the report is on page 179.

Financial reporting and significant financial judgements

The management team make key decisions and judgements in the process of applying the Group's accounting policies. These key judgements were detailed in reports to the committee in respect of 2014 which were then examined by the committee and discussed with management.

Deloitte also reported to and discussed with the committee whether suitable accounting policies had been adopted in the financial statements for the year ended 2014 and whether management had made appropriate estimates and judgements. The areas of significant judgement considered by the committee and how these were addressed are set out below and reflect a number of the principal risk areas identified by the Board on pages 173 to 177:

- the assessments made for goodwill impairment. The committee confirmed, based on management's expectations of future performance of certain businesses, the level of goodwill impairment charges required in 2014;
- the restructuring charges to be incurred as part of a restructuring program commenced in the last quarter of 2014, including the IT transformation project and whether these are exceptional. The committee supported management's analysis of the nature of the restructuring charges;
- the judgements made in determining the fair value of shares received as consideration and the gains made in 2014 on investments. The committee agreed that the approach adopted by management is appropriate;
- the judgements made in respect of revenue recognition, particularly as these relate to media volume income and media trading income. The committee received briefings from Deloitte and management on the appropriateness of the policies adopted and the controls in place and challenged management to demonstrate the effectiveness of such controls;
- the valuations of non-controlled investments, which are based on local management forecasts, recent third-party investment and other supporting information such as industry valuation multiples. The committee examined the valuations with management and considered the sample testing of the investments performed by Deloitte and agreed that the valuations were appropriate;
- the accuracy of forecasting the potential future payments due under earnout agreements in respect of acquired businesses. The committee considered the forecasting with management and the testing undertaken by Deloitte and agreed that earnouts have been accounted for on a consistent basis to previous periods;

- the approach taken to calculating fair value adjustments in respect of acquired businesses and specifically provisions for non-corporate tax, property and legal exposures, which the committee considered was appropriate;

- the valuation of year-end provisions in respect of working capital. The committee received briefings on the approach taken by management in assessing the level of exposure across the Group and agreed it was consistent and appropriate;

- accounting for the judgemental elements of remuneration, including pensions, bonus accruals, severances and share-based payments. The committee agreed that the assumptions applied by management are reasonable;

- the judgements made in respect of tax, in particular deferred tax assets including their recoverability and the level of tax provisioning. The committee supported management's assumptions in both these areas and believe the current level of provisions is reasonable; and

- the going concern assessment and key forecast assumptions. The committee concur with management's going concern assumptions as set out on page 178.

External audit

Deloitte have been WPP's auditors since 2002. The lead partner rotates every five years and the latest rotation will take effect during 2015. In 2014, the effectiveness of the audit process was evaluated through a committee review of the audit planning process and discussions with key members of the Group's finance function. The 2014 evaluations concluded that there continued to be a good quality audit process and constructive challenge where necessary to ensure balanced reporting. The committee held private meetings with the external auditors and the committee chair met privately with the external auditors before meetings. The committee continues to be satisfied with the performance of Deloitte and confirmed that Deloitte continues to be objective and independent and noted the principal findings of the FRC 2014 Audit Quality Report which overall was good with limited improvements required. The committee recommends the reappointment of Deloitte at the AGM on 9 June 2015.

The committee considered the Group's position on its audit services contract in the context of the recent changes in regulations concerning the audit market. There is no immediate intention to tender the audit contract but the committee regularly reviews the position.

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Internal audit

The annual internal audit plan is approved by the committee at the beginning of the financial year. Progress against the plan is monitored through the year and any changes require committee approval. Significant issues identified within audit reports are considered in detail along with the mitigation plans to resolve those issues. The committee also considers the level of internal audit resource to ensure it is appropriate to provide the right level of assurance over the key risks and controls throughout the Group.

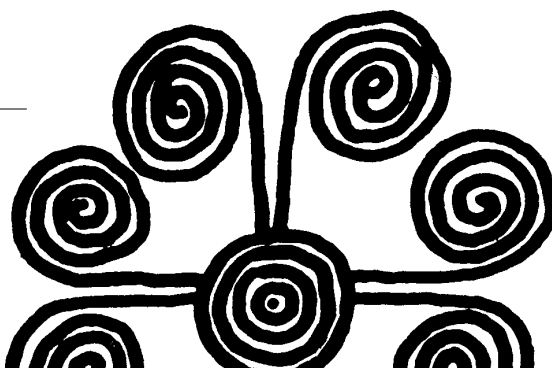
Non-audit fees

The committee has established a policy regarding non-audit services that may be provided by Deloitte, which prohibits certain categories of work in line with relevant guidance on independence, such as ethical standards issued by the Auditing Practices Board and SEC. The policy was reviewed by the committee in 2014 and advice on remuneration has also been included in the prohibited category with effect from the beginning of 2015 allowing for a transition period. Other categories of work may be provided by the auditors if appropriate and if pre-approved by the committee, either as individual assignments or as aggregate amounts for specified categories of services. All fees are summarised periodically for the committee to assess the aggregate value of non-audit fees against audit fees. The level of fees for 2014 is shown in note 3 on page 199.

Committee membership

This will be my final report as chairman of the committee as I transition to Jacques Aigrain who will be my successor following the AGM. I would like to thank Jeffrey Rosen for his hard work over many years as a member of the committee, as he will also be retiring at the AGM. Thank you also to my colleagues on the committee, the parent company executives and the external advisors for their endeavours in 2014.

Colin Day
20 April 2015



Letter from the chairman of the Compensation Committee

Dear share owner



n behalf of the Compensation Committee, I am pleased to present the Compensation Committee report for 2014. This is my first report as chairman of WPP's Compensation Committee, having succeeded Jeffrey Rosen at the AGM in July 2014.

The committee believes it is our duty to set and implement compensation policies that support the Group strategy, that are in the best interests of share owners and that are aligned with UK corporate governance requirements.

In 2014, the committee presented its report and policy in compliance with the new reporting standards introduced in 2013. In its first year, the Executive Remuneration Policy received a supportive vote of 81.93%. The committee carefully considered the outcome and the reasons for opposition, most of which had been previously raised in discussions with share owners and taken into account when finalising the policy. The committee remains satisfied that the approved policy is in the best interests of share owners.

On taking over as chairman of the committee, I wanted to continue the established practice of engaging with WPP's share owners, to listen to and discuss their views on our remuneration policy. So far I have met with some of our largest share owners and plan to meet more during the remainder of 2015.

The committee expect the primary area of focus for share owners and the broader media in 2015 to be the single figure for Sir Martin Sorrell. This is largely the product of exceptional performance delivered over the last five years, driving the vesting of the 2010 long-term incentive award and the increase in your Company's share price.

Pay for performance 2014

WPP currently has two very different long-term incentive plans in operation: the legacy Leadership Equity Acquisition Plan III (LEAP) used for awards until the end of 2012, and the replacement Executive Performance Share Plan (EPSP) under which awards have been made since 2013. The legacy LEAP program was a co-investment plan, requiring executives to pledge shares, which would be matched to the extent that WPP's total shareholder return (share price growth plus reinvestment of dividends) out-performed competitors over a five-year investment and performance period.

2010 LEAP awards, which vested on 12 March 2015, were based on TSR performance over the five financial years ending 31 December 2014. Over the performance period, WPP achieved a TSR of 172.5%. This was underpinned by sustained five-year performance evidenced by a number of metrics:

- Out-performed over 90% of the comparator group's market capitalisation.
- Ranked in the top three of WPP's comparator group.
- TSR in the upper quintile of the FTSE 100, out-performing over 90% of the constituents' market capitalisation.
- Share price increased by 114% from £7.25 at grant (120% of our five- and 10-year average share price at the time, and close to our then five-year high of £7.875) to £15.49 on vesting.
- Strong ongoing underlying financial and operational performance.
- WPP headcount increased by over 20,000.

This strong performance resulted in the LEAP 2010 awards vesting with a maximum match of five-times the shares invested by the executives and other senior leaders invited to participate in 2010.

The value of Sir Martin's award, while large by any standard, equates to approximately one-third of 1% of the increase in value for share owners.

The 2014 operational performance of the Group was strong with 7.2% headline like-for-like PBT growth, a like-for-like 3.3% increase in net sales and a constant currency improvement in net sales margin of 0.3%. The annual bonus performance review for the executive directors took into account both the financial performance of the Group, together with an assessment of their achievement against individual measures based on areas of strategic importance. Outcomes ranged from 109% to 144% of target. Full details of the annual plan, including enhanced disclosure of the measures, performance ranges and achievements is set out in the short-term incentive section of the Implementation report.

How we behave and how we're rewarded

Letter from the chairman of the Compensation Committee

Compensation and policy considerations for 2015

Base pay review

In accordance with the Executive Remuneration Policy, the base pay (base salary and fees) of executive directors is reviewed every 24 months. Sir Martin Sorrell's base pay was due to be reviewed with effect from 1 January 2015. The committee undertook a review and decided that no change would be made. Paul Richardson's base pay review will be undertaken during 2015.

Performance targets

In preparation for the 2015 EPSP grants, the committee has undertaken a full review of the performance measures and ranges that will determine vesting of these awards. The committee remained satisfied with the TSR and EPS performance measures' and ranges' alignment with the Group's long-term strategic plans. While there was agreement that ROE remained an appropriate measure, the committee determined the performance range should increase from 10% to 14%, to 15% to 18%, measured as the average annual achievement over the five-year performance period, given the recent improvement in the Company's ROE to 15%.

Clawback

In response to developments in corporate governance best practice, the Compensation Committee intends to adopt clawback provisions during 2015 to take effect in 2016. These provisions will apply to the executive-level incentive plans and complement the existing malus provisions adopted in 2010. The combination of these provisions will enable the Compensation Committee to reduce or cancel awards prior to vesting (malus) and/or to seek to reclaim awards that have actually vested and been paid (clawback). We believe that this, in conjunction with the five-year performance period under our long-term incentive plans, the deferral of at least half the annual bonus into WPP shares and the personal shareholdings of our executive directors will afford considerable protection of share owner interests over the long-term.

Share plan approval

A new share option plan is being submitted for approval at the 2015 AGM. This new plan will replace two existing plans that will expire in 2015: the WPP Worldwide Ownership Plan and the WPP Executive Share Option Plan. The primary purpose of the new plan is to provide the ability to operate an all-employee share option plan for Group employees. The current plan makes awards to over 50,000 employees each year and is highly regarded. The secondary purpose of the new plan will be to provide the Company with the capacity to grant selective option awards in the exceptional event they are required to attract or retain key individuals below Board level. While a feature of the current plan, such awards have been granted infrequently in recent years.

Personnel changes in 2015

In February 2015, Mark Read was appointed to a new role as the CEO of Wunderman. In order to focus on this new role, Mark stepped down from the Board as an executive director of WPP. In the future, the committee will have oversight of Mark's compensation as it does over other senior executives in the Group.

Roberto Quarta, the chairman designate, joined the committee on 1 January 2015. At the AGM in June 2015, Jeffrey Rosen and Colin Day will not seek re-election and will therefore stand down from the committee. I thank them both for the energy and wisdom they have brought to the committee over many years.

Sir John Hood

Chairman of the Compensation Committee

20 April 2015

At a glance

How we performed

Key performance measures

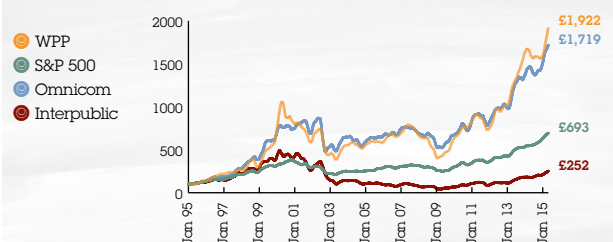
Group financial measures (like-for-like)	Target	Actual	% of target achieved	% of maximum achieved
Headline PBT growth	5.0%	7.2%	144%	72%
Net sales margin improvement	0.3%	0.3%	100%	60%
Growth in net sales	3.0%	3.3%	110%	83%

Other key measures

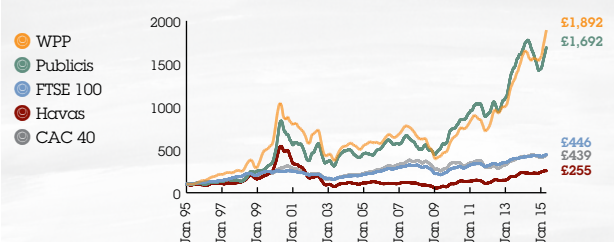
Total shareholder return	One-year: 3.0%	Five-years: 172.5%	Ten years: 198.7%
Market capitalisation	31 Dec 2009: £7.7bn	31 Dec 2014: £17.8bn	+ £10.1bn

Long-term total shareholder return performance

TSR performance: US competitors¹

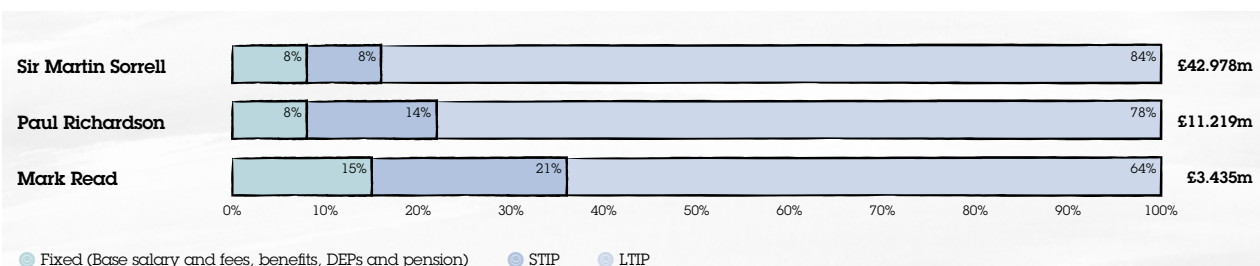


TSR performance: European competitors¹



¹ Growth in the value of a hypothetical £100 holding over 20 years. TSR calculated using a three-month rolling average in common currency.

How much the executive directors earned in 2014



How we behave and how we're rewarded

Letter from the chairman of the Compensation Committee

How we will implement our compensation policy in 2015

Key measures of five-year performance

	Policy	Implementation ¹	
		Sir Martin Sorrell	Paul Richardson
Base salary and fees	<ul style="list-style-type: none"> 24-month review period 	£1,150,000	\$945,000 + £100,000
Short-term incentives	<ul style="list-style-type: none"> 70% financial and 30% personal strategic One-year performance 50% cash, 50% deferred WPP shares (two years) 	Opportunity: 0% – 435% Target: 217.5%	Opportunity: 0% – 300% Target: 200%
Long-term incentives	<ul style="list-style-type: none"> TSR, EPS and ROE Five-year performance 100% WPP shares 	Opportunity: 0% – 974%	Opportunity: 0% – 400%

¹ Opportunity and target expressed as a percentage of base salary and fees.

Number of WPP shares the executive directors owned at 31 December 2014

	Ownership target (% of base salary and fees)	Shares owned	Multiple of ownership target
Sir Martin Sorrell	600%	19,010,399	37x
Paul Richardson	300%	762,850	5x
Mark Read	200%	120,713	2x

Implementation report

This section of the Compensation Committee report (entitled the Implementation report) contains details of how the Company's Executive Remuneration Policy was implemented in 2014. We start by setting out the details of the Compensation Committee – those setting and implementing the Executive Remuneration Policy. We then present a summary of the 2014 executive remuneration together with a summary of pay across the Group.

Governance in relation to compensation

Compensation Committee members

	No. of meetings attended in 2014
Sir John Hood ¹ (Chairman from 22 July 2014)	6
Roger Agnelli	6
Jacques Aigrain	6
Colin Day	5
Ruigang Li	4
Daniela Riccardi	6
Jeffrey Rosen (Chairman until 22 July 2014)	6
Nicole Seligman ¹	5
Hugo Shong	5
Tim Shriver	4
Sol Trujillo	6

¹ Appointed to the committee on 1 January 2014.

Sir John Hood and Nicole Seligman were appointed as non-executive directors of the Company and members of the committee with effect from 1 January 2014, subject to the confirmation of their appointment by share owners at the AGM. Roberto Quarta was appointed as a non-executive director of the Board and a member of the Compensation Committee with effect from 1 January 2015, subject to the confirmation of his appointment by share owners at the AGM, in June 2015.

During 2014, the Compensation Committee met six times on a formal basis, with additional meetings held as needed.

The committee members have no personal financial interest (other than as a share owner as disclosed on page 139) in the matters to be decided by the committee, potential conflicts of interest arising from cross-directorships or day-to-day involvement in running the Group's businesses.

The terms of reference for the Compensation Committee are available on the Company's website, wpp.com/wpp/about/howwebehave/governance/, and will be on display at the AGM, as set out in the Notice of AGM.

Advisors to the Compensation Committee

The Compensation Committee regularly consults with Group executives. In particular, the committee will invite certain individuals to attend meetings, including the Group chief executive (who is not present when matters relating to his own compensation or contracts are discussed and decided), the Company Secretary, the chief talent officer and the worldwide compensation & benefits director. The latter two individuals provide a perspective on information reviewed by the committee and are a conduit for requests for information and analysis from the Company's external advisors.

External advisors

The committee retain Towers Watson to act as independent advisors. Towers Watson is engaged to provide advice to the Compensation Committee and to work with management on matters related to our Executive Remuneration Policy and Practices. Towers Watson is a member of the Remuneration Consultants Group and has signed the code of conduct relating to the provision of advice in the UK. In light of this, and the level and nature of the service received, the committee remains satisfied that the advice is objective and independent.

Towers Watson provides limited pay survey services at a Group level, and some of the operating companies may engage advisors, including Towers Watson, at a local level. In 2014, Towers Watson received fees of £86,000 in relation to the provision of advice to the committee. The committee also receives external legal advice, where required, to assist it in carrying out its duties.

How we behave and how we're rewarded

Implementation report

Statement of share owner voting

During the period immediately preceding the 2014 AGM there was limited consultation with share owners due to the extensive consultation that took place prior to the 2013 AGM and since no subsequent changes had been made to the Executive Remuneration Policy or Practices. The level of voting in favour of the remuneration resolutions was similar to that received in 2013. While the overall level of support remains lower than we might hope for, the committee remains aware of the reasons why some share owners feel unable to support our resolutions.

In particular, in respect of 2013, some share owners were generally concerned at the overall level of pay for the executive directors. While large, compensation levels were driven by the maturing of a five-year LEAP award and the rise in the Company's share price. The committee acknowledges these concerns, but also recognises that the majority of share owners supported the remuneration resolution last year (see below) and LEAP III when it was approved in 2009. Furthermore, the committee is content that the LEAP program has performed as intended and in the manner approved, with very strong share returns and share price performance delivering significant value to both share owners and management.

Resolution	Votes for		Votes against		Votes cast	Votes withheld
	Number	%	Number	%	Number	Number
To approve the Implementation report of the Compensation Committee	693,866,904	81.75%	154,850,579	18.25%	848,717,483	117,037,192
To approve the Executive Remuneration Policy	707,427,918	81.93%	156,032,836	18.07%	863,460,754	102,293,921

There have not been any changes to the Executive Remuneration Policy approved by share owners, and no substantive changes to the manner of its implementation, during 2014, with none planned for 2015.

Executive directors' total remuneration received (audited)

Single total figure of remuneration in 2014 and 2013

		Base salary and fees	Benefits ²	DEPs ³	Pension	Short-term incentives ⁴	Long-term incentives ⁵	Total annual remuneration
		£000	£000	£000	£000	£000	£000	£000
Sir Martin Sorrell¹	2014	1,150	453	1,288	456	3,590	36,041	42,978
	2013	1,150	350	1,101	460	4,115	22,670	29,846
Paul Richardson¹	2014	674	67	–	202	1,542	8,734	11,219
	2013	698	107	–	210	1,753	6,408	9,176
Mark Read	2014	440	8	–	63	737	2,187	3,435
	2013	433	11	–	54	800	1,698	2,996

¹ Any US dollar amounts received in 2014 have been converted into sterling at an exchange rate of \$1.6475 to £1.

² Details of benefits are set out on page 129.

³ Sir Martin Sorrell receives payments in accordance with the approval granted by share owners of amounts equal to the dividends that would be payable during 2014 totalling £1,288,191 (£1,100,578 during 2013) in respect of the shares reflected in the UK and US Deferred Stock Units Awards Agreements (which are the agreements that now comprise the awards granted under the Capital Investment Plan in 1995).

⁴ This is the aggregate amount awarded for the 2014 (and 2013) financial years' performance. The awards are delivered equally in a deferred share bonus in the form of an ESA (which vests two years from date of grant subject to continued employment) and cash.

⁵ This is the value of the 2010 (and 2009) LEAP Awards which vested in 2015 (and 2014) following the end of the five-year performance period on 31 December 2014 (and 31 December 2013).

Fixed elements of remuneration (audited)

Base salary and fees

	Effective/review date	Contractual salary and fees 000	Base salary and fees received in 2014 000
Sir Martin Sorrell ¹	1 Jan 2015	£1,150	£1,141
Paul Richardson ²	1 July 2013	\$945 and £100	\$945 and £100
Mark Read ²	1 July 2013	£440	£440

¹ In accordance with Sir Martin Sorrell's contract of employment, 40% of his salary is paid in US dollars. Due to the fluctuations in the US dollar:sterling exchange rates in the year, retranslating the amounts paid at the exchange rate of \$1.6475 to £1 gives a total of £1,140,923 (\$1.5646 to £1 gave a total of £1,164,818 in 2013).

² Next review due to take place with effect 1 July 2015.

Each executive director receives a fee of £100,000 for their directorship of WPP plc, included above. The base salary and fees for the executive directors are reviewed every 24 months. Sir Martin Sorrell's salary was reviewed by the Compensation Committee in December 2014. The committee decided that his base salary should remain at the level set at 1 January 2013.

Benefits, dividend equivalent payments and pension

	2014 Benefits £000	2014 DEPs £000
Sir Martin Sorrell	453	1,288
Paul Richardson	67	–
Mark Read	8	–

The benefits shown are those provided to the executive directors that are deemed taxable in the UK (or those that would be taxable if Paul Richardson were resident in the UK). The value of benefits received detailed in the numbers above include car and/or car allowance, healthcare, life assurance, long-term disability allowance, spousal travel costs and a per diem housing allowance paid when the executive uses their own accommodation when travelling outside of their home country. The table above also includes share owner-approved dividend equivalent payments of £1,288,191 (£1,100,579 during 2013) which are due on certain of Sir Martin Sorrell's deferred share awards. The following table provides a break down of the key taxable benefits for 2014:

	Car benefits £000	Healthcare £000	Spousal travel £000	Accommodation allowance £000	Other expenses £000
Sir Martin Sorrell	36	50	274	50	43
Paul Richardson	22	11	–	11	23
Mark Read	–	3	–	–	5

	Contractual pension	2014 Pension £000
Sir Martin Sorrell	40%	456
Paul Richardson	30%	202
Mark Read	15%	63

All pension benefits for the executive directors are provided on either a defined contribution or a cash allowance basis. Only the aggregate of base salary and fees is pensionable. No changes have been made to pension provision in the last year. Sir Martin Sorrell and Mark Read's pension contributions are lower than the contractual amount due to the impact of exchange rates and the deduction of employer's national insurance contributions respectively.

How we behave and how we're rewarded

Implementation report

Variable elements of pay (audited)

Short-term incentive

This section summarises the Compensation Committee's assessment of the Executive Directors' performance during 2014 under the short-term incentive plan.

2014 short-term incentive plan outcome (percentages expressed relative to base salary and fees)

	Actual short-term incentive received	Attributed to financial objectives	Attributed to individual objectives	Total 2014 short-term incentive 000
Sir Martin Sorrell	312%	190%	122%	£3,590
Paul Richardson	217%	157%	60%	£1,542
Mark Read	167%	117%	50%	£737

According to our policy, 50% of the 2014 short-term incentive will be delivered in the form of shares as an Executive Share Award (ESA) with a two-year deferral requirement.

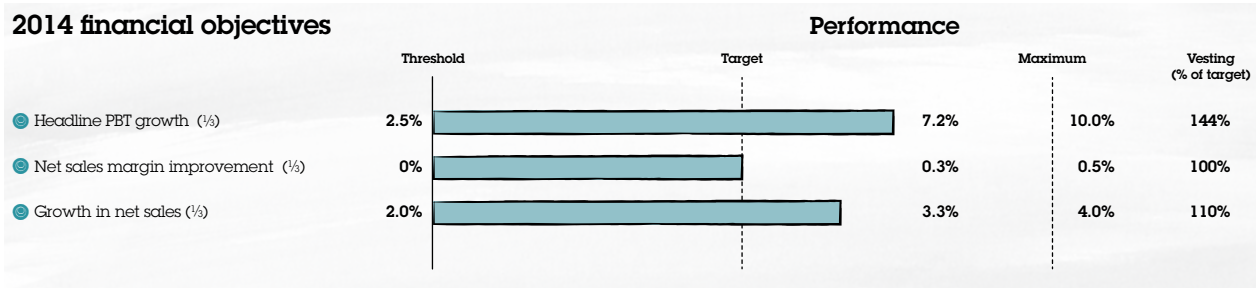
Performance against financial objectives (70% of the award)

Performance against all financial objectives is calculated on a pro forma ("like-for-like") basis in constant currency. The key financial short-term incentive plan (STIP) objectives for all the executive directors are consistent with 2013 and provide a robust basis for assessing financial achievement.

As illustrated on page 131, the 2014 financial performance of the Group and WPP Digital was very strong. For the Group CEO and CFO, strong PBT and net sales growth produced performance above target, achieving 72% and 83% of the maximum award respectively. The net sales margin resulted in target performance equivalent to 60% of the very ambitious maximum. WPP Digital performance was very strong against both operating profit and revenue targets and solid against the margin improvement target.

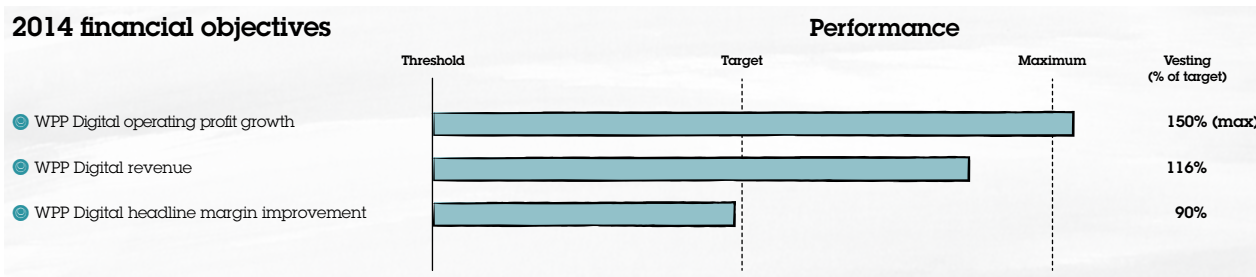
Group performance (CEO and CFO)

2014 financial objectives



WPP Digital performance (CEO WPP Digital)

2014 financial objectives



WPP Digital is a collection of subsidiary companies and as such the financial data is not in the public domain. While the Company wishes to be as transparent as possible, due to concerns regarding commercial sensitivity, WPP Digital achievement data is presented more generally.

Performance against individual strategic objectives (30% of the award)

Executive director	Personal measure 2014 (30%)	Clarification of measures	Maximum potential (% of base salary and fees)	Award received (% of base salary and fees)
Sir Martin Sorrell	Leadership planning	Actively manage the process of strengthening the Group's senior leadership teams through internal development, promotions, transfers and external hires	131%	122%
	Strategic planning & execution	Key focus areas include maintaining creative excellence; driving strategy in the digital, data, analytics and new markets; developing and expanding global client teams and Regional, Sub-Regional and Country Managers; and driving efficient structures and processes		
Paul Richardson	Working capital management	Improve year-on-year rolling average net working capital as a percentage of the annual revenue trend	90%	60%
	IT transformation	Implement a transformational program of outsourcing IT services to produce enhanced service and cost savings in future years		

How we behave and how we're rewarded

Implementation report

Executive director	Personal measure 2014 (30%)	Clarification of measures	Maximum potential (% of base salary and fees)	Award received (% of base salary and fees)
Mark Read	Strategic digital positioning	Drive the digital share of Group revenues across all key digital revenue categories	60%	50%
	Digital reputation	Demonstrate to all key stakeholders the quality and breadth of WPP's digital expertise		
	Digital asset acquisition and integration	Champion the acquisition of high quality digital assets and integrate or partner these with existing companies to maximise effectiveness		
	Cross-Group co-operation on digital initiatives	Lead activities to increase the cooperation of businesses across the Group to leverage skills and maximize the benefit for clients		

2014 short-term incentive plan awards

Based on the performance set out above, the short-term incentive award for each executive was:

	Base salary and fees 000	Target bonus % of base salary and fees	Maximum bonus % of base salary and fees	2014 award % of target	Total 2014 short-term incentive award 000
Sir Martin Sorrell	£1,150	217.5%	435%	144%	£3,590
Paul Richardson	\$945 + £100	200.0%	300%	109%	£1,542
Mark Read	£440	134.0%	200%	126%	£737

As noted above, 50% of the 2014 bonus is delivered in the form of WPP shares as an ESA. These shares were granted post determination of the annual bonus achievement and will vest, subject to continued employment, two years later.

Short-term incentive weightings and measures for 2015

The committee has reviewed the performance objectives and weightings for 2015 to ensure continued alignment with Company strategy. The weighting of financial objectives (70%) and individual strategic objectives (30%) will remain unchanged as will the Group financial objectives of Headline PBT growth, net sales margin improvement and net sales growth. However, the associated targets have been updated to reflect 2015 performance expectations. Mark Read stood down from the Board of WPP on 1 February 2015. Therefore, his 2015 objectives will be set in reference to his new role and are out of scope of this report.

As stated in the Executive Remuneration Policy, the committee is of the view that the targets for the STIP are commercially sensitive and it would be detrimental to the Company to disclose them in advance of or during the relevant performance period. To the extent targets are no longer commercially sensitive they will be disclosed at the end of the relevant performance period in that year's Annual Report.

Long-term incentives (audited)

2010 – 2014 LEAP III awards vesting

The 2010 awards were granted under LEAP III, the long-term incentive plan which in 2013 was replaced by the EPSP. Vesting of awards was solely dependent on WPP's relative TSR performance measured in common currency, against a custom group of WPP's comparators (Aegis, Arbitron, Dentsu, GfK, Havas, Interpublic, Ipsos, Omnicom and Publicis) weighted by their respective market capitalisation.

Over the five-year investment and performance period, WPP out-performed 91% of the weighted peer group including both Omnicom and Publicis, WPP's largest and most comparable multi-line competitors. Over the period, WPP delivered TSR of 172.5% which means that a shareholding of £100 at the start of the period would be worth £272.50 at the end, including reinvested dividends. On a relative basis, underlying financial and operational performance was also strong over the five-year period, consistent with the TSR outcome.

Aegis and Arbitron, two of the comparator companies, were taken over during the investment and performance period by Dentsu and Nielsen, respectively. In line with the guidelines established by the committee, the two companies remained in the comparator group as they were both listed for more than 40% of the investment and performance period. Their TSR performance was calculated assuming reinvestment into a synthetic stock of the remaining comparators. This was with effect from the date immediately before which it was independently determined that the share price was affected by either a takeover premium or speculation.

WPP's TSR performance relative to the comparator group resulted in a match of 500%, equating to 100% of the maximum award.

	Number of shares vesting	Share price on vesting £	Value of match at grant price of £7.2475 £000	Value added due to share price appreciation and dividends £000	2014 Long-term incentives £000
Sir Martin Sorrell	2,326,945	15.4887	16,865	19,176	36,041
Paul Richardson	563,870	15.4887	4,087	4,647	8,734
Mark Read	141,185	15.4887	1,023	1,164	2,187

How we behave and how we're rewarded

Implementation report

2014 EPSP awards granted

In 2014, all three executive directors, along with a select number of senior managers within the Group, were granted awards under the Executive Performance Share Plan (EPSP). The 2014 awards are subject to three equally weighted independent performance conditions, being relative TSR, EPS and ROE. Performance is measured over the five financial years starting in 2014 as follows:

Measure	Total Shareholder Return (TSR)	Earnings Per Share (EPS)	Return On Equity (ROE)
Weight	One-third	One-third	One-third
Nature	Relative to peers	WPP growth	WPP absolute
Performance zone (threshold to maximum)	Median to upper decile	7% – 14% compound annual growth	10% – 14% annual average
Payout	Below threshold: 0% of element vests Threshold: 20% of element vests Maximum or above: 100% of element vests Straight-line vesting between threshold and maximum		
Performance period	Five years ending on 31 December 2018		

As in previous years, WPP's TSR performance is compared to companies representing our most relevant, listed global competitors, weighted by market capitalisation. In 2014, the comparator group comprised Dentsu, GfK, Havas, Interpublic, Ipsos, Nielsen, Omnicom and Publicis. TSR performance will be calculated on a market capitalisation-weighted basis in both common and local currency (weighted equally). Using a dual basis ensures that the interests of both local and international investors are reflected in the performance measures.

The following interests were awarded on 4 June 2014 at the preceding five-day average share price of £12.908 (ordinary shares) or \$107.996 (ADRs).

	Basis and level of award (% of salary and fees)	Award over	Number of interests awarded	Face value at date of grant 000
Sir Martin Sorrell	974%	Ordinary shares	867,756	£11,201
Paul Richardson	400%	ADRs	40,927	\$4,420
Mark Read	200%	Ordinary shares	68,174	£880

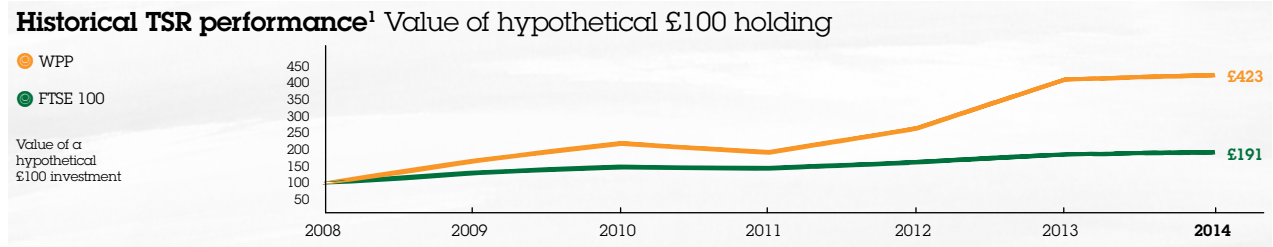
EPSP measures and targets for 2015 – 2019

The committee has reviewed the performance measures and weightings for 2015 awards to ensure continued alignment with Company strategy over the longer term. The measures and their respective weightings will not change, nor will the targets or comparator group for the EPS and TSR measures. The ROE performance range has been increased to an average of 15% – 18%, reflecting the strong performance over the last two years and future expectations. This will be measured as the average annual achievement over the five-year performance period.

Aligning pay and performance

As set out in the Executive Remuneration Policy, the committee seeks to align variable remuneration with the key strategic priorities of WPP, therefore maximising the dynamic between pay and performance.

This dynamic is contingent upon the committee setting challenging targets each year. The following graph and table demonstrate the relationship between pay and performance over the last six years for the Group chief executive.



Financial year 31st December	2009	2010	2011	2012	2013	2014
CEO total remuneration (£000) ²	7,199	11,597	11,941	17,543	29,846	42,978
Year-on-year change in CEO total remuneration	63%	61%	3%	47%	70%	44%
Short-term incentive award against maximum opportunity	32%	95%	77%	62%	82%	72%
Long-term incentive award against maximum opportunity	50%	83%	46%	86%	87%	100%
Change in annual TSR ³	66%	32%	-13%	38%	56%	3%
Change in five-year TSR ⁴	10%	37%	13%	45%	241%	172%

¹ Growth in the value of a hypothetical £100 holding of WPP ordinary shares over six years against an equivalent holding in the FTSE 100 (the broad market equity index of which WPP is a constituent) based on one month average of trading day values. Source: DataStream.

² Calculated using the single figure methodology.

³ TSR calculated using a one-month trading day average, consistent with the data shown in the graph.

⁴ TSR calculated using a six-month averaging period, consistent with the calculation methodology under LEAP/EPSP.

Relative importance of spend on pay

The following table sets out the percentage change in total staff costs, headcount, dividends and share buy-backs.

	2014	2013	% change
Total staff costs	£6,440.5m	£6,477.1m	-0.6%
Headcount – average over the year	121,397	117,115	+3.7%
Dividends and share buy-backs	£970.8m	£594.3m	+63.4%

How we behave and how we're rewarded

Implementation report

Relative change in pay for the Group chief executive

The following table summarises the change in the Group chief executive's base salary and fees, taxable benefits and annual bonus, compared to that of all full-time employees within the Group. The increase in taxable benefits of the chief executive officer is due to a higher level of healthcare and spousal travel expenses. The UK taxable benefits cost have reduced due to more efficient procurement.

	Base salary and fees	Taxable benefits ¹	Annual bonus ²
Group chief executive	0.0%	29.4%	-12.8%
All employees	+3.3%	-1.9%	-4.7%

¹ Taking into account the worldwide structure and size of the Group, and given the need to calculate benefits on the basis that an individual is resident in the UK for tax purposes, collating data on all employees was not practicable. As a result, the population for the taxable benefits consists of UK employees only.

² The annual bonus data for the Group chief executive uses the short-term incentive figures set out on page 128.

Non-executive directors' fees

The fees due to non-executive directors, last reviewed on 1 July 2013, are set out below (£000).

Chairman	475
Non-executive director	70
Senior independent director	20
Chairmanship of Audit or Compensation Committee	40
Chairmanship of Nomination and Governance Committee	15
Member of Audit or Compensation Committee	20
Member of Nomination and Governance Committee	10

Non-executive directors' total remuneration received (audited)

The single total figure of remuneration table below details fee payments received by the non-executive directors while they held a position on the Board. During both 2013 and 2014, the Company met the cost (including national insurance and income tax, where relevant) of expenses incurred by the non-executive directors in performing their duties of office, in accordance with the policy set out on page 156.

In 2014, the disclosable value of the expenses that would be chargeable to UK income tax totalled £97,453 (including £33,059 of national insurance and income tax, where relevant).

	2014	Fees £000 2013
Philip Lader	475	450
Roger Agnelli	120	74
Jacques Aigrain	110	68
Charlene Begley	96	8
Colin Day	130	119
Esther Dyson ¹	40	95
Orit Gadiesh ¹	40	75
Sir John Hood ^{2,3}	100	–
Ruigang Li	100	83
Stanley (Bud) Morten ⁴	–	43
John Quelch ⁴	–	39
Daniela Riccardi	90	27
Jeffrey Rosen	150	153
Nicole Seligman ^{2,3}	90	–
Hugo Shong	120	74
Timothy Shriver ⁵	119	106
Paul Spencer ⁴	–	53
Sally Susman	80	49
Sol Trujillo	110	98

¹ Stepped down from the Board following 2014 AGM (25 June 2014).

² Received no fees in 2013.

³ Appointed to the Board on 1 January 2014.

⁴ Stepped down from the Board 12 June 2013.

⁵ 2014 fees includes additional payments for consulting services of £19,206.

No payments for loss of office were due to those non-executive directors that stepped down during the year.

How we behave and how we're rewarded

Implementation report

Past directors (audited)

During 2014, payments were made to past directors who continued to provide advisory services to the Company. Payments were made to Stanley Morten and John Quelch, both having stepped down from the Board in June 2013. A payment of £77,693 was made to Mr Morten in respect of advisory services provided to the WPP Group. A payment of £30,349 was made to Mr Quelch in respect of educational presentations he gave to companies within the WPP Group. A payment of £30,000 was made to John Jackson in respect of his advisory role to WPP, which enables the Company to benefit from his considerable knowledge and experience in the communications and marketing services sector.

Executive directors' interests (audited)

Executive directors' interests in the Company's ordinary share capital are shown in the following table. Other than as disclosed in this table and in the Compensation Committee report, no executive director had any interest in any contract of significance with the Group during the year. Each executive director has a technical interest as an employee and potential beneficiary in shares in the Company held under the ESOPs. More specifically, the executive directors have potential interests in shares related to the outstanding awards under LEAP III and the EPSP in addition to outstanding ESAs. As at 31 December 2014, the Company's ESOPs (which are entirely independent of the Company and have waived their rights to receive dividends) held in total 17,859,981 shares in the Company (24,048,113 in 2013).

Director		Total beneficial interests and deferred awards ¹	Shares (without performance conditions)	Scheme interests	
				Nil- or nominal-cost options	
				With performance conditions (unvested)	Without performance conditions (vested but unexercised) ⁶
Sir Martin Sorrell ⁷	At 31 Dec 2014	19,010,399	291,830 ²	9,694,591 ⁴	8,773,456
	At 20 April 2015	18,869,018	159,691 ³	7,611,261 ⁵	8,773,456
Paul Richardson	At 31 Dec 2014	762,850	127,725 ²	1,859,250 ⁴	–
	At 20 April 2015	920,265	64,850 ³	1,354,410 ⁵	–
Mark Read	At 31 Dec 2014	120,713	55,498 ²	540,144 ⁴	–
	At 20 April 2015	120,713	31,046 ³	413,739 ⁵	–

¹ Shares held outright together with shares due pursuant to awards that have vested but receipt of which have been deferred with share owner approval (see footnote 6).

² Shares due pursuant to the 2012 and 2013 Executive Stock Awards, full details of which can be found on page 140. Additional dividend shares will be due on vesting.

³ Shares due pursuant to the 2013 Executive Stock Awards, full details of which can be found on page 140. Additional dividend shares will be due on vesting.

⁴ Maximum number of shares due on vesting pursuant to the outstanding LEAP III and EPSP awards, full details of which can be found on page 141. Additional dividend shares will be due on vesting.

⁵ As noted at footnote 4 above, less the maximum due under the 2010 LEAP III Award, which vested on 12 March 2015 (full details can be found on page 133).

⁶ Shares (1) pursuant to the vesting of awards under Renewed LEAP (namely the 2004 and 2005 awards, part of the 2006 award, the 2007 award, the UK portion of the 2009 Award) and (2) which originally formed part of the Capital Investment Plan (an award made in 1995, which vested in 1999, in respect of 4,691,392 shares in total, some of which have been received by Sir Martin Sorrell) and which now comprise the share owner-approved UK and US Deferred Stock Units Awards Agreements. The receipt of all of these awards has been deferred up until November 2017 in accordance with share owner approval. Dividend shares will be due on the exercise of these options.

⁷ On 31 March 2015, Sir Martin Sorrell gifted 1,420,000 ordinary shares to The JMC MRJ Sorrell Charitable Foundation. At 20 April 2015, The JMC MRJ Sorrell Charitable Foundation is interested in 3,525,936 ordinary shares. Sir Martin Sorrell has no beneficial interest in these shares.

Share ownership guidelines

As detailed in the Executive Remuneration Policy, the executive directors are required to achieve a minimum level of share ownership of WPP shares. The Group chief executive and Group finance director are required to hold shares to the value of 600% and 300% of base salary and fees respectively.

At the end of 2014 and at the date of this Compensation Committee report, all executive directors exceeded their share ownership guidelines.

Non-executive directors' interests (audited)

Non-executive directors' interests in the Company's ordinary share capital are shown in the following table. Except as disclosed in this table and in the Compensation Committee report, no non-executive director had any interest in any contract of significance with the Group during the year.

Non-executive director	Total interests at 31 December 2014 or Board retirement date, if earlier	Total interest at 20 April 2015
Philip Lader	11,950	11,950
Roger Agnelli	–	–
Jacques Aigrain	4,000	4,000
Charlene Begley	–	–
Colin Day	15,240	15,240
Esther Dyson ¹	35,000	n/a
Orit Gadiesh ¹	–	n/a
Sir John Hood	–	–
Ruigang Li	–	–
Roberto Quarta ²	n/a	–
Daniela Riccardi	–	–
Jeffrey Rosen	12,000	12,000
Nicole Seligman	3,750	3,750
Hugo Shong	–	–
Tim Shriver	10,070	10,070
Sally Susman	–	–
Sol Trujillo	10,000	10,000

¹ Stepped down from the Board following the 2014 AGM (25th June 2014).

² Appointed to the Board on 1 January 2015.

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Outstanding share-based awards

The following tables summarise all share-based awards either vesting in the year or subject to ongoing performance conditions.

Executive Share Awards (ESAs) held by executive directors

All Executive Share Awards granted under the Restricted Stock Plan are made on the basis of satisfaction of previous performance conditions and are subject to continuous employment until the vesting date. The table does not include the 2014 ESAs as these will not be granted until after publication of this Annual Report. Unless otherwise noted, awards are made in the form of WPP ordinary shares.

		Grant date	Share/ADR price on grant date	No. of shares/ADRs granted ²	Face value on grant date ³ 000	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date	Shares/ADR price on vesting	Value on vesting 000
Sir Martin Sorrell	2011 ESA	30.04.12	£8.3325	360,396	£3,003	21,019	381,415	06.03.14	£12.6979	£4,843
	2012 ESA	30.05.13	£11.6450	132,139	£1,539	–	–	09.03.15	–	–
	2013 ESA	27.05.14	£12.8850	159,691	£2,058	–	–	06.03.16	–	–
Paul Richardson ¹	2011 ESA	30.04.12	\$67.8200	21,995	\$1,492	1,272	23,267	06.03.14	\$106.0833	\$2,468
	2012 ESA	30.05.13	\$88.3100	12,575	\$1,110	–	–	09.03.15	–	–
	2013 ESA	27.05.14	\$108.100	12,970	\$1,402	–	–	06.03.16	–	–
Mark Read	2011 ESA	30.04.12	£8.3325	48,454	£404	2,826	51,280	06.03.14	£12.6979	£651
	2012 ESA	30.05.13	£11.6450	24,452	£285	–	–	09.03.15	–	–
	2013 ESA	27.05.14	£12.8850	31,046	£400	–	–	06.03.16	–	–

¹ Paul Richardson's 2011, 2012 and 2013 ESAs were granted in respect of ADRs.

² Dividend shares will be due on these awards.

³ Face value has been calculated using the average closing share price for the five trading days preceding the date of grant (as set out in the table).

Long-term incentive plans – Leadership Equity Acquisition Plan (LEAP III)

The following table summarises all of the awards outstanding under LEAP III.

Name	Grant date	Investment and performance period	Number of investment shares/ADRs committed by executive	Share/ADR price on grant date	Maximum number of matching units at 1 Jan 2014 ²	During 2014			Maximum number of matching units at 31 Dec 2014	Share/ADR price on vesting	Value on vest/deferral date 000
						Granted/ (lapsed) units	Additional dividend shares	Vested or deferred shares			
Sir Martin Sorrell											
	15.12.09	01.01.09 – 31.12.13	365,878	£6.1025	1,829,390	(230,504)	178,287	1,777,173	–	£12.7564	£22,670
	24.11.10	01.01.10 – 31.12.14	416,666	£7.2475	2,083,330	–	–	–	2,083,330	–	–
	07.12.11	01.01.11 – 31.12.15	711,159	£6.6475	3,555,795	–	–	–	3,555,795	–	–
	10.12.12	01.01.12 – 31.12.16	431,034	£8.5975	2,155,170	–	–	–	2,155,170	–	–
Paul Richardson											
	15.12.09	01.01.09 – 31.12.13	103,423	£6.1025	517,115	(65,157)	50,394	502,352	–	£12.7564	£6,408
	24.11.10	01.01.10 – 31.12.14	100,968	£7.2475	504,840	–	–	–	504,840	–	–
	07.12.11	01.01.11 – 31.12.15	100,344	£6.6475	501,720	–	–	–	501,720	–	–
	10.12.12 ¹	01.01.12 – 31.12.16	15,517	\$69.2500	77,585	–	–	–	77,585	–	–
Mark Read											
	15.12.09	01.01.09 – 31.12.13	27,406	£6.1025	137,030	(17,266)	13,354	133,118	–	£12.7088	£1,692
	24.11.10	01.01.10 – 31.12.14	25,281	£7.2475	126,405	–	–	–	126,405	–	–
	07.12.11	01.01.11 – 31.12.15	30,166	£6.6475	150,830	–	–	–	150,830	–	–
	10.12.12	01.01.12 – 31.12.16	23,276	£8.5975	116,380	–	–	–	116,380	–	–

¹ Paul Richardson's 2012 LEAP award was granted in respect of ADRs.

² Dividend shares will be due in respect of these awards.

Long-term incentive plans – Executive Performance Share Plan

The following table summarises all of the awards outstanding under the Executive Performance Share Plan.

	Grant date	Performance period	Maximum number of nil-cost options over shares/ADRs awarded	Share/ADR price on grant date	During 2014			Maximum number of nil cost options over shares/ADRs at 31 Dec 2014 ¹
					Options vested/ (lapsed)	Additional dividend shares	Options exercised or deferred	
Sir Martin Sorrell	28.06.13	01.01.13 – 31.12.17	1,032,540	£10.8480	–	–	–	1,032,540
	04.06.14	01.01.14 – 31.12.18	867,756	£12.9080	–	–	–	867,756
Paul Richardson²	28.06.13	01.01.13 – 31.12.17	52,026	\$83.4186	–	–	–	52,026
	04.06.14	01.01.14 – 31.12.18	40,927	\$107.9960	–	–	–	40,927
Mark Read	28.06.13	01.01.13 – 31.12.17	78,355	£10.8480	–	–	–	78,355
	04.06.14	01.01.14 – 31.12.18	68,174	£12.9080	–	–	–	68,174

¹ Dividend shares will be due on these awards.

² Paul Richardson's EPSP awards were granted in respect of ADRs.

Full details of the 2014 EPSP award, including performance measures and targets, can be found on page 134.

Implementation of reward policy for management outside the Board

As noted on pages 149 and 150, the Company uses share-based compensation across the workforce to incentivise, retain and recruit talent and to encourage a strong ownership culture among employees. The use of the main share plans in 2014 is described below.

The Restricted Stock Plan

The WPP Leaders, Partners and High Potential program provided awards to about 1,700 of our key executives in 2014. Awards will vest three years after grant, provided the participant is still employed within the Group.

The Executive Stock Option Plan

No awards were made under this plan in 2014 (one in 2013). This plan will expire in 2015, but a new option plan will be tabled for share owner approval in 2015 in combination with the all-employee option plan. There is no plan to start granting executive options as a matter of general course.

All-employee plan

During 2014, Worldwide Ownership Plan awards were made to over 50,000 employees, including over 9,000 new participants. By 31 December 2014, options under this plan had been granted to approximately 139,000 employees over 67 million shares since March 1997.

The Company is tabling a new plan for share owner approval at the AGM, which will be used to grant awards under this program in the future.

Share incentive dilution for 2004 to 2014

The share incentive dilution level, measured on a 10-year rolling basis, was at 2.7% at 31 December 2014 (2013: 3.1%). It is intended that awards under all plans, other than share options, will all be satisfied with purchased shares held either in the ESOPs or in treasury.

Sir John Hood

Chairman of the Compensation Committee
on behalf of the Board of Directors of WPP plc
20 April 2015

Executive Remuneration Policy

The Compensation Committee would like to present the Executive Remuneration Policy. This is the policy that was approved by share owners at the 2014 AGM. It is the intention of the committee that this policy will be maintained for three years from approval, assuming no changes are required. The policy is subject to periodic reviews during its operation. The committee believes that this policy continues to align with the Company's mission statement and business objectives and no changes are being put to share owners for consideration at this year's AGM.

WPP's compensation philosophy

Our mission statement and our six business objectives shape our compensation philosophy. Broadly, our Executive Remuneration Policy is determined by three guiding principles:

- performance-driven reward;
- competitiveness; and
- alignment with share owner interests.

Specifically, our six business objectives (as set out on page 35) are reflected in the design of our compensation plans as set out below:

	WPP's six business objectives	Alignment with compensation structure
1	Continue to improve operating margins on net sales	Short-term incentive measure for the Group chief executive and Group finance director
2	Increase flexibility in the cost structure	Short-term incentive measure for the Group finance director
3	Use free cash flow to enhance share owner value and improve return on capital employed	TSR, EPS growth and average ROE are long-term incentive measures for the executive directors
4	Continue to develop the value added by the parent company	Short-term incentive measures (parent company-led efficiency projects) for the Group finance director
5	Emphasise revenue and net sales growth more as margins improve	Short-term incentive measures for the Group chief executive and Group finance director (Group) and chief executive, WPP Digital (Digital)
6	Improve still further the creative capabilities and reputation of all our businesses	Short-term incentive measure for the Group chief executive

The Executive Remuneration Policy is designed to attract and retain the best-in-class talent. The policy looks to incentivise the directors to develop the skills of the Group's employees in order to consistently exceed our clients' expectations. The policy's objective is to drive and reward sustainable and exceptional performance, thereby producing long-term value for share owners. In applying this policy, the committee takes into account the pay and conditions elsewhere in the Group, which in turn are informed by general market conditions and internal factors such as the performance of the Group or relevant business unit.

Considerations taken into account when setting our Executive Remuneration Policy

Employment conditions at WPP

When reviewing changes to the compensation levels for the directors, the committee considers any changes in light of the increases awarded across the Group over a relevant period of time, in conjunction with the other factors set out in the policy table. The committee did not consult employees when drawing up this Executive Remuneration Policy.

How we behave and how we're rewarded

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 149 and 150)			
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.	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.	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.
	Judgement The committee will use its judgement to set the performance measures and targets annually.	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.	
	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.		

	Threshold	Target (as percentage of maximum)
Sir Martin Sorrell	0%	50%
Other executive directors	0%	67%

How we behave and how we're rewarded

Executive Remuneration Policy

Component and purpose	Operation	Performance	Maximum annual opportunity
Long-term incentives (details of how performance measures and targets are set are included in the notes to this table on pages 149 and 150)			
Executive Performance Share Plan (EPSP) To incentivise long-term performance and to focus on long-term retention and strategic priorities, while maximising alignment with share owner interests.	Overview Executives may receive an annual conditional award expressed as a percentage of base salary and fees. Executives may also receive an award in respect of the number of reinvested dividends proportionate to the amount of the award vesting, the dividends declared during the performance period and the share price at the time the dividend is declared. Awards will vest subject to performance, measured over a period of five consecutive financial years. In respect of merger and acquisition activity within the peer group, the committee has an established and operated policy that TSR outcomes should not be impacted by the speculation or actuality of takeovers of peer group companies (including WPP). This policy includes a minimum listing requirement, an approach for the reinvestment of proceeds from shares of companies that delist during the performance period and parameters for companies subject to bid speculation. Details of how this policy is implemented will be disclosed each year in the relevant Annual Report. Discretions In accordance with the EPSP rules that were approved by share owners at the 2013 AGM, if the committee considers that there has been an exceptional event or that there have been exceptional circumstances during a performance period that have made it materially easier or harder for the Company to achieve a performance measure, the committee may adjust the extent to which an award vests to mitigate the effect of the exceptional event or circumstances. Malus provisions The committee has the ability to reduce any unvested EPSP award in certain situations, including when fraud or a material misstatement has affected the level of any performance-related remuneration.	One-third relative TSR. One-third headline EPS growth. One-third average ROE. All measures are assessed independently of each other. TSR is measured on a market-capitalisation weighted basis against a peer group of business competitors that are selected according to size and relevance. This peer group is reviewed annually at the start of each cycle to ensure it remains robust, appropriate and relevant in light of WPP's business mix. Half of the TSR element is measured on a local currency basis, half on a common currency basis. EPS is defined as WPP's headline, fully diluted, earnings per share. The EPS performance is calculated by taking the aggregate EPS over the performance period and calculating the compound annual growth from the financial year preceding the start of the period. ROE is calculated as fully diluted EPS divided by the average balance sheet per share value of share owners' equity during the year. Vesting schedule Awards will vest on a straight-line basis from 20% for threshold performance and 100% for maximum performance.	Conditional awards: Plan maximum: 9.75 times base salary and fees. Group chief executive: 9.75 times base salary and fees. Other directors: four times base salary and fees. The value of accrued dividends will vary depending on the level of vesting, dividends declared and share price over the performance period.

Component and purpose	Operation	Performance	Maximum annual opportunity						
Long-term incentives (legacy plans with unvested awards)									
Leadership Equity Acquisition Plan III (LEAP III) To incentivise long-term performance and to focus on long-term retention and strategic priorities, while maximising alignment with share owner interests.	Overview Executives were invited to participate in the plan annually by the committee. In order to participate, individuals must have committed to hold an investment level in WPP shares which is determined by the committee, subject to an overall maximum, and must be held for the full five-year performance period. Investment levels were determined by the committee, subject to an overall maximum. A final number of matching shares will be awarded, proportionate to the investment, dependent on the performance of WPP. Executives may also receive an award in respect of the number of reinvested dividends proportionate to the amount of the award vesting, the dividends declared during the performance period and the share price at the time the dividend is declared. The Plan was closed to the grant of new awards at 31 December 2012. Discretions Following the end of the performance period, the committee undertakes a 'fairness review' to determine whether any exceptional events have impacted the outcome and that the resulting match is in line with financial performance relative to the comparator group and the underlying financial performance of the Group. Merger and acquisition activity will be treated in accordance with the policy set out under the EPSP above. Malus provisions The committee has the ability to reduce any unvested LEAP III award in certain situations, including when fraud or a material misstatement has affected the level of any performance-related remuneration.	100% relative TSR measured on a market-capitalisation weighted, common currency basis. Vesting schedule The following table sets out the level of award that will vest for threshold and target performance as a percentage of maximum. <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.		Threshold	Maximum	All executive directors	30%	100%	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.
	Threshold	Maximum							
All executive directors	30%	100%							

How we behave and how we're rewarded

Executive Remuneration Policy

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.	<p>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.</p> <p>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.</p> <p>Other benefits, such as those linked to the relocation of an executive, may be provided depending on the prevailing circumstances.</p>	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.	<p>Group chief executive: 40% of base salary and fees.</p> <p>Other executive directors: 30% of base salary and fees.</p>

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. →

How we behave and how we're rewarded

Executive Remuneration Policy

Restricted Stock Plan

The RSP is used to satisfy awards under the short-term incentive plans (including ESAs) as well as to grant awards to management under the WPP Leaders, Partners and High Potential program. In the program, awards are made to participants that vest three years after grant, provided the participant is still employed within the Group.

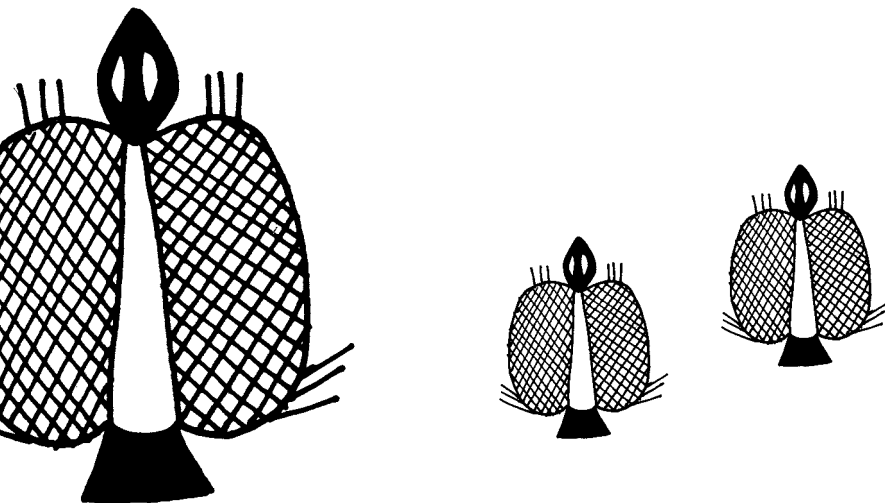
Executive directors are eligible to receive ESAs under the RSP, but ineligible to participate in any other aspect of the management share award program.

Executive Stock Option Plan

The ExSOP is used to make special grants of options in order to attract or retain key talent. Awards are made infrequently and executive directors are ineligible to participate, other than in a recruitment situation (see page 153). This plan will expire in 2015 and will be replaced by the WPP plc Share Option Plan 2015.

All-employee plan

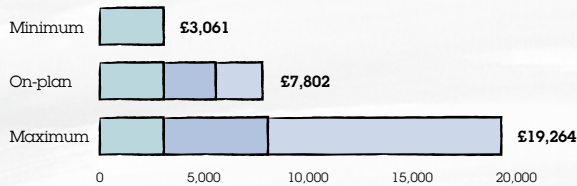
The Worldwide Ownership Plan is an all-employee plan that makes annual grants of stock options to employees with two years of service who work in wholly-owned subsidiaries. Executive directors and management in receipt of other share awards are ineligible to participate in this plan. This plan will expire in 2015 and will be replaced by the WPP plc Share Option Plan 2015.



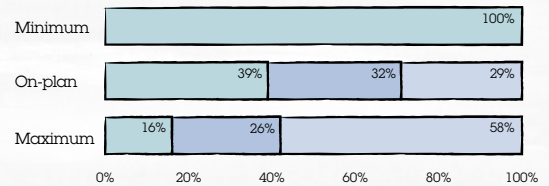
How do these pay policies affect potential compensation packages?

These graphs seek to demonstrate how pay varies with performance. The graphs are reflective of the pay policy at approval by share owners at the 2013 AGM. There have been no changes to figures since the approval of the policy by share owners, except benefits and DEPs. For consistency we have used the benefits and DEP figure from the year of approval by share owners (2013).

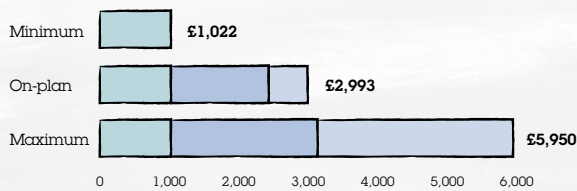
Sir Martin Sorrell £000



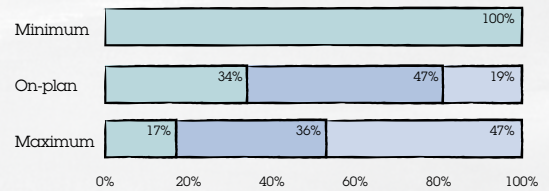
Fixed and variable pay mix



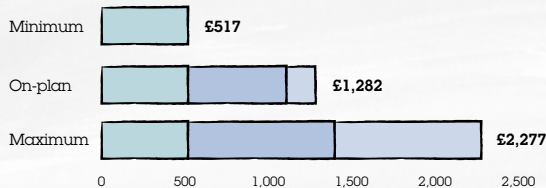
Paul Richardson £000



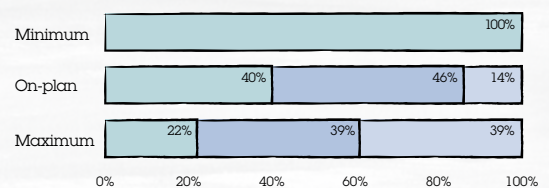
Fixed and variable pay mix



Mark Read £000



Fixed and variable pay mix



● Fixed ● Short-term incentives ● Long-term incentives

How we behave and how we're rewarded

Executive Remuneration Policy

The graphs are informed by three performance scenarios and these, along with the assumptions used, are summarised below.

Fixed elements	Consists of base salary and fees, benefits (including DEPs) and pension				
	Base salary and fees reflect current levels (which are unchanged from FY2013)				
	Benefits and DEPs are consistent with the single figure table for FY2013				
	Pension reflects current levels (which are unchanged from FY2013)				
	£000	Base salary & fees	Benefits (inc. DEPs)	Pension	Total fixed
	Sir Martin Sorrell	1,150	1,451	40%	3,061
	Paul Richardson	704	107	30%	1,022
	Mark Read	440	11	15%	517
Short-term incentives	On-plan scenario assumes target bonus is paid				
	Maximum scenario assumes the full bonus is paid				
	% of salary and fees	Below threshold	On-plan		Maximum
	Sir Martin Sorrell	0%	217.5%		435%
	Paul Richardson	0%	200%		300%
Long-term incentives	On-plan scenario assumes threshold vesting of an award at the current policy level				
	Maximum scenario assumes full vesting of an award at the current policy level				
	% of salary and fees	Below threshold	On-plan		Maximum
	Sir Martin Sorrell	0%	195%		974%
	Paul Richardson	0%	80%		400%
	Mark Read	0%	40%		200%

Other executive director policies

Legacy share awards and obligations

Under the Executive Remuneration Policy, outstanding awards under LEAP III, the long-term incentive plan that pre-dated the EPSP, and Sir Martin Sorrell's deferred awards will be paid in accordance with the terms agreed at the time and set out in previous Compensation Committee reports. The key terms of Sir Martin's deferred awards are summarised below.

Deferred awards (Sir Martin Sorrell only)

The Company has previously received share owner approval to allow Sir Martin Sorrell to defer receipt of his UK and US 2004, 2005 and 2007 LEAP awards and the UK part of his 2006 and 2009 LEAP awards. The UK awards are options that can be exercised at any time until November 2017. The US awards will vest on the earlier of the end of Sir Martin's employment with the Company, a change in control of the Company and 30 November 2017. Additional

shares will continue to accrue in respect of dividends paid up to the point of exercise (UK) or vesting (US).

The Company has also previously received share owner approval to allow Sir Martin Sorrell to defer receipt of the UK and the US Deferred Stock Units Awards Agreements (DSUs). These are the awards that originally vested in 1999, having been granted in 1995 under the Capital Investment Plan. The UK DSU is an option that can be exercised at any time until November 2017. The US DSU will vest on the earlier of the end of Sir Martin's employment with the Company, a change in control of the Company and 30 November 2017. In accordance with share owner approval, Sir Martin Sorrell receives cash dividend equivalent payments (DEPs) in respect of these deferred awards as noted in the policy table.

Share ownership guidelines

With effect from 2013/4, executive directors and other members of the senior management team were subject to share ownership guidelines. The implementation of these guidelines seeks to reinforce the WPP principle of alignment of management's interests with those of share owners.

The following levels of ownership are required to be achieved by the executive directors:

	% of base salary & fees
Group chief executive	600%
Group finance director	300%
Chief executive, WPP Digital and minimum for any other new executive appointed to the Board	200%

Executive directors will be permitted a period of seven years from the date of their appointment to achieve the guideline level.

In the event that an executive director fails to achieve the required levels of share ownership, the committee will decide what remedial action or penalty is appropriate. This may involve a reduction in future share awards or requiring the director to purchase shares in the market to meet the ownership guidelines.

Appointments to the Board

This section sets out details with respect to the appointment of a new executive director to the Board of WPP, whether it is an external or internal appointment.

Fixed compensation

Base salary and fees will be set taking into account a range of factors, including the profile and prior experience of the candidate, internal relativities, cost and external market data. If base salary and fees are set at a lower initial level contingent on individual performance, the committee retains the discretion to realign the base salary and fees over a phased period of one to three years following appointment, which may result in an exceptional rate of annualised increase in excess of that set out in the policy table.

Other elements of fixed pay will be set in accordance with the policy table, and a new appointment may require the committee to rely on the authorised discretion (as set out on page 148) to make payments related to relocation, for example, in order to facilitate the appointment.

Ongoing variable compensation

The committee will seek to pay only that level of reward necessary to recruit the exceptional talent needed to lead such a complex global group. The actual level of incentive offered will be dependent on the role and existing package of the candidate. The aggregate maximum face value for annual short- and long-term variable compensation will be 10 times base salary and fees, which is materially lower than the current Group chief executive maximum level. The committee retains the discretion to make awards on recruitment, within the policy limits, to provide an immediate alignment of interest with the interests of share owners.

Buy-out awards

The committee may consider buying-out remuneration entitlements that the individual has had to forfeit by accepting the appointment. The structure and value of the awards will be informed by the structure and value of those entitlements being forfeited, and the performance targets, time horizon and vehicle will be set in an appropriate manner at the discretion of the committee. The intention of the committee is that any award will take the form of WPP shares and will be subject to performance as far as possible.

An announcement of the director's appointment, detailing the incumbent's compensation will be made on a timely basis through a regulatory information service and posted on the Company's website.

Service contracts

The following terms will apply for any new executive role appointed to the Board in the future.

Executives will normally be appointed on a notice period of up to 12 months, although the committee retains the discretion to appoint an external candidate on a notice period of up to 24 months reducing on a rolling basis to 12 months (such that after 12 months' service the notice period would have reverted to the standard 12 months).

At the committee's discretion, any payment in lieu of notice will be restricted to base salary, fees, benefits and pension.

On termination there will be no entitlements when classified as a bad leaver (defined within the incentive plans). Otherwise base salary, fees, benefits and pension allowance are payable as per the notice period and the committee will have the power to make phased payments that would be reduced or stopped if alternative employment is taken up.

How we behave and how we're rewarded

Executive Remuneration Policy

Terms specific to internal appointments

The committee can honour any pre-existing commitments if an internal candidate is appointed to the Board.

Service contracts

The Company's policy on executive directors' service contracts is that they should be on a rolling basis without a specific end date.

The effective dates and notice periods under the current executive directors' service contracts are summarised below:

	Effective from	Notice period
Sir Martin Sorrell	19 November 2008	'At will'
Paul Richardson	19 November 2008	12 months
Mark Read	19 November 2008	6 months

Sir Martin Sorrell's service contract may be terminated by either the Company or Sir Martin without any notice, and without any payment in lieu of notice.

The executive directors' service contracts are available for inspection at the Company's registered office and head office.

Loss of office provisions

Fixed compensation elements

As noted above, the service contracts of Messrs Richardson and Read provide for notice to be given on termination. The fixed compensation elements of their contracts will continue to be paid in respect of any notice period. There are no provisions relating to payment in lieu of notice. If an executive director is placed on garden leave, the committee retains the discretion to settle benefits in the form of cash. The executive directors are entitled to compensation for any accrued and unused holiday although, to the extent it is possible and in share owner interests, the committee will encourage executive directors to use their leave entitlements, prior to the end of their notice period.

Except in respect of any remaining notice period, no aspect of any executive director's fixed compensation is payable on termination of employment. Sir Martin Sorrell's service contract contains an indemnity, subject to certain conditions relating to previously deferred awards, from WPP in respect of any US tax which is charged under section 280G as a result of a termination linked to a change in control of WPP. Further details are on page 155.

Short- and long-term compensation elements

If the executive director is dismissed for cause, there is not an entitlement to a STIP award, and any unvested share-based awards will lapse. Otherwise, the table on page 155 summarises the relevant provisions from the directors' service contracts (cash bonus) and the plan rules (RSP, EPSP and LEAP III), which apply in other leaver scenarios. As noted on page 149, the committee has the authority to ensure that any awards that vest or lapse are treated in accordance with the plan rules, which are more extensive than the summary set out in the table on page 155.

Cash bonus	The executive directors are entitled to receive their bonus for any particular year provided they are employed on the last date of the performance period, except in the case of Mark Read, where he gives notice of termination or is dismissed for cause before the payment date.
ESA	Provided the executive director is a Good Leaver, unvested awards will be reduced on a time pro-rata basis and paid on the vesting date.
EPSP	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Awards will vest subject to performance at the end of the performance period and time pro-rating. ▪ In the event of death or serious illness, the performance conditions are to be assessed as at the date of cessation of employment. ▪ Awards will vest immediately on a change in control subject to performance and time pro-rating unless the committee decides that awards are to be exchanged for equivalent new awards. ▪ In the event of a merger, the committee can require participants to release any outstanding award in consideration of the grant of an equivalent award by the newly-formed entity.

Other pre-existing terms that apply to Sir Martin Sorrell

■ Sir Martin Sorrell's deferred LEAP awards and his DSUs (as set out on page 152) will be paid out unconditionally on termination of employment. The performance requirements in respect of these awards have already been met, the awards have vested and are therefore no longer subject to any leaver provisions.

■ In the event any payments due to Sir Martin would be treated as 'deferred compensation' in accordance with US legislation and subject to section 409A requirements, those payments will be delayed. If those payments are delayed, an amount in respect of interest as a result of the delay will be due from the Company to Sir Martin.

■ In the event of a change of control of WPP, the Company has agreed to indemnify Sir Martin, with the prior approval of share owners, with respect to any related personal US tax liability under the provisions of section 280G. This indemnity is subject to certain limitations that exempt the Company from liability for any tax related to the share-owner approved deferrals of certain awards. Based on the most recent review by the committee in December 2013 of the potential impact of this clause, it is unlikely that any 280G payment would be due from the Company based on an analysis, using standard assumptions. This was reviewed by independent counsel.

Other committee discretions not set out above

■ Leaver status: the committee has the discretion to determine an executive's leaver classification in light of the guidance set out within the relevant plan rules, except with respect to Sir Martin Sorrell. Unless Sir Martin Sorrell is terminated for cause, he will be treated as having retired on leaving the Company and therefore be treated in accordance with the plan rules as a Good Leaver.

■ Compromise agreements: the committee is authorised to reach compromise agreements with departing executives, informed by the default position set out above.

How we behave and how we're rewarded

Executive Remuneration Policy

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: <ul style="list-style-type: none"> ▪ Senior independent director ▪ Chairman of a Board Committee ▪ Member of a Board Committee ▪ Consultancy fees in respect of other work that falls outside the remit of their role for the Company. 	An overall cap on all non-executive fees, excluding consultancy fees, will apply consistent with the prevailing and share owner-approved limit in the Articles of Association (which, due to share owner approval at the 2014 AGM, is £3m). Consultancy fees will be set on a discretionary basis, taking account of the nature of the role and time required.
Benefits and allowances To enable the chairman and non-executive directors to undertake their roles.	The Company will reimburse the chairman and non-executive directors for all reasonable and properly documented expenses incurred in performing their duties of office. In the event that the reimbursement of these expenses gives rise to a personal tax liability for the chairman or non-executive director, the Company retains the discretion to meet this cost (including, where appropriate, costs in relation to tax advice and filing). While not currently offered, the Company retains the discretion to pay additional benefits to the chairman including, but not limited to, use of car, office space and secretarial support.	Benefits and allowances for the chairman will be set at a level that the committee feels is required for the performance of the role.

Other chairman and non-executive director policies

Letters of appointment for the chairman and non-executive directors

Letters of appointment have a two-month notice period and there are no payments due on loss of office.

Appointments to the Board

Letters of appointment will be consistent with the current terms as set out in this Annual Report. The chairman and non-executive directors are not eligible to receive any variable pay. Fees for any new non-executive directors will be consistent with the operating policy at their time of appointment. In respect of the appointment of a new chairman, the committee has the discretion to set fees taking into account a range of factors including the profile and prior experience of the candidate, cost and external market data.

Payments in exceptional circumstances

In truly unforeseen and exceptional circumstances, the committee retains the discretion to make emergency payments which might not otherwise be covered by this policy. The committee will not use this power to exceed the recruitment policy limit, nor will awards be made in excess of the limits set out in the Executive Remuneration Policy table. An example of such an exceptional circumstance could be the untimely death of a director, requiring another director to take on an interim role until a permanent replacement is found.

