

## Corporate Governance

### Status of Corporate Governance

#### 1. Overview of Corporate Governance System

Under the corporate philosophy “Good Innovation.”, the Dentsu Group seeks out issues facing its clients, and proposes and steadily implements appropriate solutions. The Group hopes that an accumulation of such efforts will not only help to energize the world and make it a better place but also lead to the creation of new social value as well as to the realization of a sustainable society.

Dentsu Inc. (hereinafter “Dentsu” or “the Company”) maintains an Audit & Supervisory Board System, and management believes that the current corporate governance framework is sufficient to ensure rapid decision-making and effective internal controls.

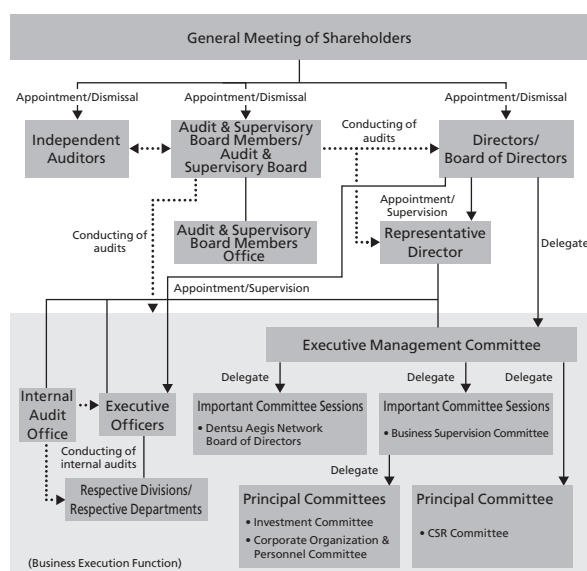
Dentsu’s Articles of Incorporation set the term of office for Directors at one year or less and the number of Directors at 15 or fewer. As of June 27, 2013, the number of Directors on the Board of Directors was 12, two of whom were Outside Directors. Meanwhile, the maximum term of office for Audit & Supervisory Board Members is four years, in accordance with the Articles of Incorporation and prevailing laws and regulations, and the number of Audit & Supervisory Board Members is set at five or fewer. As of June 27, 2013, the number of members on the Audit & Supervisory Board was five, three of whom were Outside Audit & Supervisory Board Members.

In June 1999, Dentsu introduced an Executive Officer System to strengthen its business execution function. In April 2009, the Company introduced a Director and Executive Officer System, which retains the old Executive Officer System but clarifies the roles and responsibilities of Directors and Executive Officers more precisely.

At Dentsu, the Executive Management Committee tackles important business-oriented issues other than those addressed at Board of Directors’ meetings and facilitates

preliminary discussion of issues that will be brought to the Board of Directors for resolution. In April 2012, Dentsu divided its operations into two segments—one for domestic business and one for overseas business—and authority and revenue responsibility were delegated to each. The Company then created two principal executive-level discussion structures that address topics assigned by the Executive Management Committee for discussion and decision-making. These are the Business Supervision Committee, which is responsible for domestic business, and the Dentsu Aegis Network Board of Directors, which is responsible for overseas business. In addition, the Company has the CSR Committee, which undertakes preliminary discussions on specific matters assigned by the Executive Management Committee and makes decisions on the execution of day-to-day business, and the Investment Committee and the Corporate Organization & Personnel Committee, which do the same for matters indicated by the Business Supervision Committee. The Company will strive to further reinforce the business execution structure.

The Company's corporate governance structure is outlined in the chart below.



## 2. Status of Internal Control System

The Company approved a system for ensuring that the execution of Directors' duties conforms to laws and regulations and the Articles of Incorporation and for ensuring appropriate business operations, which is described in Article 362, Paragraph 4, Item 6 of the Companies Act, at the Board of Directors' meeting on March 30, 2006. Revisions to the system have been made as appropriate at subsequent Board of Directors' meetings.

The Internal Control System at Dentsu is designed to encourage compliance among Directors, Executive Officers and employees while it supports continuous corporate development as the Company strives to meet its social responsibilities.

The Company has chosen the Dentsu Group Code of Conduct to define the parameters of acceptable behavior, which ensures that Directors, Executive Officers and employees comply with all laws, regulations and the Articles of Incorporation during the course of their duties and that

business is conducted appropriately. The CSR Committee is charged with maintaining and further enhancing the Internal Control System.

### 1) Compliance System for Directors, Executive Officers and Employees

- i. Directors and Executive Officers must perform their duties appropriately, in accordance with various rules and regulations, including the Rules for the Board of Directors and the Rules for the Executive Management Committee as well as the Rules for Directors and Audit & Supervisory Board Members and the Rules for Executive Officers.
- ii. If a Director or an Executive Officer discovers a violation of the prevailing laws or comes across any other serious compliance-related issue, it is imperative that he/she report it without delay to the Board of Directors as well as the Executive Management Committee. Audit & Supervisory Board Members must also be immediately advised of the circumstances.
- iii. The departments reporting to the CSR Committee create internal policies and manuals and conduct training to maintain and further enhance the compliance system for employees. The Internal Audit Office, which reports directly to the Representative Director, conducts internal audits.
- iv. The Company has set up an internal hotline and has also established internal and external contact points for insider reporting to respond appropriately in the event a law is broken or some other internal compliance issue arises.
- v. If Audit & Supervisory Board Members state opinions on the compliance system or require steps to improve the system, Directors and Executive Officers must respond without delay and make the recommended improvements.
- vi. The Company has a department to facilitate the termination of business relationships with organized crime groups and elements thereof—termed “antisocial forces” in Japan—when a link is discovered and to

resolutely refuse any and all future transactions. This department functions as the liaison between the affected in-house division and the relevant authorities to expedite an appropriate course of action.

## 2) Systems to Ensure Efficient Execution of Duties by Directors and Executive Officers

- i. To support the efficient execution of duties by Directors and Executive Officers, the Board of Directors and the Executive Management Committee, and the Business Supervision Committee, all principal committees and specialized committees hold meetings where important matters pertaining to management policy and strategy are determined in an appropriate and flexible manner.
- ii. Items resolved at these meetings are conveyed through the corporate structure, with urgent items transmitted to all employees via the internal electronic bulletin board to expedite implementation.
- iii. The launch of Dentsu Aegis Network Ltd., which controls Dentsu Group companies overseas, is the pillar of an evolving structure to facilitate efficient decision-making and execution of duties in the overseas business segment.

## 3) Storage and Management of Information Related to the Execution of Duties by Directors and Executive Officers

Information concerning the execution of duties by Directors and Executive Officers is stored and managed appropriately, in accordance with the Company's documentation management regulations and information management rules.

## 4) Risk Management System

- i. To maintain and enhance the structure that prevents risks from occurring and minimizes damage caused in the event such risks become a reality, Dentsu has put Risk management rules in place and also prioritizes key risks and formulates concrete measures appropriate for such risks that can be put into effect should a response be required.

- ii. Responsibility for monitoring the status of risk management efforts falls primarily on internal control divisions, under the CSR Committee. Efforts are directed toward self-inspection and approaches to maintain and further enhance the risk management system.

## 5) Internal Structure to Support Audit & Supervisory Board Members and Their Independent Status

The Company maintains an Audit & Supervisory Board Office, which consists of employees who assist Audit & Supervisory Board Members in their duties. This office reports directly to the Audit & Supervisory Board, thereby preserving its independence from Directors and Executive Officers.

## 6) System for Reporting to Audit & Supervisory Board Members and Improving Audit Effectiveness

- i. Rules are in place to identify issues that Directors, Executive Officers and employees are required to report to Audit & Supervisory Board Members. Directors, Executive Officers and employees must swiftly inform Audit & Supervisory Board Members of any development that might impact the operations or the operating performance of the Company.
- ii. In the event that Audit & Supervisory Board Members request information other than that indicated above, Directors, Executive Officers and employees are still required to respond without delay.
- iii. To enhance audit effectiveness, the Internal Audit Office and the Independent Auditors closely collaborate to handle requests from the Audit & Supervisory Board Members.

## 7) Internal Control System for the Dentsu Group, Including Subsidiaries

- i. The Dentsu Group Code of Conduct was drafted as the standard for acceptable corporate behavior and embraces the entire Group, including subsidiaries.
- ii. While the Company stipulates internal control issues that

subsidiaries, as members of the Group, must address, it allows each subsidiary to build, operate and improve on the basic framework to match respective business activities. This ensures that internal and external transactions retain their integrity.

#### 8) System to Ensure Appropriateness of Financial Reporting

- i. Through the CSR Committee, Dentsu continually supports and improves the system that ensures appropriateness in financial reporting by the Group.
- ii. Subsidiaries and departments involved in business activities perform self-checks through the course of day-to-day operations to determine if existing internal controls are functioning properly.
- iii. The Internal Audit Office monitors the Internal Control System from a perspective free of operational bias to assess the effectiveness of internal controls related to financial reporting.

### 3. Status of Internal Audits, Audits by Audit & Supervisory Board Members and Independent Audits, and Their Connection to Internal Control Divisions

#### 1) Structure, Staff and Procedures for Internal Audits

The Internal Audit Office, with a staff of 31, undertakes internal audits in accordance with an annual auditing plan and targets each division within the Company as well as affiliated companies in Japan and overseas. The Internal Audit Office, reporting to the Representative Director, monitors the establishment and application of internal controls from an individual perspective, and in the event of an insufficiency, will inform the internal control divisions and recommend improvements.

#### 2) Structure, Staff and Procedures for Audits by Audit & Supervisory Board Members

- i. In principle, the Audit & Supervisory Board meets once

a month to establish auditing policies and to allocate responsibilities. During these monthly meetings, the five Audit & Supervisory Board Members, two of whom are full-time Audit & Supervisory Board Members from Dentsu and three of whom are Outside Audit & Supervisory Board Members, audit the execution of duties by Directors, based on an auditing plan, and focus primarily on the status of Group-wide internal controls, compliance and risk management systems.

- ii. As part of their audits on the execution of duties by Directors, Audit & Supervisory Board Members supervise and verify the establishment and implementation of internal controls from an independent perspective and receive reports from the internal control divisions if the auditing process so requires.
- iii. One of the Outside Audit & Supervisory Board Members, Kentaro Koga, has a doctorate in accounting and has been involved in accounting research and education as an associate professor at a graduate school for many years. He brings a great deal of expertise in finance and accounting to the Company.
- iv. One of the full-time Audit & Supervisory Board Members serves as chairman of the Audit & Supervisory Board, and both full-time members attend important committee sessions and meetings of principal committees, including Board of Directors' meetings, and supervise the execution of business activities.
- v. The Audit & Supervisory Board Office was established to assist Audit & Supervisory Board Members in their duties, and the Audit & Supervisory Board Staff Department has a staff of seven. In addition to this department, the Group Audit & Supervisory Board Members Department has been established separately, with a staff of 13, who, as Audit & Supervisory Board Members of affiliated companies, conduct operational audits and accounting audits.

### 3) Independent Audits

- i. Dentsu has contracted the accounting firm Deloitte Touche Tohmatsu LLC to perform accounting audits of the Company's books. The Independent Auditors receive internal control reports from the Representative Director, execute internal control audits, supervise and verify the establishment of internal controls and implementation status thereof, and receive reports from the internal control divisions if the auditing process so requires. No special-interest relationships exist between Dentsu and the accounting firm nor between Dentsu and the managing partners at the accounting firm who undertake accounting audits of the Company.
- ii. The four certified public accountants who performed accounting audits during the fiscal year under review were Hitoshi Matsumoto, Tsutomu Hirose, Tokio Suzuki and Hirotugu Mizuno, with Deloitte Touche Tohmatsu LLC. In addition, 10 certified public accountants and 19 others were involved as assistants to the four main certified public accountants in the execution of these audits.

### 4. Cooperation on Internal Audits, Audits by Audit & Supervisory Board Members and Independent Audits

The auditing system at Dentsu involves three types of audits: audits by Audit & Supervisory Board Members; book audits, mainly accounting audits from the specialized perspective of Independent Auditors; and internal audits by the Internal Audit Office. Audits by Audit & Supervisory Board Members and audits by Independent Auditors are required by law. Internal audits, conducted at the discretion of the Representative Director, are voluntary audits principally intended to facilitate an independent evaluation of the Internal Control System as well as to prevent inappropriate behavior within the Company. Cooperation among the Internal Audit Office, Audit & Supervisory Board Members and Independent Auditors may require the Audit &

Supervisory Board to request reports from the Independent Auditors and the Internal Audit Office on auditing methods and results of audits, as appropriate. In addition, it is mainly full-time Audit & Supervisory Board Members who meet with other auditors on a regular and individual basis to exchange information. The Internal Audit Office also exchanges information and reports, as appropriate, in response to requests from Audit & Supervisory Board Members or the Audit & Supervisory Board, and participates in a separate exchange of information with the Independent Auditors. The respective relationships between the internal control divisions and the Internal Audit Office, Audit & Supervisory Board Members and Independent Auditors are presented in Section 3 above.

### 5. Limited Liability Agreements with Outside Directors and Outside Audit & Supervisory Board Members

Dentsu enters into agreements with its Outside Directors and Outside Audit & Supervisory Board Members that limit their legal liability under Article 423, Paragraph 1 of the Companies Act. The liability amount pursuant to such agreements shall be limited to the minimum stated by laws and regulations or 10 million yen, whichever is higher.

### 6. Function of and Selection Criteria for Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors are expected to perform management oversight and check functions, and each Outside Director is expected to contribute to enhanced corporate value at Dentsu by taking a bird's-eye view of the Company's business and offering advice, based on an understanding of the Company's business activities and experience in management positions. Since the business domains of the Company are extensive, the selection of Outside Directors gives priority

to individuals who have a sophisticated understanding of the Company's activities in these domains. As a result, both Outside Directors are representatives at companies that are not only shareholders but are also business associates of Dentsu. Nevertheless, Dentsu carefully selects Outside Directors who present a thorough understanding of the Company's business activities, and management believes the appointed individuals are suitably fulfilling the function and role expected of them as Outside Directors of the Company. As appropriate, Outside Directors are provided with reports from the Internal Audit Office, Audit & Supervisory Board Members and Independent Auditors as well as from the internal control divisions to the Board of Directors, and pursue open lines of communication with all.

Outside Audit & Supervisory Board Members are expected to apply the wealth of experience they have accumulated in their respective fields of expertise to the function of supervising the Board of Directors and the execution of duties by the Directors on the Board. The Company's three Outside Audit & Supervisory Board Members—Atsuko Toyama, Toshiaki Hasegawa and Kentaro Koga—are designated Independent Auditors, according to the listing rules of the Tokyo Stock Exchange. In the selection of Outside Audit & Supervisory Board Members, Dentsu prioritizes individuals who will utilize experience in various fields to perform their supervisory duties and individuals who are knowledgeable about finance and accounting. Dentsu carefully selects Outside Audit & Supervisory Board Members who are impartial and present a thorough understanding of the Company's business activities, and management believes the appointed individuals are suitably fulfilling the function and role expected of them as Outside Audit & Supervisory Board Members of the Company. At meetings of the Audit & Supervisory Board, Outside Audit & Supervisory Board Members will request reports, as appropriate, on auditing methods and results of audits conducted by Audit & Supervisory Board Members, Independent Auditors and the Internal Audit Office. Outside Audit & Supervisory Board Members also

exchange information separately, as necessary, and strive to ensure reciprocal communication with other Auditors. In addition, Outside Audit & Supervisory Board Members utilize their external perspective in supervising and verifying the establishment and implementation of internal controls. They also receive reports from the internal control divisions if the auditing process so requires.

Dentsu does not have any clear-cut standards or policies regarding impartiality in appointing Outside Directors and Outside Audit & Supervisory Board Members, but management appoints individuals under the guidance of such benchmarks as the listing rules of the Tokyo Stock Exchange.

## 7. Relationships with Outside Directors and Outside Audit & Supervisory Board Members

Dentsu's executive team includes Outside Directors and Outside Audit & Supervisory Board Members. As of June 27, 2014, two of the Company's 12 Directors and three of the Company's five Audit & Supervisory Board Members were appointed from outside the Company.

Any personal, capital or business relationships or other interests that may exist between the Company and these five individuals are described below.

- 1) Outside Director Yutaka Nishizawa is President of Jiji Press Ltd., a shareholder and business associate of the Company. Mr. Nishizawa is also Chairman of Central Research Services, Inc. and Chairman of Naigai Josei Chosakai, a foreign policy think tank, which are both business associates of the Company. Transactions between Dentsu and each of these three organizations comprise very small portions of the Company's aggregate net sales.
- 2) Outside Director Masaki Fukuyama is President of the nonprofit cooperative news service Kyodo News, a shareholder and business associate of the Company. Mr. Fukuyama is

also Representative Director and Deputy Chairman of that company's news agency, K.K. Kyodo News, which is also a business associate of the Company. Transactions between Dentsu and each of these two organizations comprise very small portions of the Company's aggregate net sales.

3) Outside Audit & Supervisory Board Member Atsuko Toyama is Chief Director of NPO National Council on Mt. Fuji World Heritage. Although Dentsu is a corporate supporter, the amount that the Company contributes is extremely small and does not affect Ms. Toyama's impartiality as an Outside Audit & Supervisory Board Member at Dentsu.

4) Outside Audit & Supervisory Board Member Toshiaki Hasegawa is an Outside Audit & Supervisory Board Member at Mizuho Bank, Ltd. and Mitsui Fudosan Co., Ltd. Although a business relationship exists between Dentsu and these companies, neither the nature of Mr. Hasegawa's concurrent roles nor the transactions between Dentsu and the companies hinder his ability to remain impartial.

5) Outside Audit & Supervisory Board Member Kentaro Koga is an Outside Audit & Supervisory Board Member at Resona Bank, Ltd. Although a business relationship exists between Dentsu and the bank, neither the nature of Mr. Koga's concurrent roles nor the transactions between Dentsu and the bank hinder his ability to remain impartial.

None of the Outside Directors or Outside Audit & Supervisory Board Members has been affiliated with Dentsu or the Dentsu Group.

## 8. Executive Remuneration

1) Total Remuneration by Position, Total Amount by Type of Remuneration, and Number of Executives Receiving Remuneration (Please refer to the table below.)

Category of Director/Auditor	Total Remuneration	Breakdown of Remuneration by Category	
		Fixed Monthly Remuneration (Number of Directors or Audit & Supervisory Board Members)	Bonuses (Number of Directors or Audit & Supervisory Board Members)
Directors (Excluding Outside Directors)	¥711 million	¥407 million (13)	¥303 million (11)
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	¥72 million	¥72 million (3)	—
Outside Directors	¥13 million	¥13 million (3)	—
Outside Audit & Supervisory Board Members	¥28 million	¥28 million (3)	—

Notes: 1. Remuneration for Directors was approved by shareholders at the General Meeting of Shareholders held on June 27, 2013. The resolution limits the amount to 1.2 billion yen per year, of which 18 million yen is applied to annual remuneration for Outside Directors.

2. Fixed monthly remuneration for Audit & Supervisory Board Members was approved by shareholders at the 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 four Directors and one Audit & Supervisory Board Member, who retired at the conclusion of the General Meeting of Shareholders on June 27, 2013. Among those in the above table eligible to receive payment, one retired Director was simultaneously appointed as Audit & Supervisory Board Member, upon retirement from the office of Director at the conclusion of the General Meeting of Shareholders on June 27, 2013.

Thus, the remuneration amounts regarding said person have been included under both Directors and Audit & Supervisory Board Members in the above table.

4. "Bonuses" in the above table shows the amount approved at the Board of Directors' meeting held in May 2014 within the amount approved as remuneration for Directors in Note 1 above. The Company does not pay bonuses to Outside Directors and Audit & Supervisory Board Members.

#### Breakdown of Total Consolidated Remuneration and Executives of Parent Company Receiving Remuneration

Name	Position	Company	Breakdown of Consolidated Remuneration				Total Consolidated Remuneration
			Basic Fixed Remuneration	Bonuses	Retirement Benefits	Stock Options	
Tadashi Ishii	Representative Director	Parent Company	¥92 million	¥53 million	—	—	¥145 million
Timothy Andree	Director	Parent Company	¥9 million	¥7 million	—	—	¥432 million
	President & CEO	Dentsu Holdings USA, Inc.	¥139 million	¥207 million	¥66 million	—	
	Executive Chairman	Dentsu Aegis Network Ltd.	¥1 million	—	—	—	

Notes: 1. Information is given exclusively for executives whose total consolidated remuneration exceeds 100 million yen.

2. The period used as the basis for the calculation of the amount of remuneration from Dentsu Holdings USA, Inc. and Dentsu Aegis Network Ltd. to Director Timothy Andree, irrespective of the fiscal years of the two companies, is the fiscal year of the Company, which is from April 1, 2013 to March 31, 2014.

3. The amount of remuneration from Dentsu Holdings USA, Inc. and Dentsu Aegis Network Ltd. to Director Timothy Andree, stated above, includes

remuneration corresponding to the period from April 1, 2013 to June 26, 2013, which is prior to his appointment as a Director of the Company.

4. Bonuses paid from Dentsu Holdings USA, Inc. to Director Timothy Andree, stated above, include bonuses corresponding to the current fiscal year, which will be paid after the current fiscal year, and among such bonuses, the amount corresponding to the period from January 1, 2014 to March 31, 2014 is the estimated amount to be paid by Dentsu Holdings USA, Inc.

5. Retirement benefits paid from Dentsu Holdings USA, Inc. to Director Timothy Andree, stated above, represent the estimated amount to be



paid corresponding to the period from April 1, 2013 to March 31, 2014.

6. Payments in foreign currencies have been translated into Japanese yen using the average dollar/yen and pound/yen exchange rates for January to December 2013 of approximately US\$1=¥97.6 and £1=¥152.7, respectively.

## 2) Summary of Policy on Determining Remuneration for Directors and Audit & Supervisory Board Members

To draw a suitable link between remuneration to Directors and further increases in corporate value and in consideration of Directors' accountability and connection to operating results, remuneration (including the Executive Officer portion of remuneration for Directors serving concurrently as Executive Officers) shall be divided into two components: monthly remuneration and a performance-linked bonus. If operating performance is as expected, the performance-linked bonus shall account for approximately one-third of overall remuneration (Note). The total of fixed monthly remuneration and performance-linked bonuses shall be within the limit for remuneration (1.2 billion yen per year, of which 18 million yen is applied to annual remuneration for Outside Directors) approved at the General Meeting of Shareholders held on June 27, 2013. Remuneration to Outside Directors, however, will consist solely of fixed monthly remuneration in exchange for the execution of their duties. Remuneration 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 (132 million yen per year) approved by the General Meeting of Shareholders held on June 27, 2013. Remuneration to individual

Audit & Supervisory Board Members will be determined after deliberation by the Audit & Supervisory Board Members.

Note: At the Board of Directors' meeting held on June 13, 2014, the executive remuneration system was partially amended in order to ensure its consistency with the Group's business structure and changes in the business environment, as well as to reinforce incentives toward the achievement of the medium-term management plan.

As a result of these amendments, the ratio of the monthly remuneration to performance-linked bonuses for the remuneration for Directors (including the Executive Officer portion of remuneration for Directors serving concurrently as Executive Officers) was changed so that if operating performance is as expected, the performance-linked bonus shall account for 40 percent of overall remuneration. Changes were also made to the index used to determine the performance-linked portion of the remuneration so that instead of using both consolidated gross profit and consolidated operating income, consolidated operating income alone shall be used. Furthermore, total bonuses shall reflect the degree to which the budget is achieved rather than comparisons with the reference year.

## 9. Agenda Items for the General Meeting of Shareholders that May be Resolved by the Board of Directors

The Company sets forth in its Articles of Incorporation provisions that allow the Board of Directors to approve the following items that would otherwise be put before the General Meeting of Shareholders for resolution.

### 1) Decisions on the Purchase of Treasury Stock

To ensure a flexible capital policy, Dentsu maintains a

provision in its Articles of Incorporation, in accordance with Article 165, Paragraph 2 of the Companies Act, that allows the Board of Directors to approve the purchase of treasury stock from the market.

## 2) Interim Dividends

To promote the flexible return of profits to shareholders, Dentsu maintains a provision in its Articles of Incorporation, in accordance with Article 454, Paragraph 5 of the Companies Act, that allows the Board of Directors to grant interim dividends to registered shareholders, as of September 30 of each year.

## 3) Exemption from Liability

To enable Directors and Audit & Supervisory Board Members to satisfactorily fulfill the roles expected of them by the Company, Dentsu maintains a provision in its Articles of Incorporation that allows the Board of Directors to exempt Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability for damages, as set forth in Article 423, Paragraph 1 of the Companies Act, to the extent of the amount obtained by subtracting the minimum liability amount from the amount for which they are liable, provided that the requirements set by laws or regulations have been satisfied.

## 10. Approval Criteria for Election of Directors

In its Articles of Incorporation, the Company sets forth a provision whereby the appointment of a candidate to the Board of Directors must be approved by a majority vote of shareholders in attendance at a General Meeting of Shareholders and whose combined shareholdings represent more than one-third of total voting rights held by shareholders with the ability to exercise such rights. The Articles of Incorporation include a provision to preclude cumulative voting in obtaining approval for the appointment of Director candidates.

## 11. Approval Criteria for Special Resolutions at the General Meeting of Shareholders

Special resolutions described under Article 309, Paragraph 2 of the Companies Act that are put before the General Meeting of Shareholders must be passed with a number of votes corresponding to more than two-thirds of voting rights held by shareholders in attendance whose combined shareholdings represent no less than one-third of total voting rights held by shareholders with the power to exercise such rights. Management believes that this reduced quorum for special resolutions facilitates the efficient execution of the General Meeting of Shareholders.

## 12. Status of Equity Holdings

### 1) Investment Stock Held for Reasons Other than Pure Investment

Number of companies:	267
Aggregate balance sheet amount:	71,914 million yen

### 2) Holding Category, Company, Number of Shares, Balance Sheet Amounts and Purpose of Investment Shares Held for Reasons Other than Pure Investment

The following pages show the status of equity holdings for the previous fiscal year and the fiscal year under review.

Previous Fiscal Year  
Investment Stock for Reasons Other Than Pure Investment Purposes

Company	Number of Shares	Balance Sheet Amount (Millions of Yen)	Purpose of Holding
Toho Co., Ltd.	3,779,900	7,408	To maintain and strengthen business relationship
Digital Garage, Inc.	16,500	5,024	To maintain and strengthen business relationship
TV Asahi Corporation	1,200,000	2,185	To maintain and strengthen business relationship
Asahi Group Holdings, Ltd.	918,400	2,065	To maintain and strengthen business relationship
SKY Perfect JSAT Holdings Inc.	40,594	1,796	To maintain and strengthen business relationship
Yakult Honsha Co., Ltd.	258,600	983	To maintain and strengthen business relationship
Shochiku Co., Ltd.	1,000,000	964	To maintain and strengthen business relationship
Lion Corporation	1,794,000	929	To maintain and strengthen business relationship
Toei Company, Ltd.	1,300,000	855	To maintain and strengthen business relationship
euglena Co., Ltd.	37,500	785	To maintain and strengthen business relationship
ROHTO Pharmaceutical Co., Ltd.	520,000	669	To maintain and strengthen business relationship
Mitsubishi UFJ Financial Group, Inc.	1,125,900	628	To maintain and strengthen business relationship
Fuji Media Holdings, Inc.	3,500	570	To maintain and strengthen business relationship
Hisamitsu Pharmaceutical Co., Inc.	100,949	518	To maintain and strengthen business relationship
Tsumura & Co.	146,827	510	To maintain and strengthen business relationship
Central Japan Railway Company	50,000	496	To maintain and strengthen business relationship
Ezaki Glico Co., Ltd.	495,961	483	To maintain and strengthen business relationship
Nomura Holdings, Inc.	827,300	477	To maintain and strengthen business relationship
Ajinomoto Co., Inc.	299,000	423	To maintain and strengthen business relationship
TV TOKYO Holdings Corporation	390,000	417	To maintain and strengthen business relationship

Stocks Held in Trust or Other Legal Entity While Retaining Voting Rights or Voting Instruction Rights

Company	Number of Shares	Balance Sheet Amount (Millions of Yen)	Purpose of Holding
Tokyo Broadcasting System Holdings, Inc.	9,310,500	13,118	To instruct exercise of voting rights
Fuji Media Holdings, Inc.	46,500	7,584	To instruct exercise of voting rights
Kao Corporation	2,328,000	7,170	To instruct exercise of voting rights
KDDI Corporation	975,800	3,776	To instruct exercise of voting rights
TV Asahi Corporation	1,271,000	2,314	To instruct exercise of voting rights
WOWOW INC.	7,004	1,732	To instruct exercise of voting rights
Yamato Holdings Co., Ltd.	627,000	1,090	To instruct exercise of voting rights
Seven & i Holdings Co., Ltd.	324,000	1,009	To instruct exercise of voting rights
Shiseido Co., Ltd.	682,000	905	To instruct exercise of voting rights
Mizuho Financial Group, Inc.	3,914,000	778	To instruct exercise of voting rights

Note: Investment stock for reasons other than pure investment purposes and stocks held in trust or other legal entity while retaining voting rights or voting instruction rights are not added together when selecting stocks with the largest amounts as recorded in the balance sheet.

## Fiscal Year under Review

## Investment Stock for Reasons Other Than Pure Investment Purposes

Company	Number of Shares	Balance Sheet Amount (Millions of Yen)	Purpose of Holding
Digital Garage, Inc.	3,300,000	5,801	To maintain and strengthen business relationship
Asahi Group Holdings, Ltd.	918,400	2,653	To maintain and strengthen business relationship
TV Asahi Corporation	1,200,000	2,244	To maintain and strengthen business relationship
SKY Perfect JSAT Holdings Inc.	4,059,400	2,240	To maintain and strengthen business relationship
Toho Co., Ltd.	808,900	1,673	To maintain and strengthen business relationship
Yakult Honsha Co., Ltd.	258,600	1,339	To maintain and strengthen business relationship
Lion Corporation	1,794,000	1,096	To maintain and strengthen business relationship
euglena Co., Ltd.	937,500	952	To maintain and strengthen business relationship
ROHTO Pharmaceutical Co., Ltd.	520,000	947	To maintain and strengthen business relationship
Shochiku Co., Ltd.	1,000,000	882	To maintain and strengthen business relationship
IG Port, Inc.	498,000	866	To maintain and strengthen business relationship
Toei Company, Ltd.	1,300,000	806	To maintain and strengthen business relationship
TV TOKYO Holdings Corporation	390,000	681	To maintain and strengthen business relationship
Ezaki Glico Co., Ltd.	498,389	681	To maintain and strengthen business relationship
Mitsubishi UFJ Financial Group, Inc.	1,125,900	638	To maintain and strengthen business relationship
Central Japan Railway Company	50,000	603	To maintain and strengthen business relationship
Nomura Holdings, Inc.	827,300	547	To maintain and strengthen business relationship
Toyo Suisan Kaisha, Ltd.	143,000	492	To maintain and strengthen business relationship
Hisamitsu Pharmaceutical Co., Inc.	102,769	479	To maintain and strengthen business relationship
Ajinomoto Co., Inc.	299,000	441	To maintain and strengthen business relationship

## Stocks Held in Trust or Other Legal Entity While Retaining Voting Rights or Voting Instruction Rights

Company	Number of Shares	Balance Sheet Amount (Millions of Yen)	Purpose of Holding
Tokyo Broadcasting System Holdings, Inc.	9,310,500	11,107	To instruct exercise of voting rights
Fuji Media Holdings, Inc.	4,650,000	8,811	To instruct exercise of voting rights
Kao Corporation	2,328,000	8,513	To instruct exercise of voting rights
KDDI Corporation	975,800	5,831	To instruct exercise of voting rights
WOWOW INC.	700,400	2,577	To instruct exercise of voting rights
TV Asahi Corporation	1,271,000	2,376	To instruct exercise of voting rights
Yamato Holdings Co., Ltd.	627,000	1,394	To instruct exercise of voting rights
Seven & i Holdings Co., Ltd.	324,000	1,277	To instruct exercise of voting rights
Shiseido Co., Ltd.	682,000	1,238	To instruct exercise of voting rights
Mizuho Financial Group, Inc.	3,914,000	798	To instruct exercise of voting rights

Note: Investment stock for reasons other than pure investment purposes and stocks held in trust or other legal entity while retaining voting rights or voting instruction rights are not added together when selecting stocks with the largest amounts as recorded in the balance sheet.

## 3) Investment Stock Held for Pure Investment

No items to report

## Remuneration Policy

### 1. Remuneration to Independent Auditors (Certified Public Accountants)

(Millions of Yen)

Category	Previous Fiscal Year		Fiscal Year under Review	
	Remuneration for Independent Auditing Services	Remuneration for Non-Auditing Services	Remuneration for Independent Auditing Services	Remuneration for Non-Auditing Services
Parent Company	180	15	250	20
Consolidated Subsidiaries	147	6	151	—
Total	328	22	401	20

### 2. Other Significant Details Regarding Remuneration

Previous fiscal year (April 1, 2012–March 31, 2013)

For the financial statements of overseas consolidated subsidiaries, remuneration of 43 million yen for services regarded as equivalent to independent auditing services was paid to accountants belonging to the same corporate network as the Company's independent auditing firm, Deloitte Touche Tohmatsu LLC.

Fiscal year under review (April 1, 2013–March 31, 2014)

For the financial statements of overseas consolidated subsidiaries, remuneration of 64 million yen for services regarded as equivalent to independent auditing services was paid to accountants belonging to the same corporate network as the Company's independent auditing firm, Deloitte Touche Tohmatsu LLC.

### 3. Details of Non-Auditing Services Provided to Dentsu Inc. by Independent Auditors

Previous fiscal year (April 1, 2012–March 31, 2013)

Dentsu paid for consultation services on the International Financial Reporting Standard (IFRS).

Fiscal year under review (April 1, 2013–March 31, 2014)

Dentsu paid for services relating to the preparation of a letter of comfort associated with the issuance of new shares and the disposal of treasury stock.

### 4. Policy for Determining Remuneration to Independent Auditors

Remuneration for audits performed by the Company's Independent Auditors is based on overall consideration of such factors as the content of the audits performed in previous fiscal years and the content of the auditing schedule presented by the Independent Auditors for the fiscal year under review.