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## **Notice of Convocation of the 167th Ordinary General Meeting of Shareholders**

**Dentsu Inc.**

March 8, 2016

Our Shareholders

1-8-1, Higashi-shimbashi, Minato-ku, Tokyo

Dentsu Inc.

Tadashi Ishii, President & CEO

## **Notice of Convocation of the 167th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 167th Ordinary General Meeting of Shareholders. The meeting will be held as follows. If you are unable to attend the meeting, you can exercise your right to vote by paper form or via the Internet. Please review the Reference Material for the General Meeting of Shareholders and vote.

### **1. Date and Time**

10:00 AM, March 30 (Wed.), 2016

\*Doors are scheduled to open at 9:00 AM.

\*\*The meeting date differs from the date corresponding to the previous Ordinary General Meeting of Shareholders (June 26, 2015) due to a change in the Company's business year-end from March 31 to December 31, beginning with the 167th business term (the fiscal year under review).

### **2. Place**

8-21-1, Ginza, Chuo-ku, Tokyo

Sumitomo Realty & Development Shiodome Hamarikyu Building, Belle Salle Shiodome B1F

### **3. Agenda of the Meeting**

Matters to be Reported

(1) Business report for the 167th business term (April 1, 2015 to December 31, 2015), consolidated financial statements, and audit reports on consolidated financial statements by the Accounting Auditor and Audit & Supervisory Board

(2) Report on financial statements for the 167th business term (April 1, 2015 to December 31, 2015)

Proposals to be Resolved

Proposal 1 Distribution of Earnings

Proposal 2 Partial Amendments to the Articles of Incorporation

Proposal 3 Appointment of 5 Directors who are not Audit and Supervisory Committee Members

Proposal 4 Appointment of 4 Directors who are Audit and Supervisory Committee Members

Proposal 5 Determination of Remuneration for Directors who are not Audit and Supervisory Committee Members

Proposal 6 Determination of Remuneration for Directors who are Audit and Supervisory Committee Members

If you are attending the meeting, please submit the enclosed voting form at the front desk.

Please bring this notice of convocation with you to the meeting.

Because it is expected to be crowded right before the start of the meeting, we suggest that you arrive early.

We have not prepared gifts for shareholders who attend the meeting. We appreciate your understanding.

Notice concerning items posted on the Company's website

- (1) Of the business report, consolidated financial statements, and financial statements that were audited by the Audit & Supervisory Board and the Accounting Auditor during the preparation of their respective audit reports, the documents attached to this notice of convocation exclude the following items. Pursuant to laws and regulations and Article 18 of the Company's Articles of Incorporation, these items are available on the Company's website (<http://www.dentsu.co.jp/ir/shares/sokai.html>) and are not contained within this notice of convocation.
  1. Business Report: III 2. Situation of Important Con-current Posts
    5. Items Related to Outside Directors
      - (2) Important Con-current Posts and Relationship with Dentsu  
V Company System and Policy
  2. Consolidated Financial Statements: Notes to Consolidated Financial Statements
  3. Financial Statements: Notes to Financial Statements
- (2) If there are any corrections to items in the Reference Material for the General Meeting of Shareholders, business report, consolidated financial statements, and financial statements, they will be promptly posted on the Dentsu website (<http://dentsu.co.jp/ir/shares/sokai.html>).

## Reference Material for the General Meeting of Shareholders

### Proposals and Reference Material

#### Proposal No. 1: Distribution of Surplus

Dentsu considers the return of profits an important management issue. Dentsu will work for comprehensive profit return through a combination of a maximization of corporate value through long-term business growth, continued and stable dividend distribution, flexible acquisition of treasury shares, etc., in accordance with the changes in the management environment surrounding the Company. Dividends for each term shall be decided taking into consideration the necessary internal reserve for sustained investment for business growth, consolidated performance trends, financial situation, and other factors, while placing an emphasis on stability.

While paying attention to the stability of management and financial health even more than before, the Company is aggressively seeking to create additional business opportunities by responding to the globalization of corporate activities, technological development, etc., through aggressive activities such as investment. By further improving the Group's competitiveness and profitability and business growth, the Company wishes to enhance returns to shareholders through improving fundamental corporate value.

The year-end dividend for this year shall be 40 yen per share, comprehensively taking into consideration the aforementioned factors. As a result, because Dentsu has already paid 35 yen per share as an interim dividend, the annual dividend will be 75 yen per share, a 20 yen increase over the previous year.

#### Items Related to the Year-end Dividend

(1) Type of dividend property

Cash

(2) Items related to the allocation of dividend property to shareholders and its total amount

40 yen per common share          total of 11,405,562,440 yen

Therefore, the annual dividend will be a total of 75 yen including the interim dividend of 35 yen per share.

(3) Date the distribution of surplus comes into effect:

March 31, 2016

## **Reference Regarding Proposal No. 2 to Proposal No. 6**

### **1. Company with an Audit and Supervisory Committee**

- (1) Due to the promulgation of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014) on May 1, 2015, a new organizational design, the Company with an Audit and Supervisory Committee, was established. A Company with an Audit and Supervisory Committee does not have Corporate Auditors, and the Audit and Supervisory Committee performs audit and supervisory functions for the company in question. The Audit and Supervisory Committee must be composed of 3 or more Directors, and the majority must be Outside Directors. In addition, Directors who are Audit and Supervisory Committee Members also have voting rights in the Board of Directors, and Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee have the authority to state the opinion of the Audit and Supervisory Committee at General Meetings of Shareholders regarding the appointment, dismissal, and remuneration of Directors who are not Audit and Supervisory Committee Members. Therefore, it can be said that supervisory functions regarding persons involved in business execution are strengthened in a Company with an Audit and Supervisory Committee.
- (2) At a Company with an Audit and Supervisory Committee, if the majority of Directors are Outside Directors, or there are stipulations in the Articles of Incorporation that allow for delegation of power to make decisions on the execution of important operations to Directors by a resolution of the Board of Directors, a significant portion of decisions on the execution of important operations may be delegated to Directors. As a result, upon changing the governance structure to a Company with an Audit and Supervisory Committee, the primary function of the Board of Directors will be to supervise business execution, and it will be possible to expect rapid decision-making and flexible business execution by persons involved in business execution.

### **2. Reasons for transitioning to a Company with an Audit and Supervisory Committee**

The Company, through changing the governance structure to a Company with an Audit and Supervisory Committee with the aforementioned features, will aim to improve soundness and transparency of management and enable rapid decision-making, aiming at further improvement of corporate value. In addition, of the 4 Directors that will comprise the Audit and Supervisory Committee, 3 persons will be independent Outside Directors, and at the same time, the structure of the Board of Directors will be such that 1/3 of the Directors will be independent Outside Directors, in an aim to strengthen supervisory functions.

### **3. Proposals related to the transition to a Company with an Audit and Supervisory Committee**

- (1) In order to change the governance structure to a Company with an Audit and Supervisory Committee, related amendments to the Articles of Incorporation are required. In Proposal No. 2, proposal is made to implement amendments to the Articles of Incorporation required in line with the transition to such a Company with an Audit and Supervisory Committee together with other amendments.
- (2) Appointment of Directors in a Company with an Audit and Supervisory Committee must be conducted by making a distinction between Directors who are Audit and Supervisory Committee Members and Directors who are not Audit and Supervisory Committee Members. As such, proposals are made respectively in Proposal No. 3 for the appointment of Directors who are not Audit and Supervisory Committee Members, and Proposal No. 4 for the appointment of Directors who are Audit and Supervisory Committee Members.
- (3) In a Company with an Audit and Supervisory Committee, in order to secure the independence of the positions of Audit and Supervisory Committee Members, remunerations must be determined at a General Meeting of

Shareholders, making a distinction between Directors who are Audit and Supervisory Committee Members and Directors who are not Audit and Supervisory Committee Members. As such, proposals are made respectively in Proposal No. 5 to determine the remuneration of Directors who are not Audit and Supervisory Committee Members, and Proposal No. 6 to determine the remuneration of Directors who are Audit and Supervisory Committee Members.

## Proposal No. 2: Partial Amendments to the Articles of Incorporation

### 1. Reasons for the proposal

The reasons for the amendments are as follows:

- (1) With the intent of further strengthening the corporate governance structure and enhancing corporate value, the Company will change its governance structure into a Company with an Audit and Supervisory Committee. Thus, amendments required to change the governance structure into a Company with an Audit and Supervisory Committee will be made, such as introducing provisions regarding Directors who are Audit and Supervisory Committee Members and Directors who are not Audit and Supervisory Committee Members, introducing provisions that enable the Board of Directors to delegate its power to make decisions on the execution of important operations to Directors, and deleting the provisions regarding Corporate Auditors and the Board of Corporate Auditors (Articles 19 to 24, Article 27, Article 29, Articles 31 to 42, and Article 45 of the current Articles of Incorporation, and Article 5, Articles 20 to 24, Article 27, Article 28, Article 30, Articles 32 to 34, and Article 37 of the proposed amendments). Additionally, in accordance with the deletion of Article 41 (EXEMPTIONS FROM CORPORATE AUDITORS' LIABILITY) of the current Articles of Incorporation, supplemental provisions will be introduced as transitional measures.
- (2) In order to make flexible and agile distribution of dividends, etc., amendments required to enable the Board of Directors to make decisions with respect to distribution of dividends, etc., will be made (Articles 47 and 48 of the current Articles of Incorporation and Articles 39 and 40 of the proposed amendments).
- (3) In accordance with the expansion of the Company's business activities, amendments to Article 2 (PURPOSES) of the current Articles of Incorporation will be made as required.
- (4) In addition, in accordance with the introduction and deletion of the above provisions, article numbers will be reorganized.

### 2. Contents of the amendments

The current Articles of Incorporation shall be partially amended as follows:

(Portions to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
ARTICLE 2 PURPOSES (Omitted) 1. to 35. (Omitted) (Newly established) <u>36.</u> (Omitted) (1) to (66) (Omitted) <u>37.</u> to <u>39.</u> (Omitted)	ARTICLE 2 PURPOSES (Unchanged) 1. to 35. (Unchanged) <u>36. Research, studies, and consulting businesses regarding medical care</u> <u>37.</u> (Unchanged) (1) to (66) (Unchanged) <u>38.</u> to <u>40.</u> (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>ARTICLE 5 BODIES</u></p> <p><u>The Company shall have the following bodies, in addition to the General Meeting of Shareholders and Directors.</u></p> <ol style="list-style-type: none"> <li><u>1. Board of Directors</u></li> <li><u>2. Audit and Supervisory Committee</u></li> <li><u>3. Accounting Auditor</u></li> </ol>



Current Articles of Incorporation	Proposed Amendments
CHAPTER 2 SHARES	CHAPTER 2 SHARES
ARTICLES <u>5</u> to <u>12</u> (Omitted)	ARTICLES <u>6</u> to <u>13</u> (Unchanged)
CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS	CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS
ARTICLES <u>13</u> to <u>18</u> (Omitted)	ARTICLES <u>14</u> to <u>19</u> (Unchanged)
CHAPTER 4 DIRECTORS AND BOARD OF DIRECTORS	CHAPTER 4 DIRECTORS AND BOARD OF DIRECTORS
<u>ARTICLE 19 ESTABLISHMENT OF BOARD OF DIRECTORS</u> <u>The Company shall have a Board of Directors.</u>	(Deleted)
ARTICLE 20 NUMBER OF DIRECTORS The Company shall have no more than fifteen (15) Directors. (Newly established)	ARTICLE 20 NUMBER OF DIRECTORS The Company shall have no more than fifteen (15) Directors. <u>2. Among the Directors described in the preceding paragraph, the Company shall have no more than four (4) Directors who are Audit and Supervisory Committee Members.</u>
ARTICLE 21 ELECTION OF DIRECTORS (Omitted) (Newly established)  <u>2.</u> (Omitted)	ARTICLE 21 ELECTION OF DIRECTORS (Unchanged) <u>2. The election described in the preceding paragraph shall be made, distinguishing between Directors who are Audit and Supervisory Committee Members and Directors who are not Audit and Supervisory Committee Members.</u> <u>3.</u> (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="164 192 754 221">ARTICLE 22 TERM OF OFFICE OF DIRECTORS</p> <p data-bbox="189 241 767 412">The term of office of each Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year that ends within one (1) year from his or her election.</p> <p data-bbox="164 719 381 748">(Newly established)</p>	<p data-bbox="810 192 1401 221">ARTICLE 22 TERM OF OFFICE OF DIRECTORS</p> <p data-bbox="836 241 1430 698">The term of office of each Director <u>who is not an Audit and Supervisory Committee Member</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year that ends within one (1) year from his or her election. <u>The term of office of each Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders held for the last business year that ends within two (2) years from his or her election.</u></p> <p data-bbox="810 719 1406 889">2. <u>The term of office of a Director who is an Audit and Supervisory Committee Member elected to fill a vacancy shall expire at the time the term of office of his or her predecessor expires.</u></p>
<p data-bbox="164 925 727 1048">ARTICLE 23 REPRESENTATIVE DIRECTORS AND ASSIGNMENT OF BUSINESSES</p> <p data-bbox="189 1068 775 1238">The Company shall elect one or more Representative Directors from among the Directors by a resolution of the Board of Directors. Several Representative Directors may be elected.</p> <p data-bbox="164 1308 300 1337">2. (Omitted)</p> <p data-bbox="164 1357 782 1527">3. The Company may, if necessary, by a resolution of the Board of Directors, elect a Chairman from among Directors, and grant the Chairman the right to represent the Company.</p> <p data-bbox="164 1597 782 1720">4. The Board of Directors may elect Directors who are to be responsible for conducting certain businesses of the Company.</p> <p data-bbox="164 1789 300 1818">5. (Omitted)</p>	<p data-bbox="810 925 1374 1048">ARTICLE 23 REPRESENTATIVE DIRECTORS AND ASSIGNMENT OF BUSINESSES</p> <p data-bbox="836 1068 1430 1288">The Company shall elect one or more Representative Directors from among the Directors <u>who are not Audit and Supervisory Committee Members</u> by a resolution of the Board of Directors. Several Representative Directors may be elected.</p> <p data-bbox="810 1308 978 1337">2. (Unchanged)</p> <p data-bbox="810 1357 1430 1576">3. The Company may, if necessary, by a resolution of the Board of Directors, elect a Chairman from among <u>the Directors who are not Audit and Supervisory Committee Members</u>, and grant the Chairman the right to represent the Company.</p> <p data-bbox="810 1597 1430 1767">4. The Board of Directors may elect Directors who are to be responsible for conducting certain businesses of the Company <u>from among the Directors who are not Audit and Supervisory Committee Members.</u></p> <p data-bbox="810 1789 978 1818">5. (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 24 CONVOCAATION OF A MEETING OF BOARD OF DIRECTORS</p> <p>(Omitted)</p> <p>2. A notice of a meeting of the Board of Directors shall be dispatched to each Director <u>and Corporate Auditor</u> at least three (3) days prior to the date of the meeting; provided, however, that in case of emergency, such period may be shortened.</p> <p>3. With the consent of all Directors <u>and Corporate Auditors</u>, the Board of Directors may be convened without following the procedure for convening the meeting.</p>	<p>ARTICLE 24 CONVOCAATION OF A MEETING OF BOARD OF DIRECTORS</p> <p>(Unchanged)</p> <p>2. A notice of a meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the date of the meeting; provided, however, that in case of emergency, such period may be shortened.</p> <p>3. With the consent of all Directors, the Board of Directors may be convened without following the procedure for convening the meeting.</p>
<p>(Newly established)</p>	<p><u>ARTICLE 27 DELEGATION OF POWER TO MAKE DECISIONS ON EXECUTION OF IMPORTANT OPERATIONS</u></p> <p><u>The Company may, pursuant to the provision of Article 399-13, Paragraph 6 of the Companies Act, delegate all or part of the power to make decisions on the execution of important operations (excluding the matters listed in each Item of Paragraph 5 of the same Article) to Directors by a resolution of the Board of Directors.</u></p>
<p>ARTICLE <u>27</u> MINUTES OF BOARD OF DIRECTORS</p> <p>A summary of the proceedings at a meeting of the Board of Directors and the results thereof and other matters set forth in the laws and regulations shall be recorded in the minutes in writing or by electronic recording, which shall bear the signatures, the names and seal impressions, or the digital signatures of the Directors <u>and the Corporate Auditors</u> present.</p> <p>2. (Omitted)</p>	<p>ARTICLE <u>28</u> MINUTES OF BOARD OF DIRECTORS</p> <p>A summary of the proceedings at a meeting of the Board of Directors and the results thereof and other matters set forth in the laws and regulations shall be recorded in the minutes in writing or by electronic recording, which shall bear the signatures, the names and seal impressions, or the digital signatures of the Directors present.</p> <p>2. (Unchanged)</p>
<p>ARTICLE <u>28</u> (Omitted)</p>	<p>ARTICLE <u>29</u> (Unchanged)</p>
<p>ARTICLE <u>29</u> REMUNERATION FOR DIRECTORS</p> <p>Remunerations for Directors shall be determined by a resolution of a General Meeting of Shareholders.</p>	<p>ARTICLE <u>30</u> REMUNERATION FOR DIRECTORS</p> <p>Remuneration for Directors shall be determined by a resolution of a General Meeting of Shareholders, <u>distinguishing between Directors who are Audit and Supervisory Committee Members and Directors who are not Audit and Supervisory Committee Members.</u></p>

Current Articles of Incorporation	Proposed Amendments
ARTICLE <u>30</u> (Omitted)	ARTICLE <u>31</u> (Unchanged)
<p style="text-align: center;"><u>CHAPTER 5</u> <u>CORPORATE AUDITORS AND THE BOARD OF</u> <u>CORPORATE AUDITORS</u></p>	(Deleted)
<p><u>ARTICLE 31 ESTABLISHMENT OF CORPORATE</u> <u>AUDITORS AND THE BOARD OF</u> <u>CORPORATE AUDITORS</u></p> <p><u>The Company shall have Corporate Auditors and a</u> <u>Board of Corporate Auditors.</u></p>	(Deleted)
<p><u>ARTICLE 32 NUMBER OF CORPORATE</u> <u>AUDITORS</u></p> <p><u>The Company shall have no more than five (5)</u> <u>Corporate Auditors.</u></p>	(Deleted)
<p><u>ARTICLE 33 ELECTION OF CORPORATE</u> <u>AUDITORS</u></p> <p><u>Corporate Auditors shall be elected at General</u> <u>Meetings of Shareholders by a majority of the votes of</u> <u>the shareholders present at the meeting where</u> <u>shareholders holding no less than one-third of the</u> <u>votes of all shareholders entitled to exercise their votes</u> <u>are present.</u></p>	(Deleted)
<p><u>ARTICLE 34 TERMS OF OFFICE OF CORPORATE</u> <u>AUDITORS</u></p> <p><u>The terms of office of each Corporate Auditor shall</u> <u>expire at the conclusion of the Ordinary General</u> <u>Meeting of Shareholders held for the last business year</u> <u>that ends within four (4) years from his or her election.</u></p> <p><u>2. The terms of office of a Corporate Auditor elected to</u> <u>fill a vacancy shall expire at the time the terms of</u> <u>office of his or her predecessor expire.</u></p>	(Deleted)
<p><u>ARTICLE 35 FULL-TIME CORPORATE AUDITOR</u></p> <p><u>The Board of Corporate Auditors shall designate one</u> <u>or more Full-Time Corporate Auditors from among</u> <u>the Corporate Auditors.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p><u>ARTICLE 36 CONVOCATION OF BOARD OF CORPORATE AUDITORS</u></p> <p><u>The Board of Corporate Auditors shall be convened by each Corporate Auditor.</u></p> <p><u>2. A notice of a meeting of the Board of Corporate Auditors shall be dispatched to each Corporate Auditor three (3) days prior to the date of such meeting; provided, however, that in case of emergency, such period may be shortened.</u></p> <p><u>3. With the consent of all Corporate Auditors, the Board of Corporate Auditors may be convened without following the procedure for convening the meeting.</u></p>	(Deleted)
<p><u>ARTICLE 37 METHOD OF ADOPTING RESOLUTIONS</u></p> <p><u>Unless otherwise provided by laws or regulations, a resolution of the Board of Corporate Auditors shall be adopted by a majority of all Corporate Auditors.</u></p>	(Deleted)
<p><u>ARTICLE 38 MINUTES OF THE BOARD OF CORPORATE AUDITORS</u></p> <p><u>A summary of proceedings at a meeting of the Board of Corporate Auditors and the results thereof and other matters set forth in the laws and regulations shall be recorded in the minutes in writing or by electronic recording, which shall bear the signatures, the names and seal impressions, or the digital signatures of the Corporate Auditors present.</u></p> <p><u>2. The minutes described in the preceding paragraph shall be kept in the head office for ten (10) years.</u></p>	(Deleted)
<p><u>ARTICLE 39 RULES OF THE BOARD OF CORPORATE AUDITORS</u></p> <p><u>In addition to applicable provisions of laws and regulations and these Articles of Incorporation, all matters concerning the Board of Corporate Auditors shall be governed by the Rules of the Board of Corporate Auditors adopted by the Board of Corporate Auditors.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p><u>ARTICLE 40 REMUNERATIONS FOR CORPORATE AUDITORS</u></p> <p><u>Remunerations for Corporate Auditors shall be determined by a resolution of a General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>ARTICLE 41 EXEMPTION FROM CORPORATE AUDITORS' LIABILITY</u></p> <p><u>If the requirements provided for in the applicable laws and regulations are satisfied, the Company may, by a resolution of the Board of Directors, exempt a Corporate Auditor (including a person who was a Corporate Auditor) from the liability provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the exemption be limited to the amount calculated by deducting the minimum amount of liability provided for in the applicable laws and regulations from the total amount of the Corporate Auditor's liability.</u></p> <p><u>2. The Company may execute an agreement with an Corporate Auditor that limits the liability provided for in Article 423, Paragraph 1 of the Companies Act if the requirements provided for in the applicable laws and regulations are satisfied; provided, however, that the limit of liability under such agreement be (a) a predetermined amount of no less than 10,000,000 yen or (b) the minimum amount of liability provided for in the applicable laws and regulations, whichever is higher.</u></p>	(Deleted)
(Newly established)	<p style="text-align: center;"><u>CHAPTER 5</u></p> <p style="text-align: center;"><u>AUDIT AND SUPERVISORY COMMITTEE</u></p>
(Newly established)	<p><u>ARTICLE 32 AUDIT AND SUPERVISORY COMMITTEE</u></p> <p><u>The Audit and Supervisory Committee shall exercise the authority necessary to execute its duties in addition to deciding upon matters as provided for in the applicable laws and regulations.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>ARTICLE 33 CONVOCAATION OF AUDIT AND SUPERVISORY COMMITTEE</u></p> <p><u>The Audit and Supervisory Committee may be convened by any Audit and Supervisory Committee Member.</u></p> <p><u>2. A notice of a meeting of the Audit and Supervisory Committee shall be dispatched to each member of the Audit and Supervisory Committee at least three (3) days prior to the date of such meeting; provided, however, that in case of emergency, such period may be shortened.</u></p> <p><u>3. With the consent of all Audit and Supervisory Committee Members, the Audit and Supervisory Committee may be convened without following the procedure for convening the meeting.</u></p>
(Newly established)	<p><u>ARTICLE 34 RULES OF THE AUDIT AND SUPERVISORY COMMITTEE</u></p> <p><u>In addition to the applicable provisions of laws and regulations and these Articles of Incorporation, all matters concerning the Audit and Supervisory Committee shall be governed by the Rules of the Audit and Supervisory Committee adopted by the Audit and Supervisory Committee.</u></p>
CHAPTER 6 ACCOUNTING AUDITOR	CHAPTER 6 ACCOUNTING AUDITOR
<u>ARTICLE 42 ESTABLISHMENT OF ACCOUNTING AUDITOR</u> <u>The Company shall have one or more Accounting Auditors.</u>	(Deleted)
ARTICLES <u>43</u> and <u>44</u> (Omitted)	ARTICLES <u>35</u> and <u>36</u> (Unchanged)
ARTICLE <u>45</u> REMUNERATION FOR ACCOUNTING AUDITOR Remunerations for an Accounting Auditor shall be determined by a Representative Director with the consent of the <u>Board of Corporate Auditors</u> .	ARTICLE <u>37</u> REMUNERATION FOR ACCOUNTING AUDITOR Remuneration for an Accounting Auditor shall be determined by a Representative Director with the consent of the <u>Audit and Supervisory Committee</u> .
CHAPTER 7 ACCOUNTING	CHAPTER 7 ACCOUNTING
ARTICLE <u>46</u> (Omitted)	ARTICLE <u>38</u> (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p><u>ARTICLE 47 DIVIDENDS</u></p> <p><u>The Company shall, with a resolution of a General Meeting of Shareholders, pay dividends to the shareholders or registered pledgees recorded in the closing Shareholder Registry as of the thirty-first (31st) day of December of each year.</u></p>	(Deleted)
<p><u>ARTICLE 48 INTERIM DIVIDENDS</u></p> <p><u>The Company may, with a resolution of the Board of Directors, pay dividends provided for in Article 454, Paragraph 5 of the Companies Act to the shareholders or registered pledgees recorded in the closing Shareholder Registry as of the thirtieth (30th) day of June of each year.</u></p>	(Deleted)
(Newly established)	<p><u>ARTICLE 39 BODY FOR DECISION ON DISTRIBUTION OF DIVIDENDS, ETC.</u></p> <p><u>Regarding matters provided for in each Item of Article 459, Paragraph 1 of the Companies Act, such as the distribution of dividends, etc., the Company may decide upon such matters by a resolution of the Board of Directors, unless otherwise provided for in the applicable laws and regulations.</u></p>
(Newly established)	<p><u>ARTICLE 40 RECORD DATE FOR DISTRIBUTION OF DIVIDENDS</u></p> <p><u>The record date for the year-end dividends of the Company shall be the thirty-first (31st) day of December of each year.</u></p> <p><u>2. The record date for interim dividends of the Company shall be the thirtieth (30th) day of June of each year.</u></p> <p><u>3. In addition to the preceding two paragraphs, distribution of dividends may be made by prescribing a record date.</u></p>
<p><u>ARTICLE 49 TERMINATION OF OBLIGATION</u> (Omitted)</p>	<p><u>ARTICLE 41 TERMINATION OF OBLIGATION</u> (Unchanged)</p>



Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p data-bbox="810 197 1082 226"><u>Supplemental Provisions</u></p> <p data-bbox="826 241 1353 367"><u>(TRANSITIONAL MEASURES REGARDING LIMITATION OF LIABILITY, ETC., OF CORPORATE AUDITORS)</u></p> <p data-bbox="810 387 1406 748"><u>1. Regarding exemptions made by the resolution of the Board of Directors from liability, as provided for in Article 423, Paragraph 1 of the Companies Act, regarding actions of Corporate Auditors (including persons who were Corporate Auditors) conducted before the conclusion of the 167th Ordinary General Meeting of Shareholders held in March 2016, the provisions then in force shall remain applicable.</u></p> <p data-bbox="810 768 1422 1084"><u>2. Regarding agreements that limit liability, as provided for in Article 423, Paragraph 1 of the Companies Act, regarding actions of Corporate Auditors (including persons who were Corporate Auditors) conducted before the conclusion of the 167th Ordinary General Meeting of Shareholders held in March 2016, the provisions then in force shall remain applicable.</u></p>

### **Proposal No. 3: Appointment of 5 Directors who are not Audit and Supervisory Committee Members**

In the event that Proposal No. 2: Partial Amendments to the Articles of Incorporation is approved as presented, the Company will change its governance structure to a Company with an Audit and Supervisory Committee, and the terms of office of 11 Directors will expire.

Therefore, we request the appointment of 5 Directors who are not Audit and Supervisory Committee Members.

The resolution of this Proposal shall become effective under the condition that the amendments to the Articles of Incorporation in Proposal No. 2 take effect. Under the stipulations of the Articles of Incorporation after the amendments, the terms of office for the Directors who are not Audit and Supervisory Committee Members appointed at this General Meeting of Shareholders shall be until the end of the Dentsu Ordinary General Meeting of Shareholders to be held in March 2017.

The candidates for Directors who are not Audit and Supervisory Committee Members are as follows.

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
1	Tadashi Ishii March 10, 1951 15,488 shares	<p>April 1973      Joined Dentsu June 1999      Director, Account Management Division, Account Planning Unit 4, Dentsu June 2002      Senior Vice President, Dentsu June 2004      Executive Senior Vice President, Dentsu June 2006      Director, Senior Vice President, Dentsu April 2009      Director, Executive Vice President, Dentsu April 2011      President and CEO, Dentsu (current post)</p> <p>(Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member) Mr. Tadashi Ishii has operational experience in account management, and possesses a wealth of experience from a managerial standpoint. As President of the Company since April 2011, he has supervised Group management, been proactive in his activities, and accelerated global expansion, contributing to improvement of corporate value of the Company. In light of these achievements, it has been judged that he can be expected to continue to utilize his experience, etc., in the execution of business and supervision of management as a Director who is not an Audit and Supervisory Committee Member of the Company.</p> <p>(Situation of important con-current posts) Non-executive Director, Dentsu Aegis Network Ltd. Outside Director, TOKYO BROADCASTING SYSTEM HOLDINGS, INC. Director, Tokyo Broadcasting System Television, Inc.</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
2	Shoichi Nakamoto November 15, 1950 17,432 shares	<p>April 1973      Joined Dentsu</p> <p>December 2001      Director, Finance &amp; Accounting Division, Finance Unit, Dentsu</p> <p>June 2006      Executive Officer and Director, Finance Unit, Dentsu</p> <p>June 2007      Senior Vice President; Director, Finance Unit; Director, Finance &amp; Accounting Division, Dentsu</p> <p>June 2008      Senior Vice President and Director, Finance &amp; Accounting Division, Dentsu</p> <p>April 2009      Senior Vice President, Dentsu</p> <p>June 2009      Director, Senior Vice President, Dentsu</p> <p>April 2011      Director, Executive Vice President, Dentsu</p> <p>April 2013      Director, Senior Executive Vice President, Dentsu (current post)</p> <p>(Responsibilities) Assistance to the President, Group CFO, direct management, corporate management</p> <p>(Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member) Mr. Shoichi Nakamoto has operational experience in finance and accounting, and possesses a wealth of experience from a managerial standpoint. As Director of the Company since June 2009, he has actively provided opinions and advice, etc., concerning Group management from finance and accounting standpoint, implemented IFRS, and made financial improvements, contributing to improvement of corporate value of the Company. In light of these achievements, it has been judged that he can be expected to continue to utilize his experience, etc., in the execution of business and supervision of management as a Director who is not an Audit and Supervisory Committee Member of the Company.</p> <p>(Situation of important con-current posts) Non-executive Director, Dentsu Aegis Network Ltd.</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
3	Yoshio Takada March 19, 1955 3,752 shares	<p>April 1977      Joined Dentsu</p> <p>June 2007      Director, TV Division, Media Contents Unit, Dentsu</p> <p>April 2009      Executive Officer and Director, TV Division, Dentsu</p> <p>April 2010      Executive Officer, Dentsu</p> <p>April 2012      Executive Officer and Director, Media Services / Radio, TV &amp; Entertainment Division, Dentsu</p> <p>April 2013      Senior Vice President, Dentsu</p> <p>June 2013      Director, Senior Vice President, Dentsu</p> <p>January 2016    Director, Executive Vice President, Dentsu (current post)</p> <p>(Responsibilities) Domestic operations management</p> <p>(Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member) Mr. Yoshio Takada has operational experience in media contents, and possesses a wealth of experience from a managerial standpoint. As Director of the Company since June 2013, he has actively provided opinions and advice, etc., concerning Group management from his standpoint as assistant for domestic operations and created strong partnerships with publishing companies, etc., contributing to improvement of corporate value of the Company. In light of these achievements, it has been judged that he can be expected to continue to utilize his experience, etc., in the execution of business and supervision of management as a Director who is not an Audit and Supervisory Committee Member of the Company.</p> <p>(Situation of important con-current posts) Outside Director, D2C Inc. Corporate Auditor, Kyodo Television, Ltd.</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
4	Timothy Andree April 28, 1961 7,401 shares	<p>March 2002      Joined the National Basketball Association as Senior Vice President, Communications &amp; Marketing</p> <p>December 2005      Joined BASF Corporation as CCO</p> <p>May 2006      Joined Dentsu America, LLC. as CEO</p> <p>June 2008      Executive Officer, Dentsu</p> <p>November 2008      Dentsu Holdings USA, LLC., President &amp; CEO (current post)</p> <p>April 2012      Senior Vice President, Dentsu</p> <p>April 2013      Executive Vice President, Dentsu</p> <p>June 2013      Director, Executive Vice President, Dentsu (current post)</p> <p>(Responsibilities) Overseas operations management</p> <p>(Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member)</p> <p>Mr. Timothy Andree has operational experience overseas, and possesses a wealth of experience from a managerial standpoint. As Director of the Company since June 2013, he has actively provided opinions and advice, etc., concerning Group management from the standpoint of promoting global businesses and enhanced the presence of overseas operations, contributing to improvement of corporate value of the Company. In light of these achievements, it has been judged that he can be expected to continue to utilize his experience, etc., in the execution of business and supervision of management as a Director who is not an Audit and Supervisory Committee Member of the Company.</p> <p>(Situation of important con-current posts)</p> <p>Executive Chairman, Dentsu Aegis Network Ltd. President &amp; CEO, Dentsu Holdings USA, LLC.</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
5	Kunihiro Matsushima February 7, 1955 3,646 shares	<p>April 1978      Joined Dentsu</p> <p>April 2006      Director, International Business Management Division, International Unit, Dentsu</p> <p>June 2008      Executive Officer, Dentsu</p> <p>June 2012      Director, Executive Officer, Dentsu</p> <p>April 2013      Director, Senior Vice President, Dentsu</p> <p>January 2016    Director, Executive Officer, Dentsu (current post)</p> <p>(Responsibilities) Assistance for corporate management (overseas), IR, information disclosure</p> <p>(Reasons for candidacy as a Director who is not an Audit and Supervisory Committee Member) Mr. Kunihiro Matsushima has operational experience in account management and overseas, and possesses a wealth of experience from a managerial standpoint. As Director of the Company since June 2012, he has actively provided opinions and advice, etc., concerning Group management from the standpoint of strengthening corporate administration, created a corporate structure including CSR and promoted IR, contributing to improvement of corporate value of the Company. In light of these achievements, it has been judged that he can be expected to continue to utilize his experience, etc., in the execution of business and supervision of management as a Director who is not an Audit and Supervisory Committee Member of the Company.</p> <p>(Situation of important con-current posts) Non-executive Director, Dentsu Aegis Network Ltd. Director, Wunderman Dentsu Inc. Director, Dentsu Sudler &amp; Hennessey Inc. Representative Director and Chairman, Beacon Communications K.K. Director, Dentsu Young &amp; Rubicam Inc.</p>

- (Note 1) Dentsu Aegis Network Ltd. at which Mr. Tadashi Ishii, Mr. Shoichi Nakamoto and Mr. Kunihiro Matsushima serve as Non-executive Directors and Mr. Timothy Andree serves as Executive Chairman, is a company that oversees Dentsu's overseas business operations and has a business relationship with the Company. Additionally, there are loans through group financing between Dentsu and Dentsu Aegis Network Ltd. and bank guarantee commitment.
- (Note 2) Mr. Tadashi Ishii con-currently serves as Outside Director of TOKYO BROADCASTING SYSTEM HOLDINGS, INC. and Director of Tokyo Broadcasting System Television, Inc., which both have business relationships with the Company.
- (Note 3) Mr. Yoshio Takada con-currently serves as Outside Director of D2C Inc. and Corporate Auditor of Kyodo Television, Ltd., which have business relationships with the Company respectively and are in competition with the Company in the advertising business.
- (Note 4) Mr. Timothy Andree con-currently serves as President & CEO of Dentsu Holdings USA, LLC. which has a business relationship with the Company.
- (Note 5) Mr. Kunihiro Matsushima con-currently serves as Director of Wunderman Dentsu Inc., Director of Dentsu Sudler & Hennessey Inc., Director of Dentsu Young & Rubicam Inc., and Representative Director and Chairman of Beacon Communications K.K., which have business relationships with the Company respectively and are in competition with the Company in the advertising business. Additionally, there are debts between Dentsu and Wunderman Dentsu Inc., Dentsu Sudler & Hennessey Inc., and Dentsu Young & Rubicam Inc. through group financing.

**Proposal No. 4: Appointment of 4 Directors who are Audit and Supervisory Committee Members**

In the event that Proposal No. 2: Partial Amendments to the Articles of Incorporation is approved as presented, the Company will change its governance structure to a Company with an Audit and Supervisory Committee.

Therefore, we request the appointment of 4 Directors who are Audit and Supervisory Committee Members.

The resolution of this Proposal shall become effective under the condition that the amendments to the Articles of Incorporation in Proposal No. 2 take effect. Under the stipulations of the Articles of Incorporation after the change, the terms of office for the Directors who are Audit and Supervisory Committee Members appointed at this General Meeting of Shareholders shall be until the end of the Dentsu Ordinary General Meeting of Shareholders to be held in March 2018.

This proposal has been approved by the Audit & Supervisory Board.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
1	Kenichi Kato November 12, 1954 12,212 shares  (New candidate for Director)	<p>April 1978      Joined Dentsu</p> <p>April 2001      Director, Account Management Division, Dentsu</p> <p>March 2004      Non-line Director, Account Management, Account Planning Division, Dentsu</p> <p>October 2005    Director Position, Account Planning Supervise, Project Development Department, Dentsu</p> <p>July 2007        Director, Account Planning Supervise, Account Planning Division, Dentsu</p> <p>July 2008        Director, Account Management Division, Dentsu</p> <p>April 2011        Executive Officer, Dentsu</p> <p>April 2014        Executive Advisor, Dentsu</p> <p>June 2014        Audit &amp; Supervisory Board Member, Dentsu (current post)</p> <p>(Reasons for candidacy as a Director who is an Audit and Supervisory Committee Member)</p> <p>Mr. Kenichi Kato has operational experience in account management, etc., and possesses a wealth of experience from a managerial standpoint. As Audit &amp; Supervisory Board Member of the Company since June 2014, he has actively provided opinions and advice, etc., contributing to improvement of corporate governance of the Company. In light of these achievements, upon transition of the Company to a Company with an Audit and Supervisory Committee, it has been judged that he can be expected to continue to utilize his experience, etc., in the supervision of management as a Director who is an Audit and Supervisory Committee Member of the Company.</p>



Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
2	<p>Atsuko Toyama December 10, 1938 0 shares</p> <p>(New candidate for Outside Director)</p>	<p>April 1962      Official of the Ministry of Education, Science, Sports and Culture (MESSC)</p> <p>June 1991      Director-General, Local Education Support Bureau, MESSC</p> <p>July 1992      Director-General, Higher Education Bureau, MESSC</p> <p>July 1994      Commissioner, Agency for Cultural Affairs</p> <p>June 1996      Ambassador Extraordinary and Plenipotentiary, Embassy of Japan in Turkey</p> <p>April 2000      Director-General, The National Museum of Western Art, Tokyo</p> <p>April 2001      Minister of Education, Culture, Sports, Science and Technology</p> <p>April 2001      President, Independent Administrative Institution National Museum of Art</p> <p>April 2004      President, Panasonic Education Foundation</p> <p>April 2005      President, New National Theatre Foundation</p> <p>March 2007      President, The Toyota Foundation (current post)</p> <p>June 2008      Outside Audit &amp; Supervisory Board Member, Dentsu (current post)</p> <p>(Reasons for candidacy as a Director who is an Audit and Supervisory Committee Member)</p> <p>Ms. Atsuko Toyama possesses a wealth of expertise and experience concerning educational administration and the promotion of sports and culture from her experience as a Cabinet minister as the Minister of Education, Culture, Sports, Science and Technology. As Outside Audit &amp; Supervisory Board Member of the Company since June 2008, she has actively provided opinions and advice, etc., contributing to improvement of corporate governance of the Company. In light of these achievements, upon transition of the Company to a Company with an Audit and Supervisory Committee, it has been judged that she can be expected to utilize her experience, etc., in the audit of management as an Outside Director who is an Audit and Supervisory Committee Member of the Company. Although she has not been involved in corporate management outside in the past aside from roles as Outside Director or Outside Audit &amp; Supervisory Board Member, due to the above reasons and her contribution to securing the soundness of the Company's management for approximately 8 years, the Company believes that she will appropriately execute her duty as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>(Situation of important con-current posts)</p> <p>President, The Toyota Foundation</p> <p>Chief Director, National Council on Mt. Fuji World Heritage</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
3	<p>Toshiaki Hasegawa September 13, 1948 0 shares</p> <p>(New candidate for Outside Director)</p>	<p>April 1977      Registered as an attorney (Dai-Ichi Tokyo Bar Association)  January 1982      Partner, Ohashi, Matsugae, and Hasegawa Law Office  January 1990      Representative, T. Hasegawa &amp; Co. Law Offices (current post)  June 2011      Audit &amp; Supervisory Board Member, Dentsu (current post)</p> <p>(Reasons for candidacy as a Director who is an Audit and Supervisory Committee Member)  Mr. Toshiaki Hasegawa has specialized expertise and a wealth of experience as an international business lawyer. As Outside Audit &amp; Supervisory Board Member of the Company since June 2011, he has actively provided opinions and advice, etc. from a legal viewpoint, contributing to improvement of corporate governance of the Company. In light of these achievements, upon transition of the Company to a Company with an Audit and Supervisory Committee, it has been judged that he can be expected to utilize his experience, etc., in the audit of management as an Outside Director who is an Audit and Supervisory Committee Member of the Company. Although he has not been involved in corporate management in the past aside from roles as Outside Director or Outside Audit &amp; Supervisory Board Member, due to the above reasons and his contribution to securing the soundness of the Company's management for approximately 5 years, the Company believes that he will appropriately execute his duty as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>(Situation of important con-current posts)  Representative, T. Hasegawa &amp; Co. Law Offices  Outside Corporate Auditor, Mizuho Bank, Ltd.  Outside Corporate Auditor, Mitsui Fudosan Co., Ltd.</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, Reasons for Appointment, and Situation of Important Con-current Positions
4	<p>Kentaro Koga August 11, 1961 300 shares</p> <p>(New candidate for Outside Director)</p>	<p>April 1985      Joined Mitsubishi Research Institute, Inc.  May 1993      Completed master's course in the Graduate School, Division of Business, Columbia University  June 1999      Completed doctor's course in the Graduate School, Division of Business Administration, Harvard University; received doctorate in business administration  April 2001      Assistant Professor, School of Commerce, Waseda University  January 2002    Assistant Professor, Department of Accountancy, University of Illinois  July 2009      Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University  June 2012      Audit &amp; Supervisory Board Member, Dentsu (current post)</p> <p>(Reasons for candidacy as a Director who is an Audit and Supervisory Committee Member)  Mr. Kentaro Koga has specialized expertise and wealth of experience on accountancy as an associate professor at a graduate school. As Outside Audit &amp; Supervisory Board Member of the Company since June 2012, he has actively provided opinions and advice, etc., from an economical viewpoint, contributing to improvement of corporate governance of the Company. In light of these achievements, upon transition of the Company to a Company with an Audit and Supervisory Committee, it has been judged that he can be expected to utilize his experience, etc., in the audit of management as an Outside Director who is an Audit and Supervisory Committee Member of the Company. Although he has not been involved in corporate management in the past aside from roles as Outside Director or Outside Audit &amp; Supervisory Board Member, due to the above reasons and his contribution to securing the soundness of the Company's management for approximately 4 years, the Company believes that he will appropriately execute his duty as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p>(Situation of important con-current posts)  Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University  Outside Corporate Auditor, Resona Bank, Ltd.</p>

(Note 1) Ms. Atsuko Toyama, Mr. Toshiaki Hasegawa, and Mr. Kentaro Koga are Outside Director candidates pursuant to Item 7, Paragraph 3, Article 2 of the Order for Enforcement of the Companies Act. Additionally, the Company formulated "Independence Standards for Outside Directors" in November 2015.

(Note 2) Ms. Atsuko Toyama con-currently serves as President of The Toyota Foundation and Chief Director of National Council on Mt. Fuji World Heritage, which do not have any special relationship with Dentsu.

(Note 3) Mr. Toshiaki Hasegawa con-currently serves as Outside Corporate Auditor of Mizuho Bank, Ltd. and Mitsui Fudosan Co., Ltd., which have business relationships with Dentsu.

(Note 4) In December 2013, Mizuho Bank, Ltd., for which Mr. Toshiaki Hasegawa serves as Outside Corporate Auditor, received Business Suspension Orders and a Business Improvement Order from the Financial Services Agency due to inadequacies in its internal control structure and corporate management structure to prevent transactions with anti-social forces. Mr. Hasegawa made comments to the Board of Directors, Audit & Supervisory Board, etc., concerning the establishment and status of operations of a

structure to terminate relationships with anti-social forces, and has been fulfilling his duties at the aforementioned bank.

- (Note 5) Mr. Kentaro Koga con-currently serves as Outside Corporate Auditor of Resona Bank, Ltd, which has business relationships with Dentsu. He also serves as Associate Professor of Hitotsubashi University Graduate School, which does not have any special relationship with Dentsu.
- (Note 6) Mr. Kenichi Kato is currently Audit & Supervisory Board Member of the Company, and Ms. Atsuko Toyama, Mr. Toshiaki Hasegawa, and Mr. Kentaro Koga are currently Outside Audit & Supervisory Board Members of the Company. They will have served as Audit & Supervisory Board Members for approximately 2, 8, 5 and 4 years respectively since their appointment at the conclusion of this General Meeting of Shareholders.
- (Note 7) Dentsu has concluded contracts for limitation of liability with Audit & Supervisory Board Member Kenichi Kato, Outside Audit & Supervisory Board Members Atsuko Toyama, Toshiaki Hasegawa, and Kentaro Koga for a maximum liability amount of 10 million yen or the liability amount stipulated in Paragraph 1, Article 425 of the Companies Act, whichever is higher. In the event that the above 4 persons are appointed as Directors who are Audit and Supervisory Committee Members at this General Meeting of Shareholders, the Company plans to conclude contracts similar to the above once again with the 4 persons in question.
- (Note 8) The Company has submitted Outside Audit & Supervisory Board Members Atsuko Toyama, Toshiaki Hasegawa, and Kentaro Koga as independent officers as stipulated by the Tokyo Stock Exchange, and if the above 3 persons are appointed as Directors who are Audit and Supervisory Committee Members at this General Meeting of Shareholders, the Company plans to continue to submit them as independent officers.
- (Note 9) There are no special interests between Mr. Kenichi Kato and Dentsu.

### **Proposal No. 5: Determination of Remuneration for Directors who are not Audit and Supervisory Committee Members**

The upper limit for remuneration for Directors of the Company was approved to be 1.2 billion yen in total per annum (including 18.0 million yen per annum for Outside Directors) at the 164th Ordinary General Meeting of Shareholders, held on June 27, 2013. However, if Proposal No. 2: Partial Amendments to the Articles of Incorporation is approved as proposed, the Company will change its governance structure to a Company with an Audit and Supervisory Committee, and in line with the stipulations of Paragraph 1 and Paragraph 2, Article 361 of the Companies Act, the current remuneration framework for Directors will be abolished, and taking into consideration current economic trends and other conditions, etc., the upper limit for remuneration for Directors who are not Audit and Supervisory Committee Members is proposed to be set to 1.2 billion yen in total per annum. Remuneration for Directors who are not Audit and Supervisory Committee Members will include Executive Officer remuneration for Directors concurrently serving as Executive Officers.

Remuneration for Directors who are not Audit and Supervisory Committee Members is comprised of fixed remuneration in the form of monthly remuneration and a performance-based bonus, and the framework established by this Proposal will be an upper limit for the total of these two amounts.

Although the current number of Directors is 11 (including 2 Outside Directors), if Proposal No. 2: Partial Amendments to the Articles of Incorporation and Proposal No. 3: Appointment of 5 Directors who are not Audit and Supervisory Committee Members are approved as proposed, the number of Directors who are not Audit and Supervisory Committee Members will be 5 persons.

The resolution of this Proposal shall become effective under the condition that the amendments to the Articles of Incorporation in Proposal No. 2 take effect.

### **Proposal No. 6: Determination of Remuneration for Directors who are Audit and Supervisory Committee Members**

If Proposal No. 2: Partial Amendments to the Articles of Incorporation is approved as proposed, the Company will change its governance structure to a Company with an Audit and Supervisory Committee, and Directors who are Audit and Supervisory Committee Members will conduct auditing duties as was previously conducted by Audit & Supervisory Board Members, participate in resolutions of the Board of Directors as Directors, and supervise the execution of duties of other Directors. As a result, to create a remuneration standard suitable for such duties, the upper limit for remuneration for Directors who are Audit and Supervisory Committee Members is proposed to be set to 150 million yen in total per annum. Remuneration for Directors who are Audit and Supervisory Committee Members, in light of the nature of their duties, will be comprised only of fixed remuneration in the form of monthly remuneration.

If Proposal No. 2: Partial Amendments to the Articles of Incorporation and Proposal No. 4: Appointment of 4 Directors who are Audit and Supervisory Committee Members are approved as proposed, the number of Directors who are Audit and Supervisory Committee Members will be 4 persons.

The resolution of this Proposal shall become effective under the condition that the amendments to the Articles of Incorporation in Proposal No. 2 take effect.

# **Business Report**

(From April 1, 2015 to December 31, 2015)

## **I Items Pertaining to the Current State of the Corporate Group**

### **1. Business Progress and Results**

#### **(1) About change to the fiscal year-end**

From the consolidated fiscal year ended December 31, 2015 (hereinafter “the fiscal year under review”), Dentsu Inc. (hereinafter the “Company”) and its subsidiaries with fiscal year-ends other than December 31 have changed the fiscal year-ends to December 31 with the intent of increasing efficiency and strength in comprehensive accounting and management structures through unification of fiscal year-ends with overseas consolidated subsidiaries within the Group.

In line with this change, the Company has changed its consolidated year-end date from the previous March 31 to December 31, and the applicable period for the fiscal year under review is the nine-month period from April 1, 2015 to December 31, 2015.

The fiscal year-end date of Dentsu Aegis Network Ltd. (hereinafter “Dentsu Aegis Network”), which operates the Group’s overseas advertising business, and the subsidiaries under its control, is December 31 as it was previously; hence the Group consolidates financial results of Dentsu Aegis Network for the twelve-month period from January 1, 2015 to December 31, 2015 into the consolidated financial results for the fiscal year under review. As a result, year-on-year comparisons are not made on a financial reporting basis for consolidated business results.

For status of profit and loss assuming an accounting period for the Group of the twelve-month period from January to December for both the previous fiscal year and the fiscal year under review, see “4. Changes in Assets and Profit and Loss Status.”

#### **(2) Business progress and results**

The Japanese economy during the fiscal year 2015 under review was on a moderate recovery trend, supported by solid corporate earnings against a backdrop of the Japanese government’s economic measures and monetary measures implemented by the Bank of Japan, but conditions in personal consumption were slightly lacking in strength. On a global scale, economic issues and political risks in Europe, movement toward normalization of monetary measures in the United States and decelerating growth in Asian emerging economies, primarily China, continue to create an uncertain outlook.

The growth rate for worldwide advertising expenditure in the 2015 calendar year published in September 2015 by the Company’s overseas media communication agency and subsidiary Carat showed a 4.0% increase over the previous year. By region, Japan showed a 1.4% increase over the previous year, Europe, the Middle East, and Africa (hereinafter “EMEA”) showed a 1.9% increase, the Americas showed a 5.0% increase, and the Asia Pacific region (excluding Japan; hereinafter “APAC”) showed a 5.2% increase.

Under such circumstances, the business results of the Group’s Japan business operations during the fiscal year under review (from April 1, 2015 to December 31, 2015) saw gross profit increase by 6.7% year-on-year owing to factors such as contributions from the 15th IAAF World Championships BEIJING, the 44th Tokyo Motor Show 2015 and sponsorship sales for the 2020 Tokyo Olympics and Paralympics. Additionally, the gross profit organic growth rate in international business operations for the fiscal year under review (from January 1, 2015 to December 31, 2015) continued to demonstrate high growth of 9.4% year-on-year, owing

to factors such as contributions from new clients. Each region also grew year-on-year, with growth of 12.2% in EMEA, 4.9% in the Americas, and 11.4% in APAC.

As a result, for the fiscal year under review (from April 1, 2015 to December 31, 2015 for Japan business, from January 1, 2015 to December 31, 2015 for international business), the Group posted 706,469 million yen in revenue, 669,489 million yen in gross profit, 133,328 million yen in underlying operating profit, 107,265 million yen in operating profit, and 72,653 million yen in profit for the year attributable to owners of the parent.

Underlying operating profit is a profit indicator to measure stationary business performance that eliminates one-time factors such as the amortization of intangible assets, impairment loss, gain or loss from the sale of property, plant and equipment, and expenses related to acquisition from operating profit.

### **(3) Record of Income for Reportable Segments**

#### 1) Japan business (from April 1, 2015 to December 31, 2015)

Gross profit of 255,746 million yen (6.7% year-on-year increase) and underlying operating profit of 63,293 million yen (21.7% year-on-year increase) were posted.

#### 2) International business (from January 1, 2015 to December 31, 2015)

Gross profit of 414,066 million yen (20.6% year-on-year increase) and underlying operating profit of 70,156 million yen (33.3% year-on-year increase) were posted.

### **(4) Financial results of the Company**

As to Dentsu's non-consolidated financial results (Japanese GAAP, from April 1, 2015 to December 31, 2015), the Company posted non-consolidated net sales of 1,156,186 million yen (2.2% year-on-year increase), gross profit of 165,368 million yen (2.1% year-on-year increase), operating income of 39,637 million yen (10.3% year-on-year increase), ordinary income of 63,826 million yen (11.1% year-on-year increase), and net income of 53,565 million yen (5.4% year-on-year decrease).

### **(5) Financial results on a 2015 calendar year basis**

Consolidated financial results on a 2015 calendar year basis were revenue of 818,566 million yen (12.8% year-on-year increase), gross profit of 761,996 million yen (12.6% year-on-year increase), underlying operating profit of 160,438 million yen (20.3% year-on-year increase), operating profit of 128,212 million yen (6.8% year-on-year decrease), and profit for the year attributable to owners of the parent of 83,090 million yen (2.1% year-on-year increase).

Additionally, non-consolidated financial results were net sales of 1,560,136 million yen (1.4% year-on-year increase), gross profit of 226,622 million yen (0.7% year-on-year increase), operating income of 56,133 million yen (3.9% year-on-year increase), ordinary income of 82,826 million yen (6.9% year-on-year increase), and net income of 60,903 million yen (8.5% year-on-year decrease).

## **2. Issues to be Addressed**

With the completion of the acquisition of Aegis Group plc in March 2013, the Dentsu Group has evolved into a truly global network. Under this opportunity, Dentsu formulated the medium-term management plan "Dentsu 2017 and Beyond" which started from the fiscal year ended March 31, 2014.

In recent years, various advancements in technology have been made, and as the behavior of consumers

changes, it has become difficult for many companies to achieve satisfactory results from marketing activities in the absence of coordination between initiatives. Under such circumstances, the Group strives to evolve into the world's leading global network to contribute to raising corporate value for every type of client.

Targets for the fiscal year ending December 31, 2017 are as follows.

- Organic gross profit growth of 3-5% (5 year CAGR)
  - Ratio of gross profit from international (non-Japanese) business of 55% or higher
  - Ratio of gross profit from the digital domain of 35% or higher
  - Underlying operating margin of 20% or higher
- (Note) Underlying operating margin = Underlying operating profit / gross profit

Furthermore, from the previous fiscal year, the Group has applied International Financial Reporting Standards (hereinafter "IFRS") in addition to Japanese GAAP. In line with this change, operating margin is now calculated utilizing "underlying operating profit" instead of "adjusted operating income." There has been no change to target figures.

Specific issues and measures toward achieving the medium-term management plan are as follows.

#### **(1) Diversifying the portfolio on a global basis**

The gross profit organic growth rate in international business for the fiscal year under review was 9.4%, achieving a rate higher than competitors in consecutive years. As a result, the composition ratio of international business in gross profit was 54% on a 2015 calendar year basis.

The Group believes reasons for such strong growth to include growth of digital network as well as expanded business from existing clients and solid acquisition of new accounts by providing one-stop solutions to meet client needs by cooperating and coordinating, leveraging each group company's unique strengths through the Group's unique "One P&L" business model for international business.

Moving forward, the Group will work to globally expand its strengths in the digital sector and the sports content-business, while making use of M&As to establish and expand a globally competitive global network.

#### **(2) Evolution and expansion of the digital sector**

Gross profit in the Japanese digital sector was up 22.2% year-on-year on a 2015 calendar year basis, continuing to achieve double-digit growth.

Overseas, the Group implemented various M&As in the digital sector in the fiscal year under review as well. Of the M&As conducted over the course of the year, close to half were in the digital sector. Due to growth via M&As and internal growth, gross profit of the digital sector in international business grew by 24.8% year-on-year.

As a result, the share of digital across the entire Group was 34% on a 2015 calendar year basis, making progress toward the goal of 35% or higher for the fiscal year ending December 31, 2017.

As the digital shift of marketing activities at clients accelerates, customer needs in the digital sector for the advertising industry are becoming increasingly varied and sophisticated.

- Programmatic in the media buying sector
- Digital solutions, such as creative and contents
- Data analysis to contribute to decision-making in business and consumer engagement strategy



The above examples show that the roles of agencies are undergoing further expansion, and the Group will continue to utilize aggressive M&As and work to improve its capabilities and quality of service.

### **(3) Re-organizing business processes and improving profitability**

In both the Japan and international businesses, through implementing continuous cost controls to limit rising expenses to deal with higher revenue, on a 2015 calendar year basis, the consolidated underlying operating margin was 21.1%, an improvement of 1.4 points year-on-year.

While aiming for growth in the top line both Japan and international businesses, the Group will continue to improve operational efficiency and cost controls to increase profitability across the entire group, toward achieving the goal of “underlying operating margin of 20% or higher” set forth as one of the objectives of the medium-term management plan.

### **(4) Further reinforcing the business platform in the Japanese market which is the core competence**

The Group’s greatest strength is the strong business platform in Japan, and this has not changed. In Japan business for the fiscal year under review, despite concerns about a pullback following the 2014 FIFA World Cup Brazil and stagnant personal consumption, positive growth was achieved, with robust results demonstrated at key promotional and digital subsidiaries.

In Japan, as the behavior of consumers changes, it has become difficult to achieve satisfactory results from marketing activities in the absence of coordination between initiatives. In light of such changes to the environment, the Group will strive to strengthen its structure and advance capabilities in digital solutions including marketing intelligence domain across the entire Group.

In addition, through cooperation with players in the media and contents sector, measures that aim to create new profit models and improve value in various media types, and adding an additional layer of strength to competitiveness in the mass media business, the Company will work to increase its problem-solving abilities and capability to create profits in a greater number of domains in its efforts to evolve into a “partner” to support the success of clients from a variety of angles.

Additionally, as the exclusive marketing agency for the 2020 Tokyo Olympics and Paralympics, the Company provides support for creating marketing plans and sponsor sales. Concerning sponsor sales, six gold sponsors were finalized during the fiscal year under review (15 companies in total), and progress has been steady. The Company will continue to fulfill its role as the exclusive marketing agency.

This concludes the summary of the medium-term management plan.

As issues to be addressed, in combination with the above, measures are also in place to strengthen CSR activities on a global scale.

As is evident in the Corporate Governance Code, which was applied beginning in June 2015, ESG (Environmental, Society, Governance), i.e. measures toward CSR activities, were sought by stakeholders on a higher level during the fiscal year under review.

In light of these circumstances, the Group defined the “Dentsu Group Medium-term CSR Strategy 2020” in December 2015. Placing focus on the four key areas of environment, community, supply chain, and responsible marketing and sustainable consumption, targets were defined to be achieved by 2020.

Additionally, as a core member of the United Nations Global Compact Network Japan, an international CSR initiative, the Group also works to continuously identify and solve global societal issues through networks

with companies in differing business fields.

Moving forward, the Group will strengthen activities suited to a global leading group in the communications sector, and will maintain a policy of working to improve corporate value.

For details on individual activities, see the Dentsu Sustainability Report (<http://www.dentsu.com/csr>).

### **3. Corporate Governance**

Under the corporate philosophy of the Group, “Good Innovation.,” the Company shall offer value to clients by resolving their problems through its core competence in the field of marketing communication. Further, the Company shall not only bring brightness and energy to the world, but shall also aim to create new social value and realize a sustainable society by putting its corporate philosophy into practice against continuous challenges.

To realize the above, pursuing the best corporate governance is important. The Company shall ensure sustainable growth and enhance the mid- to long-term corporate value through transparent and fair decision-making, effective use of management resources and expeditious and resolute decision-making.

For the above purposes, the Company shall work on enhancing corporate governance in accordance with the basic concepts below.

- (1) To respect shareholders’ rights and ensure their equal treatment
- (2) To consider the interests of stakeholders and cooperate with them appropriately
- (3) To appropriately disclose company information and ensure transparency
- (4) To enhance the effectiveness of the supervisory function of the board of directors concerning business execution
- (5) To engage in constructive dialogue with shareholders who have an investment policy that conforms to the mid- to long-term interests of shareholders

For details regarding the Corporate Governance Policy formulated in November 2015 in accordance with the above beliefs, please see <http://www.dentsu.co.jp/vision/cgp.html>.

#### 4. Changes in Assets and Profit and Loss Status

##### (1) Changes in the Dentsu group's assets and profit and loss status

IFRS

	165th Term From April 1, 2013 to March 31, 2014	166th Term From April 1, 2014 to March 31, 2015	167th Term (the fiscal year under review) From April 1, 2015 to December 31, 2015
Revenue (Millions of yen)	<b>659,772</b>	<b>728,626</b>	<b>706,469</b>
Gross profit (Millions of yen)	<b>614,654</b>	<b>676,925</b>	<b>669,489</b>
Operating profit (Millions of yen)	<b>107,283</b>	<b>132,305</b>	<b>107,265</b>
Profit for the year (attributable to owners of the parent) (Millions of yen)	<b>66,507</b>	<b>79,846</b>	<b>72,653</b>
Basic earnings per share (attributable to owners of the parent) (Yen)	<b>241.49</b>	<b>276.89</b>	<b>254.05</b>
Total equity attributable to owners of the parent (Millions of yen)	<b>901,012</b>	<b>1,080,364</b>	<b>1,068,216</b>
Total assets (Millions of yen)	<b>2,685,933</b>	<b>3,159,534</b>	<b>3,066,075</b>

(Note 1) From the fiscal year under review, the Company and its subsidiaries with fiscal year-ends other than December 31 have changed the fiscal year-ends to December 31. In line with this change, the consolidated fiscal year-end date has been changed from March 31 to December 31, and the fiscal year under review is the nine-month period from April 1, 2015 to December 31, 2015. Additionally, the fiscal year-end date of Dentsu Aegis Network Ltd., which operates the Group's overseas advertising business, and the subsidiaries under its control, is December 31 as it was previously; hence the Group consolidates financial results of Dentsu Aegis Network for the twelve-month period from January 1, 2015 to December 31, 2015 into the consolidated financial results for the fiscal year under review.

(Note 2) From the 166th business term, the consolidated financial statements of the Company are prepared in accordance with IFRS under the Paragraph 1 of Article 120 of the Ordinance on Company Accounting. Additionally, for reference, figures based on IFRS for the 165th business term are presented as well.

(Note 3) Basic earnings per share is calculated based on the average number of shares during the period.

(Note 4) Status of profit and loss assuming an accounting period for the Group of the twelve-month period from January to December for both the previous fiscal year and the fiscal year under review are as follows. These figures have not been audited by the Independent Auditor.

	From January 1, 2014 to December 31, 2014	From January 1, 2015 to December 31, 2015
Revenue (Millions of yen)	<b>725,886</b>	<b>818,566</b>
Gross profit (Millions of yen)	<b>676,882</b>	<b>761,996</b>
Operating profit (Millions of yen)	<b>137,558</b>	<b>128,212</b>
Profit for the year (attributable to owners of the parent) (Millions of yen)	<b>81,409</b>	<b>83,090</b>
Basic earnings per share (attributable to owners of the parent) (Yen)	<b>282.31</b>	<b>289.95</b>

## Japanese GAAP

	164th Term	165th Term	166th Term
	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015
Net sales (Millions of yen)	<b>1,941,223</b>	<b>2,309,359</b>	<b>2,419,278</b>
Ordinary income (Millions of yen)	<b>59,027</b>	<b>82,538</b>	<b>82,578</b>
Net income (Millions of yen)	<b>36,336</b>	<b>38,800</b>	<b>45,818</b>
Net income per share (Yen)	<b>145.84</b>	<b>140.89</b>	<b>158.89</b>
Net assets (Millions of yen)	<b>608,637</b>	<b>908,495</b>	<b>1,057,513</b>
Total assets (Millions of yen)	<b>2,205,569</b>	<b>2,638,319</b>	<b>3,075,028</b>

(Note 1) Figures under Japanese GAAP for the 166th business term have not been audited by the Independent Auditor.

(Note 2) Net income per share is calculated based on the average number of shares during the period.

## (2) Changes in Dentsu's assets and profit and loss status

	164th Year	165th Year	166th Year	167th Year (the fiscal year under review)
	From April 1, 2012 to March 31, 2013	From April 1, 2013 to March 31, 2014	From April 1, 2014 to March 31, 2015	From April 1, 2015 to December 31, 2015
Net sales (Millions of yen)	<b>1,412,376</b>	<b>1,515,062</b>	<b>1,535,105</b>	<b>1,156,186</b>
Ordinary income (Millions of yen)	<b>39,091</b>	<b>69,667</b>	<b>76,458</b>	<b>63,826</b>
Net income (Millions of yen)	<b>28,189</b>	<b>46,953</b>	<b>63,950</b>	<b>53,565</b>
Net income per share (Yen)	<b>113.14</b>	<b>170.49</b>	<b>221.77</b>	<b>187.30</b>
Net assets (Millions of yen)	<b>492,505</b>	<b>651,629</b>	<b>776,574</b>	<b>790,255</b>
Total assets (Millions of yen)	<b>1,409,387</b>	<b>1,482,661</b>	<b>1,649,418</b>	<b>1,613,950</b>

(Note 1) The non-consolidated financial statements of the Company are prepared in accordance with Japanese GAAP.

(Note 2) Net income per share is calculated based on the average number of shares during the period.

(Note 3) Status of profit and loss assuming an accounting period for the Group of the twelve-month period from January to December for both the previous fiscal year and the fiscal year under review are as follows. These figures have not been audited by the Independent Auditor.

	From January 1, 2014 to December 31, 2014	From January 1, 2015 to December 31, 2015
Net sales (Millions of yen)	<b>1,538,682</b>	<b>1,560,136</b>
Ordinary income (Millions of yen)	<b>77,446</b>	<b>82,826</b>
Net income (Millions of yen)	<b>66,583</b>	<b>60,903</b>
Net income per share (Yen)	<b>230.90</b>	<b>212.52</b>

## 5. Status of the Acquisition or Disposal of Other Companies' Shares and Other Equity

No special items reported.

## 6. Status of Financing and Capital Investment

No special items reported.

## 7. Main Business Description of the Group

The Dentsu Group, with the communications domain at its core, is engaged in a wide range of business activities. From management and operating solutions to the implementation of marketing and communications strategies for advertisers as well as media and content holders, the Group works to provide the best integrated solutions capabilities in Japan and in the global market. Specifically, the Dentsu Group offers management and operating consulting, advertising strategy formulation and production work, ad placement in various media, various marketing services, and content services in the areas of sports and entertainment, focusing on the advertising segment, as well as communications-related services such as IT management and related consulting services.

## 8. Main Business Offices of the Company

Headquarters (Minato-ku, Tokyo)

Dentsu Inc. Kansai (Osaka City, Osaka), Dentsu Inc. Chubu (Nagoya City, Aichi)

(Note) Significant subsidiaries of the Company are as stated in “11. Status of Significant Subsidiaries.”

## 9. Situation of Employees of the Group

Number of Employees	Change from Previous Year-end
47,324 persons	Increase of 3,741 persons

(Note) The above number of employees indicates the number of working employees.

## 10. Major Lenders

Lender	Year-end Balance of Loans Payable
	(Millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	<b>60,000</b>
Syndicated loan (Note 1)	<b>30,000</b>
Syndicated loan (Note 2)	<b>30,000</b>
Meiji Yasuda Life Insurance Company	<b>20,000</b>
Development Bank of Japan Inc.	<b>19,728</b>
Nippon Life Insurance Company	<b>10,000</b>
Mitsubishi UFJ Trust and Banking Corporation	<b>48,244</b> [USD 400 million]
Syndicated loan (Note 3)	<b>48,244</b> [USD 400 million]
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	<b>11,578</b> [USD 96 million]
Sumitomo Mitsui Banking Corporation	<b>11,578</b> [USD 96 million]
Mizuho Bank, Ltd.	<b>21,453</b> [GBP 120 million]
Mitsubishi UFJ Trust and Banking Corporation	<b>10,726</b> [GBP 60 million]

(Note 1) Syndicate with Mizuho Bank, Ltd. as lead manager and another company.

(Note 2) Syndicate with Mizuho Bank, Ltd. as lead manager and 11 other companies.

(Note 3) Syndicate with Mizuho Bank, Ltd. as lead manager and another company.

## 11. Status of Significant Subsidiaries

Company Name	Location	Capital or Stake (Millions of yen)	Shareholding Ratio (%)	Main Business Description
Dentsu Aegis Network Ltd.	England London	<b>GBP 78 million</b>	<b>100.0</b>	Controlling company for overseas business operations
Beijing Dentsu Advertising Co., Ltd.	China Beijing	<b>RMB 17 million</b>	<b>70.0</b>	Advertising in China
Dentsu Tec Inc.	Chuo-ku, Tokyo	<b>2,650</b>	<b>100.0</b>	Planning and production for sales promotions, events, print, etc.
Information Services International-Dentsu, Ltd.	Minato-ku, Tokyo	<b>8,180</b>	<b>61.8</b> <b>(0.0)</b>	Information systems building; software sales and support for various business areas

(Note 1) The Shareholding Ratio is the number of shares held divided by the number of shares issued. The figures in parentheses in Shareholding Ratio represents shares held indirectly.

(Note 2) The number of consolidated subsidiaries, including significant subsidiaries, is 760 companies, and the number of associates accounted for using the equity method affiliates is 58 companies.



**(2) Status of subscription rights to shares that were issued to employees, etc., during the fiscal year under review as compensation for business execution**

No items to report.

**(3) Other important items regarding subscription rights to shares**

No items to report.



### III Items Related to Company Executives

#### 1. Names, etc., of Directors and Audit & Supervisory Board Members

Name	Position and Responsibilities	
	As of December 31, 2015	From January 1, 2016 Onward
Tadashi Ishii	President & CEO	
Shoichi Nakamoto	Director, Senior Executive Vice President (Responsibilities) Assistance to President, Group CFO, direct management, corporate management	
Yuzuru Kato	Director, Executive Vice President (Responsibilities) Domestic operations management, domestic operations management (Account Planning Unit), Group	Director
Timothy Andree	Director, Executive Vice President (Responsibilities) Overseas operations management	
Kunihiro Matsushima	Director, Senior Vice President (Responsibilities) Assistance for corporate management (overseas), IR, information disclosure	Director, Executive Officer (Responsibilities) Assistance for corporate management (overseas), IR, information disclosure
Yoshio Takada	Director, Senior Vice President (Responsibilities) Assistance for domestic operations management (in charge of media business, Media Contents Unit)	Director, Executive Vice President (Responsibilities) Domestic operations management
Akira Tonouchi	Director, Executive Officer (Responsibilities) Assistance for domestic operations management (account management, Account Planning Unit)	Director, Senior Vice President (Responsibilities) Assistance for domestic operations management (in charge of Group regional advertising companies)
Kazufumi Hattori	Director, Executive Officer (Responsibilities) Kansai overall	Director, Senior Vice President (Responsibilities) Kansai overall
Toshihiro Yamamoto	Director, Executive Officer (Responsibilities) Assistance for domestic operations management (in charge of solutions business, Business Development Unit), MC Planning, Radio, Television, Contents, media business	Director, Senior Vice President (Responsibilities) Assistance for domestic operations management (in charge of media business, digital business), Group (Dentsu Digital Holdings)
Yutaka Nishizawa	Director	
Masaki Fukuyama	Director	
Kaoru Shimura	Audit & Supervisory Board Member	
Kenichi Kato	Audit & Supervisory Board Member	
Atsuko Toyama	Audit & Supervisory Board Member	
Toshiaki Hasegawa	Audit & Supervisory Board Member	
Kentaro Koga	Audit & Supervisory Board Member	

(Notes)

1. Director Akira Sugimoto resigned from his positions as Director with the expiration of his terms of office at the conclusion of the June 26, 2015 Ordinary General Meeting of Shareholders.
2. Audit & Supervisory Board Member Toshiaki Hasegawa was reelected and took up a position as Audit & Supervisory Board Member at the June 26, 2015 Ordinary General Meeting of Shareholders.
3. Of the Directors, Yutaka Nishizawa and Masaki Fukuyama are Outside Directors pursuant to Article 2, Item 15 of

the Companies Act.

4. Of the Audit & Supervisory Board Members, Atsuko Toyama, Toshiaki Hasegawa, and Kentaro Koga are Outside Audit & Supervisory Board Members pursuant to Article 2, Item 16 of the Companies Act.
5. Audit & Supervisory Board Members Atsuko Toyama, Toshiaki Hasegawa, and Kentaro Koga are designated Independent Auditors pursuant to the Tokyo Stock Exchange Securities Listing Regulations.
6. Audit & Supervisory Board Member Kentaro Koga has many years of experience as an university associate professor (accounting) and has an appreciable extent of knowledge on finance and accounting.
7. The Company has concluded a contract for limitation of liability with Outside Directors and Audit & Supervisory Board Members for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Article 423, Paragraph 1 of the Companies Act, whichever is higher.

### 3. Total Amount of Remuneration for Directors and Audit & Supervisory Board Members

	Directors (Of which are Outside Directors)	Audit & Supervisory Board Members (Of which are Outside Audit & Supervisory Board Members)	All Officers (of which are Outside Officers)
Monthly Remuneration	274 million yen: 12 persons (10 million yen) (2 persons)	75 million yen: 5 persons (21 million yen) (3 persons)	349 million yen: 17 persons (31 million yen) (5 persons)
Bonuses	195 million yen: 9 persons ( - yen) ( - persons)	- yen: - persons ( - yen) ( - persons)	195 million yen: 9 persons ( - yen) ( - persons)
Total	469 million yen: 12 persons (10 million yen) (2 persons)	75 million yen: 5 persons (21 million yen) (3 persons)	544 million yen: 17 persons (31 million yen) (5 persons)

(Notes)

1. The annual remuneration amount for Directors was approved by shareholders at the Ordinary General Meeting of Shareholders held on June 27, 2013. The resolution limits the amount to 1,200 million yen per year (of which up to 18 million yen per year is applied to Outside Directors).
2. The annual remuneration amount for Audit & Supervisory Board Members was approved by shareholders at the Ordinary General Meeting of Shareholders held on June 27, 2013. The resolution limits the amount to 132 million yen per year.
3. The totals for fixed monthly remuneration include amounts for one Director who resigned at the conclusion of the Ordinary General Meeting of Shareholders held on June 26, 2015.
4. Bonuses in the table above shows the amount approved at the meeting of the Board of Directors held in February 2016 within the limit of remuneration for Directors stated in Note 1. above. The Company does not pay bonuses to Outside Directors and Audit & Supervisory Board Members.

### 4. Summary of Policy on Determining Remuneration for Directors and Audit & Supervisory Board Members

Concerning remuneration for Directors, a performance-linked framework is in place which takes into account encouragement of achieving goals set for in the medium-term management plan, the performance-linked bonus portion for model business results accounts for 40% of overall remuneration, the index for performance evaluation of business results is consolidated operating profit, and the total amount of bonus remuneration will vary according to the level of achievement. The total of monthly remuneration which is a fixed remuneration and performance-linked bonuses shall be within the limit for remuneration (1,200 million yen per year (of which up to 18 million yen per year is applied to Outside Directors)) approved at the 164th Ordinary General Meeting of Shareholders. Remuneration to Outside Directors, however, will consist solely of fixed monthly remuneration in exchange for the execution of their duties. Specific amounts for each Director, including Outside Directors, will be determined by resolution of the Board of Directors.

Remuneration to Audit & Supervisory Board Members will consist solely of fixed monthly remuneration in exchange for the execution of their duties. The gross amount of this monthly remuneration will be determined within the limits of the remuneration (within 132 million yen per year) approved at the 164th Ordinary General Meeting of Shareholders. Remuneration to individual Audit & Supervisory Board Members will be determined after deliberation by Audit & Supervisory Board Members.

Furthermore, upon approval at the 167th Ordinary General Meeting of Shareholders, scheduled to be held on March 30, 2016, the Company plans to change its governance structure to a Company with an Audit and Supervisory Committee. In line with this change, the current remuneration framework for Directors will be abolished, and remuneration for Directors who are not Audit and Supervisory Committee Members after the transition (comprised of fixed remuneration in the form of monthly remuneration and a performance-based bonus, and including Executive Officer remuneration for Directors concurrently serving as Executive Officers), taking into consideration current economic trends and other conditions, etc., and upon approval by the aforementioned General Meeting of Shareholders, the upper limit is planned to be set to 1,200 million yen per year. In addition, as Directors who are Audit and Supervisory Committee Members will conduct auditing duties as was previously conducted by Audit & Supervisory Board Members, participate in resolutions of the Board of Directors as Directors, and supervise the execution of duties of other Directors. To create a remuneration standard suitable for such duties (in light of the nature of their duties, comprised only of fixed remuneration in the form of monthly remuneration), upon approval by the aforementioned General Meeting of Shareholders, the upper limit is planned to be set to 150 million yen per year.

## 5. Items Related to Outside Officers

### (1) Status of Major Activities in the Fiscal Year under Review

Category / Name	Status of Major Activities
Outside Director Yutaka Nishizawa	Attended 13 of the 14 meetings of the Board of Directors held in the fiscal year under review and made remarks as necessary, mainly from the viewpoint of an experienced business manager.
Outside Director Masaki Fukuyama	Attended 12 of the 14 meetings of the Board of Directors held in the fiscal year under review and made remarks as necessary, mainly from the viewpoint of an experienced business manager.
Outside Audit & Supervisory Board Member Atsuko Toyama	Attended 13 of the 14 meetings of the Board of Directors held in the fiscal year under review and 10 of the 12 meetings of the Audit & Supervisory Board. Made remarks as necessary, utilizing her rich experience in educational and cultural administration.
Outside Audit & Supervisory Board Member Toshiaki Hasegawa	Attended 11 of the 14 meetings of the Board of Directors held in the fiscal year under review and 10 of the 12 meetings of the Audit & Supervisory Board. Made remarks as necessary, utilizing his rich experience as an international business lawyer.
Outside Audit & Supervisory Board Member Kentaro Koga	Attended 11 of the 14 meetings of the Board of Directors held in the fiscal year under review and all 12 meetings of the Audit & Supervisory Board. Made remarks as necessary, mainly utilizing his rich experience as a university associate professor (accounting).

## **IV Items Related to the Independent Auditor**

### **1. Name of the Independent Auditor**

Deloitte Touche Tohmatsu LLC

### **2. Remuneration to the Independent Auditor**

(1) Fee for Independent Auditor relating to this fiscal year 172 million yen

(Note 1) The total amount of fees to be paid to the Independent Auditor is stated since fees in relation to audit attestation based on the Companies Act and those based on the Financial Instruments and Exchange Act are not clearly classified under the terms of the audit contract concluded between the Company and the Independent Auditor.

(Note 2) The Audit & Supervisory Board of the Company, in observance of the “Practical Guidelines for Cooperation with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, has confirmed the time required to audit each audit item, trends in audit fees, and audit plans and their results of previous fiscal years, and upon considering the appropriateness of time required for audit and audit fee quotations for the fiscal year under review, agrees to the fees of the Independent Auditor under Article 399, Item 1 of the Companies Act.

(2) Amount of cash and other financial benefits to be paid by Dentsu and its subsidiaries

298 million yen

(Note) The Company paid the Independent Auditor for services such as advice and direction regarding the business management of the Company, which are not included within the scope of work of Article 2, Paragraph 1 of the Certified Public Accountants Act.

### **3. Status of Audits of Subsidiaries by Entities Other than Dentsu’s Independent Auditor**

Dentsu Aegis Network and Beijing Dentsu Advertising Co., Ltd., which are important Dentsu overseas subsidiaries, are audited (limited to provisions under foreign laws and regulations corresponding to the Companies Act or Financial Instruments and Exchange Act) by entities (those with certification corresponding to a certified public accountant or independent auditor overseas) other than the Company’s independent auditor.

### **4. Policy on Dismissal or Non-reappointment of the Independent Auditor**

The Audit and Supervisory Board may dismiss the Independent Auditor upon unanimous approval from all Audit & Supervisory Board Members if it is determined that any of the reasons stipulated in Article 340, Paragraph 1 of the Companies Act apply, and considering factors such as the independence and business execution of the Independent Auditor, if it is found that appropriate execution of business by the Independent Auditor will be difficult, the Audit & Supervisory Board may submit a proposal to a General Meeting of Shareholders to dismiss or refuse to reappoint the Independent Auditor as stipulated in Article 344, Paragraph 1 of the Companies Act.

## Consolidated Statement of Financial Position

(As of December 31, 2015)

(Unit: Million yen)

Assets		Liabilities and Equity	
Account item	Amount	Account item	Amount
Current assets	1,618,024	Current liabilities	1,488,602
Cash and cash equivalents	263,322	Trade and other payables	1,207,347
Trade and other receivables	1,263,317	Borrowings	66,805
Inventories	18,724	Other financial liabilities	44,988
Other financial assets	20,945	Income tax payables	11,177
Other current assets	46,201	Provisions	1,819
Non-current assets classified as held for sale	5,513	Other current liabilities	156,156
Non-current assets	1,448,051	Liabilities directly associated with non-current assets classified as held for sale	307
Property, plant and equipment	196,782	Non-current liabilities	474,729
Goodwill	656,862	Borrowings	286,977
Intangible assets	256,991	Other financial liabilities	72,735
Investment property	41,642	Liability for retirement benefits	30,557
Investments accounted for using the equity method	50,281	Provisions	3,096
Other financial assets	218,083	Other non-current liabilities	11,350
Other non-current assets	11,515	Deferred tax liabilities	70,011
Deferred tax assets	15,893	Total liabilities	1,963,331
		Total equity attributable to owners of the parent	1,068,216
		Share capital	74,609
		Share premium account	99,751
		Treasury shares	(20,155)
		Other components of equity	261,039
		Retained earnings	652,972
		Non-controlling interests	34,526
		Total equity	1,102,743
Total assets	3,066,075	Total liabilities and equity	3,066,075

## **Consolidated Statement of Income**

(From April 1, 2015 to December 31, 2015)

(Unit: Million yen)

Account item	Amount
Turnover (Note)	4,513,955
Revenue	706,469
Cost	36,979
Gross profit	669,489
Selling, general and administrative expenses	566,487
Other income	13,030
Other expenses	8,766
Operating profit	107,265
Share of results of associates	3,911
Profit before interest and tax	111,177
Finance income	4,926
Finance costs	10,059
Profit before tax	106,043
Income tax expense	28,339
Profit for the year	77,704
Profit attributable to:	
Owners of the parent	72,653
Non-controlling interests	5,051

(Note) Turnover represents the total amount billed and billable to clients by the Group, net of discounts, VAT and other sales-related taxes. Disclosure of turnover information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Statement of Income since management has concluded the information is useful for users of financial statements.

## Consolidated Statement of Changes in Equity

(From April 1, 2015 to December 31, 2015)

(Unit: Million yen)

	Total equity attributable to owners of the parent						
	Share capital	Share premium account	Treasury shares	Other components of equity			
				Share options	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges	Net change in financial assets designated as at fair value through other comprehensive income
As of April 1, 2015	74,609	99,906	(131)	48	205,902	12,131	81,382
Profit for the year							
Other comprehensive income					(34,769)	(1,909)	3,293
Comprehensive income for the year	-	-	-	-	(34,769)	(1,909)	3,293
Repurchase of treasury shares		(154)	(20,024)				
Dividends							
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control							
Transfer from other components of equity to retained earnings							(1,037)
Other changes							
Transactions with owners - total	-	(154)	(20,024)	-	-	-	(1,037)
As of December 31, 2015	74,609	99,751	(20,155)	48	171,132	10,222	83,639

(Unit: Million yen)

	Total equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total		
	Remeasurements of defined benefit plans	Total				
As of April 1, 2015	(6,813)	292,652	613,327	1,080,364	30,699	1,111,063
Profit for the year		-	72,653	72,653	5,051	77,704
Other comprehensive income	2,809	(30,576)		(30,576)	(787)	(31,363)
Comprehensive income for the year	2,809	(30,576)	72,653	42,077	4,263	46,340
Repurchase of treasury shares		-		(20,179)		(20,179)
Dividends		-	(20,072)	(20,072)	(3,164)	(23,236)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		-	(13,972)	(13,972)	2,743	(11,229)
Transfer from other components of equity to retained earnings		(1,037)	1,037	-		-
Other changes		-		-	(15)	(15)
Transactions with owners - total	-	(1,037)	(33,008)	(54,224)	(436)	(54,660)
As of December 31, 2015	(4,003)	261,039	652,972	1,068,216	34,526	1,102,743



## Nonconsolidated Balance Sheet

(As of December 31, 2015)

(Unit: Million yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	574,532	Current liabilities	592,571
Cash and deposits	84,596	Notes payable-trade	5,555
Notes receivable-trade	30,551	Accounts payable-trade	394,631
Accounts receivable-trade	371,111	Short-term loans payable	106,689
Securities	15,000	Current portion of long-term loans payable	34,608
Works	855	Lease obligations	9
Work in process	5,304	Other payables	7,558
Supplies	43	Accrued expenses	11,369
Prepaid expenses	822	Income taxes payable	3,688
Other	70,244	Deferred tax liabilities	736
Allowance for doubtful accounts	(3,997)	Advances received	15,099
Non-current assets	1,039,418	Deposits received	6,395
Property, plant and equipment	197,822	Unearned revenue	116
Buildings, net	49,863	Provision for directors' bonuses	197
Structures, net	821	Other	5,915
Vehicles, net	35	Non-current liabilities	231,124
Tools, furniture and fixtures, net	1,524	Long-term loans payable	183,364
Land	145,576	Lease obligations	14
Intangible assets	12,100	Provision for retirement benefits	16,729
Software	11,927	Deferred tax liabilities	20,322
Other	173	Deferred tax liabilities for land revaluation	5,861
Investments and other assets	829,495	Other	4,831
Investment securities	172,385	Total liabilities	823,695
Shares of subsidiaries and associates	522,443	Net Assets	
Investments in other securities of subsidiaries and associates	62,199	Shareholders' equity	705,035
Investments in capital of subsidiaries and associates	2,717	Capital stock	74,609
Long-term loans receivable	55,562	Capital surplus	100,106
Other	14,965	Legal capital surplus	76,541
Allowance for doubtful accounts	(778)	Other capital surplus	23,564
		Retained earnings	550,474
		Legal retained earnings	722
		Other retained earnings	549,751
		Reserve for advanced depreciation of non-current assets	3,868
		General reserve	445,500
		Retained earnings brought forward	100,383
		Treasury shares	(20,155)
		Valuation and translation adjustments	85,171
		Valuation difference on available-for-sale securities	82,119
		Deferred gains or losses on hedges	11,674
		Revaluation reserve for land	(8,621)
		Subscription rights to shares	48
		Total net assets	790,255
Total assets	1,613,950	Total liabilities and net assets	1,613,950

## Nonconsolidated Statement of Income

(From April 1, 2015 to December 31, 2015)

(Unit: Million yen)

Account item	Amount	
Net sales		1,156,186
Cost of sales		990,817
Gross profit		165,368
Selling, general, and administrative expenses		125,731
Operating income		39,637
Non-operating income		
Interest and dividend income	20,696	
Profit distributions	7,134	
Other	1,861	29,692
Non-operating expenses		
Interest expenses	1,491	
Amortization of long-term prepaid expenses	2,377	
Dividends distribution for partnership	745	
Other	888	5,503
Ordinary income		63,826
Extraordinary income		
Gain on sales of non-current assets	427	
Gain on sales of shares of subsidiaries and associates	1,213	
Gain on sales of investments in capital of subsidiaries and associates	748	
Gain on transfer to defined contribution pension plan	602	
Gain on cancellation of retirement benefit trust	1,859	
Other	340	5,192
Extraordinary loss		
Loss on sales of non-current assets	38	
Loss on retirement of non-current assets	107	
Loss on valuation of investment securities	158	
Other	24	328
Income before income taxes		68,689
Income taxes-current	13,585	
Income taxes-deferred	1,538	15,124
Net income		53,565

## Nonconsolidated Statement of Changes in Net Assets

(From April 1, 2015 to December 31, 2015)

(Unit: Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
As of April 1, 2015	74,609	76,541	23,564	100,106
Changes of items during the period				
Dividends from retained earnings	-	-	-	-
Provision of reserve for advanced depreciation of non-current assets	-	-	-	-
Reversal of reserve for advanced depreciation of non-current assets	-	-	-	-
Reversal of reserve for special account for advanced depreciation of non-current assets	-	-	-	-
Net income	-	-	-	-
Reversal of revaluation reserve for land	-	-	-	-
Purchase of treasury shares	-	-	-	-
Changes in items other than shareholders' equity during the period – net	-	-	-	-
Total changes of items during the period	-	-	-	-
As of December 31, 2015	74,609	76,541	23,564	100,106

	Shareholders' equity							
	Retained earnings						Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings				Total retained earnings		
		Reserve for advanced depreciation of non-current assets	Reserve for special account for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
As of April 1, 2015	722	-	3,881	445,500	66,704	516,807	(131)	691,392
Changes of items during the period								
Dividends from retained earnings	-	-	-	-	(20,072)	(20,072)	-	(20,072)
Provision of reserve for advanced depreciation of non-current assets	-	3,881	-	-	(3,881)	-	-	-
Reversal of reserve for advanced depreciation of non-current assets	-	(12)	-	-	12	-	-	-
Reversal of reserve for special account for advanced depreciation of non-current assets	-	-	(3,881)	-	3,881	-	-	-
Net income	-	-	-	-	53,565	53,565	-	53,565
Reversal of revaluation reserve for land	-	-	-	-	173	173	-	173
Purchase of treasury shares	-	-	-	-	-	-	(20,024)	(20,024)
Changes in items other than shareholders' equity during the period – net	-	-	-	-	-	-	-	-
Total changes of items during the period	-	3,868	(3,881)	-	33,679	33,666	(20,024)	13,642
As of December 31, 2015	722	3,868	-	445,500	100,383	550,474	(20,155)	705,035

(Unit: Million yen)

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
As of April 1, 2015	80,751	12,830	(8,447)	85,133	48	776,574
Changes of items during the period						
Dividends from retained earnings	-	-	-	-	-	(20,072)
Provision of reserve for advanced depreciation of non-current assets	-	-	-	-	-	-
Reversal of reserve for advanced depreciation of non-current assets	-	-	-	-	-	-
Reversal of reserve for special account for advanced depreciation of non-current assets	-	-	-	-	-	-
Net income	-	-	-	-	-	53,565
Reversal of revaluation reserve for land	-	-	-	-	-	173
Purchase of treasury shares	-	-	-	-	-	(20,024)
Changes in items other than shareholders' equity during the period – net	1,368	(1,155)	(173)	38	-	38
Total changes of items during the period	1,368	(1,155)	(173)	38	-	13,680
As of December 31, 2015	82,119	11,674	(8,621)	85,171	48	790,255

**INDEPENDENT AUDITOR'S REPORT**

February 18, 2016

To the Board of Directors of  
Dentsu Inc.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Tsutomu Hirose

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Tokio Suzuki

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Hirotsugu Mizuno

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Masanori Toyozumi

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of December 31, 2015 of Dentsu Inc. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from April 1, 2015 to December 31, 2015, and the related notes to consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

(TRANSLATION)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under IFRS pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of Dentsu Inc. and its consolidated subsidiaries as of December 31, 2015, and the results of their operations for the fiscal year then ended.

**Emphasis of Matter**

As discussed in "1. Significant matters for preparing consolidated financial statements—(4) Change in fiscal year end," the Company has changed its fiscal year end from March 31 to December 31. Our opinion is not modified in respect of this matter.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

**INDEPENDENT AUDITOR'S REPORT**

February 18, 2016

To the Board of Directors of  
Dentsu Inc.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Tsutomu Hirose

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Tokio Suzuki

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Hirotsugu Mizuno

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Masanori Toyozumi

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements, namely, the nonconsolidated balance sheet as of December 31, 2015 of Dentsu Inc. (the "Company"), and the related nonconsolidated statements of income and changes in net assets for the 167th fiscal year from April 1, 2015 to December 31, 2015, and the related notes to nonconsolidated financial statements, and the accompanying supplemental schedules.

**Management's Responsibility for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these nonconsolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nonconsolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

(TRANSLATION)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the nonconsolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the nonconsolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the nonconsolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the nonconsolidated financial position of Dentsu Inc. as of December 31, 2015, and the results of its operations for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.



## Audit Report

We have created this Auditors' Report based on the results of deliberations and the unanimous opinions of all members of the Board of Corporate Auditors, based on the audit reports created by each Corporate Auditor concerning the Directors' execution of their duties over the Company's 167th fiscal year between April 1, 2015 and December 31, 2015. The Auditors' Report is as follows.

### 1. Methods and contents of the audits undertaken by individual Corporate Auditors and the Board of Corporate Auditors

We have, in addition to setting out the guiding principles for undertaking audits, allocating audit-related duties, etc., and receiving reports from each Corporate Auditor on the implementation status and results of their audits, also received reports from Directors, Executive Officers, and Accounting Auditors on the execution status of their duties, and requested explanations of them as necessary.

Each Corporate Auditor has communicated with Directors and Executive Officers in accordance with the Auditors' Audit Standards and in accordance with the FY2015 Audit Plan (concerning guiding principles for undertaking audits, allocating audit-related duties, etc.) which was established through consultations among all Corporate Auditors, made all efforts to gather information and maintain an appropriate environment for the audit, and audited Directors and Executive Officers' execution of their duties so as to ensure their compliance with the law and the sound management of the Company.

#### (1) Methods and contents of the audit relating to the Business Report

In addition to attending the Board of Directors Meeting, other important meetings and committees, we have received reports from the Directors, Executive Officers, and others on the execution status of their duties, requested explanations of them as necessary, inspected important documents, etc., including written authorizations, received regular reports from the Internal Audit Office and Legal Affairs Division, and surveyed the state of operations and assets at the Company, including the internal control systems such as the structure for legal compliance and other areas and the risk management structure.

With regard to internal control systems, we have received regular reports from the Directors, Executive Officers, and others on the status of the establishment and operation of structures aimed at ensuring that Directors execute their duties in conformance with the law and regulations, based on the Guidelines for Auditors' Implementation of Audits of Internal Control Systems and the Checklist for Auditors' Implementation of Audits of Internal Control Systems established through consultations among all Corporate Auditors, on the contents of resolutions passed at Board of Directors' meetings on maintaining the other structures set out in the enforcement regulations of the Companies Act as being necessary for ensuring the competence of operations undertaken at limited companies, and the structures which are being maintained based on the resolutions in question, requested explanations as necessary, and expressed our opinion.

In addition, with regard to internal controls related to the Financial Report, we have received reports from the Directors, Executive Officers, and others as well as from the limited liability audit corporation Deloitte Touche Tohmatsu on the evaluation of the internal controls in question and on the status of the audit, and have requested explanations as necessary.

From the perspective of auditing the Dentsu Group as a whole, in addition to attending the relevant committee meetings we have communicated with the Directors, Auditors, and other officers of major subsidiary companies, etc., conveyed information on a mutual basis, exchanged opinions and received reports from the Internal Audit Office on the status of audits of Group companies. We have also traveled to the major subsidiary companies as necessary where we have received explanations on the situation in the companies in question and exchanged opinions.

We have also requested the Directors to submit confirmation letters of Directors' execution of duties concerning competitive transactions by Directors, transactions where there is a conflict of interest between the Director and the Company, any *pro grata* payoffs provided by the Company, any transactions with subsidiary companies or shareholders which fall outside regular practices and the acquisition and disposal, etc., of treasury share, and have surveyed these letters.

#### (2) Methods and contents of audits concerning financial statements, annexed specifications, and consolidated financial statements

In addition to the above, we have monitored and verified the Accounting Auditors to ascertain whether they have maintained an independent position and carried out their audits appropriately, while receiving reports from Accounting Auditors on the execution status of their duties and requesting explanations on an as-needed basis. We have also received notifications from the Accounting Auditors stating that the structures intended to ensure that duties are carried out appropriately and (i.e., the items set out in the company

accounting regulations) have been maintained appropriately in accordance with the Quality Management Standards for Audits, and requested explanations as necessary.

Based on the above methods, we have added our reviews to the Business Report and annexed specifications for the fiscal year in question, the financial statements for the fiscal year in question (comprising the balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and their annexed specifications, and to the consolidated financial statements (comprising the consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements, prepared in accordance with stipulations of Article 120, Paragraph 1 of the Ordinance on Company Accounting, which allow for preparation with the omission of a portion of items required for disclosure by International Financial Reporting Standards), and have reviewed the Accounting Auditors' methods and results.

## 2. Audit results

### (1) Results of the audit of the Business Report

- 1) We recognize the Business Report and annexed specifications as being in accordance with the law and regulations, and as representing the situation of the company correctly.
- 2) We do not consider that any fraudulent acts or major violations of the law or regulations have been committed by the Directors in the execution of their duties, including in any duties concerning subsidiary companies, etc.
- 3) We recognize the contents of the resolutions formed by the Board of Directors regarding the internal control systems as being appropriate. We do not recognize any items which require special mention regarding the contents of the Business Report and the Directors' execution of their duties concerning the internal control systems in question, including the internal control systems for financial statements.

### (2) Results of the audit of financial statements and annexed specifications and consolidated financial statements

We recognize the methods and results of Deloitte Touche Tohmatsu, the limited liability audit corporation carrying out the audit as being appropriate.

February 19, 2016

Dentsu Inc. Audit and Supervisory Board

Audit and Supervisory Board Member

Audit and Supervisory Board Member

Outside Audit and Supervisory Board Member

Outside Audit and Supervisory Board Member

Outside Audit and Supervisory Board Member