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## **Notice of Convocation of the 166th Ordinary General Meeting of Shareholders**

**Dentsu Inc.**

June 5, 2015

Our Shareholders

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

Dentsu Inc.

Tadashi Ishii, President & CEO

## **Notice of Convocation of the 166th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 166th 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, June 26 (Fri.), 2015

Doors are scheduled to open at 9:00 AM.

### **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 166th business term (April 1, 2014 to March 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 166th business term (April 1, 2014 to March 31, 2015)

Proposals to be Resolved

Proposal 1 Distribution of Earnings

Proposal 2 Partial Amendments to the Articles of Incorporation

Proposal 3 Appointment of 11 Directors

Proposal 4 Appointment of 1 Audit & Supervisory Board Member

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>).

# **Business Report**

(From April 1, 2014 to March 31, 2015)

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

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

#### **(1) Application of International Financial Reporting Standards (IFRS)**

Dentsu Inc. (hereinafter the “Company”) acquired the Aegis Group plc (hereinafter “Aegis;” changed name to Dentsu Aegis Network Ltd. on March 26, 2013; when referring to this company after the acquisition, hereinafter “Dentsu Aegis Network”), a large UK-based advertising company, in March 2013. The Company and its subsidiaries (hereinafter the “Group”) currently has business operations in over 120 countries and regions, achieving steady, continuous growth. Amid such circumstances, with the intent of improving the ability of financial information to be compared in international context in capital markets, in addition to the previous Japanese GAAP, the Group has applied IFRS from the consolidated fiscal year ended March 31, 2015 (hereinafter “the fiscal year under review”). Differences between Japanese GAAP and IFRS are as shown below.

#### < Reclassification >

- All deferred tax assets and deferred tax liabilities are reclassified to non-current assets and non-current liabilities.
- All non-current assets falling within the definition of investment property under IFRS are reclassified to investment property.
- Based on IFRS presentation requirements, financial assets and financial liabilities are presented separately.
- Revenue from transactions related to advertising services is presented on a net basis while revenue and costs related to business transactions other than advertising services are presented in the gross amount.
- Under Japanese GAAP, “non-operating income,” “non-operating expenses,” “extraordinary income,” and “extraordinary loss” were shown. Under IFRS, financial items are reclassified to “finance income” and “finance costs,” and other items are reclassified to “costs,” “selling, general and administrative expenses,” “other income,” “other expenses,” and “share of results of associates.”

#### < Differences in recognition and measurement >

- Under Japanese GAAP, goodwill was systematically amortised over the periods in which economic benefits from goodwill were reasonably expected to be realised. Under IFRS, goodwill is no longer amortised on and after the Date of Transition.
- Under Japanese GAAP, the Group mainly adopted the declining balance method as the depreciation method for property, plant and equipment (excluding lease assets). Under IFRS, the Group adopts the straight-line method.
- Under Japanese GAAP, actuarial gains and losses were allocated using the straight-line method over a certain number of years, within the average remaining service period of employees at the time of occurrence, and recognised as expense starting from the following year onward. Under IFRS,

actuarial gains and losses are recognised in other comprehensive income at the time of occurrence.

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

The Japanese economy during the fiscal year 2014 under review was on a moderate recovery trend due to improved corporate earnings, a recovery in employment conditions, and higher wages, against a backdrop of aggressive financial and monetary measures of the government and the Bank of Japan. Conversely, on the global level, although the US economy is solid, slowing rates of growth in emerging economies and continued political unrest continued to create an uncertain outlook.

According to *2014 (calendar year) Advertising Expenditures in Japan* (compiled by Dentsu), advertising expenditures totaled 6,152.2 billion yen, an increase of 2.9% compared with the 2013 calendar year, and marking the third consecutive year of growth. After growing due to factors such as a rush in demand prior to the consumption tax increase and the 2014 Sochi Winter Olympics, although there were negative factors such as the consumption tax increase, moderate growth continued due to factors such as the 2014 FIFA World Cup Brazil, and the 2014 calendar year surpassed 6 trillion yen for the first time in six years.

Additionally the growth rate for worldwide advertising expenditure in the 2014 calendar year compiled in March 2015 by the Company's overseas media communication agency and subsidiary Carat showed a 4.6% increase over the previous year. By region, Europe, the Middle East, and Africa (hereinafter "EMEA") showed a 2.6% increase over the previous year, the Americas (hereinafter "Americas") showed a 5.2% increase, and the Asia Pacific region showed (excluding Japan; hereinafter "APAC") a 6.2% increase.

Under such circumstances, the business results of the Group during the fiscal year under review for domestic business operations saw gross profit increase by 1.7% year-on-year. Although there were the effects of the consumption tax increase, factors such as contributions from the 2014 FIFA World Cup in Brazil and sponsorship sales for the 2020 Tokyo Olympics and Paralympics yielded gains compared to the previous year. Additionally, the gross profit organic growth rate in overseas business operations for the fiscal year under review demonstrated double-digit growth of 10.3% year-on-year, owing to factors such as contributions from new clients. Each region also grew year-on-year, with growth of 9.7% in EMEA, 7.9% in the Americas, and 14.4% in APAC.

As a result, for the fiscal year under review, the Group posted 728,626 million yen in revenue (10.4% year-on-year increase), 676,925 million yen in gross profit (10.1% year-on-year increase), 131,937 million yen in underlying operating profit (5.1% year-on-year increase), 132,305 million yen in operating profit (23.3% year-on-year increase), and 79,846 million yen in profit for the year attributable to owners of the parent (20.1% year-on-year increase).

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

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

#### 1) Japan business

In domestic business operations, gross profit of 333,995 million yen (up 1.7% over the previous year) and underlying operating profit of 79,735 million yen (up 2.8% over the previous year) were posted.

#### 2) International business

In overseas business operations, gross profit of 343,232 million yen (up 19.6% over the previous year) and underlying operating profit of 52,618 million yen (up 9.6% over the previous year) were posted.

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

Dentsu's non-consolidated financial results (Japanese GAAP) had a significant impact on the Group's consolidated financial results. The Company posted non-consolidated net sales of 1,535,105 million yen (up 1.3% over the previous year), gross profit of 223,165 million yen (up 1.7%), operating income of 52,421 million yen (up 3.6%), ordinary income of 76,458 million yen (up 9.7%), and net income of 63,950 million yen (up 36.2%).

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

With the completion of the acquisition of Aegis 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. As such marketing convergence advances, the Group strives to evolve into the world's leading global network to contribute to raising corporate value for every type of client.

Under this policy, the current medium-term management plan has defined the following four points as its framework.

- Diversifying the portfolio on a global basis
- Evolution and expansion of the digital sector
- Re-organizing business processes and improving profitability
- Further reinforcing the business platform in the Japanese market which is a core competence

Additionally, targets for the fiscal year ending March 31, 2018 were set 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 fiscal year under review, the Group has applied 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.

Additionally, assuming the approval of a proposal to amend the Articles of Incorporation to change the fiscal year-end at the 166th Ordinary General Meeting of Shareholders to be held in June 2015, the fiscal year-end

of the Company and subsidiaries that do not have a fiscal year-end of December 31 are scheduled to be changed to December 31. As a result, for the fiscal year ending December 31, 2015, the fiscal year will be the nine-month period from April 1, 2015 to December 31, 2015 for the Company and subsidiaries that do not have a fiscal year-end of December 31, and for subsidiaries with a fiscal year-end of December 31, the previous twelve-month period from January 1, 2015 to December 31, 2015.

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

The gross profit organic growth rate in international business for the fiscal year under review was 10.3%, achieving a rate higher than competitors in consecutive years. As a result, the composition ratio of international business in gross profit increased by 4.0 points year-on-year, to 50.7%.

The Group believes reasons for such strong growth to include:

- Through the Group's unique "One P&L" business model for international business, each group company sets shared business targets, realizes seamless cooperation, and provides superior comprehensive client services
- Based on the above, each group company provides one-stop solutions to meet client needs by cooperating and coordinating, leveraging their unique strengths, creating expanded business from existing clients, in addition to solid acquisition of new accounts.

Moving forward, utilizing the client bases that the Company and Aegis have built up to this point, the Group will work to globally expand its strengths in the digital sector and the sports content-business, while making use of M&A to establish and expand a globally competitive global network.

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

Gross profit in the Japanese digital sector for the fiscal year under review was 12% year-on-year, continuing to achieve double-digit growth.

Overseas, the Group implemented M&A in various digital sectors in the fiscal year under review as well. Of the M&A conducted over the course of the year, 11 were in the digital sector, which is approximately half of activity. In recent years, programmatic trading is accelerating growth in the digital sector. Programmatic trading is a transaction method that automatically purchases advertising space in various media based on a variety of data, in order to meet client needs and match degrees of interest from users. Within the Group, AMNET is responsible for business in this domain overseas, and its turnover in the fiscal year under review has doubled compared to the previous fiscal year. Due to growth via M&A and internal growth, the composition of digital in international business grew by 2 points year-on-year, to 43%.

As a result, the share of digital across the entire Group was up by 3 points, to 30% for the fiscal year under review, making progress toward the goal of 35% for the fiscal year ending March 31, 2018.

In the digital sector, the Group will continue to utilize aggressive M&A and work to improve its capabilities and quality of service.

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

Plans for underlying operating margin for the fiscal year under review called for lower results than during the previous fiscal year. This was in order to conduct forward investment in international business to strengthen infrastructure and implement shared services to improve services in the IT and finance sectors. These investments in international business to strengthen infrastructure did not significantly exceed budgeted amounts, and made steady progress in line with initial schedules.

Additionally, in Japan business, steady progress was made for measures to reduce costs, and aided by the effects of continued cost controls, the underlying operating margin in Japan business was 23.9%, an improvement of 0.3 points year-on-year.

While aiming for growth in the top line both Japan and international business, 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” as 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 a 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 in demand after the consumption tax increase after the rush in demand before the consumption tax increase, positive growth was secured, despite the strong growth demonstrated during the previous year.

In Japan as well, the speed of marketing convergence is advancing. In light of such changes to the environment, the Group has already begun to strengthen capabilities in domains such as CRM, business intelligence, and EC.

By expanding business in such domains, further improving service quality in the promotion and creative domains, 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, the Company was designated as the exclusive marketing agency for The Tokyo Organising Committee of the Olympic and Paralympic Games. As a result, the Company will provide support for creating marketing plans and sponsor sales. Concerning sponsor sales, nine gold sponsors were finalized during the fiscal year under review, and progress has been steady. The Company will continue to fulfill its role to serve the above committee as a marketing partner.

In Japan, small signs of a recovery in personal consumption were beginning to be seen against a backdrop of strong corporate earnings, higher wages, and improvements in the employment market. Using the economic environment as a springboard, the Company will aim to achieve growth that outpaces the market.

#### **(5) Promotion of CSR activities as a global network**

Using the ISO26000 CSR, an international standard as a base, in 2013, the Group defined the “Dentsu Group Code of Conduct” basic CSR principles, which dictate action guidelines for management and employees of the Dentsu Group across the world to fulfill their social duties. Under this charter, the following seven core themes are used as a basic framework for CSR activities: Corporate governance; Respect for human rights; Ensuring a safe and civilized working environment; Environmental protection; Fair business practices; Addressing consumer issues; and Contributing to development of the community.

Additionally, with a view to conducting activities on an international scale, the Group has been involved in the United Nations Global Compact since 2009, and in its role as one of the leading companies of the Japan Network, the Group has been advancing activities to identify and consider social issues from a global perspective in cooperation with other member companies.

During the fiscal year under review, the Group deepened cooperation with Dentsu Aegis Network, which has

been operating under the medium-term CSR plan, “Future Proof,” since 2010, as announced by Aegis. Under the above, joint activities were conducted such as charity programs and measure to reduce environmental burdens.

Moving forward, while seeking to heighten awareness of CSR issues across the entire global network, a shared medium-term CSR plan will be defined, and as a global leading group in the communications domain, the Group will work to realize a sustainable society, and heighten activity in CSR activities in both business domains and independent activities.

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

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

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

##### IFRS

	165th Term FY2013	166th Term From April 1, 2014 to March 31, 2015 FY2014
Revenue (Millions of yen)	659,772	728,626
Gross profit (Millions of yen)	614,654	676,925
Operating profit (Millions of yen)	107,283	132,305
Profit for the year (attributable to owners of the parent) (Millions of yen)	66,507	79,846
Basic earnings per share(attributable to owners of the parent) (Yen)	241.49	276.89
Total equity attributable to owners of the parent (Millions of yen)	901,012	1,080,364
Total assets (Millions of yen)	2,685,933	3,159,534

(Note 1) 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 2) Earnings per share is calculated based on the average number of shares during the period.

##### Japanese GAAP

	163rd Term FY2011	164th Term FY2012	165th Term FY2013	166th Term From April 1, 2014 to March 31, 2015 FY2014
Net sales (Millions of yen)	1,893,055	1,941,223	2,309,359	2,419,278
Ordinary income (Millions of yen)	62,843	59,027	82,538	82,578
Net income (Millions of yen)	29,573	36,336	38,800	45,818
Net income per share (Yen)	118.69	145.84	140.89	158.89
Net assets (Millions of yen)	556,889	608,637	908,495	1,057,513
Total assets (Millions of yen)	1,201,894	2,205,569	2,638,319	3,075,028

(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

	163rd Year FY2011	164th Year FY2012	165th Year FY2013	166th Year (the fiscal year under review) FY2014
Net sales (Millions of yen)	1,404,663	1,412,376	1,515,062	1,535,105
Ordinary income (Millions of yen)	40,654	39,091	69,667	76,458
Net income (Millions of yen)	42,212	28,189	46,953	63,950
Net income per share (Yen)	169.42	113.14	170.49	221.77
Net assets (Millions of yen)	463,098	492,505	651,629	776,574
Total assets (Millions of yen)	1,065,664	1,409,387	1,482,661	1,649,418

(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.

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

No special items reported.

#### 5. Status of Financing and Capital Investment

##### (1) Financing

The Group procured 180 million pounds (about 32,000 million yen) and 192 million US dollars (about 23,000 million yen) in November 2014 from financial institutions to be applied to funds to be paid regarding the acquisition of Dentsu Aegis Network.

##### (2) Capital investment

In December 2014, the Group sold 4 non-current assets held by the Company and the consolidated subsidiary, DENTSU WORKS INC. including the Dentsu Tsukiji Building.

#### 6. 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.

#### 7. Main Business Offices of the Company

Headquarters (Minato-ku, Tokyo)

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

Moscow Office (Russia), London Office (England)

(Note) Significant subsidiaries of the Company are as stated in "10. Status of Important Subsidiaries."

#### 8. Situation of Employees of the Group

Number of Employees	Change from Previous Year-end
43,583 persons	Increase of 4,156 persons

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

## 9. 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>
Mitsubishi UFJ Trust and Banking Corporation	<b>25,000</b>
Development Bank of Japan Inc.	<b>23,641</b>
Meiji Yasuda Life Insurance Company	<b>20,000</b>
Nippon Life Insurance Company	<b>10,000</b>
Mitsubishi UFJ Trust and Banking Corporation	<b>48,068</b> [USD 400 million]
Syndicated loan (Note 3)	<b>48,068</b> [USD 400 million]
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	<b>11,536</b> [USD 96 million]
Sumitomo Mitsui Banking Corporation	<b>11,536</b> [USD 96 million]
Mizuho Bank, Ltd.	<b>21,368</b> [GBP 120 million]
Mitsubishi UFJ Trust and Banking Corporation	<b>10,684</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.

## 10. 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> (0.0)	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 706 companies, and the number of associates accounted for using the equity method affiliates is 59 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**

FY2014 subscription rights to shares offering (resolved for issue on June 13, 2014)

Target and number of subscription rights to shares to be allotted	Employees of the Company (Management positions): 1,514 persons
Number of subscription rights to shares	15,140
Type of shares to which subscription rights to shares apply	Common stock
Number of shares to which subscription rights to shares apply	1,514,000 shares
Issue price of subscription rights to shares	3,200 yen
Payment amount upon exercise of subscription rights to shares	4,195 yen
Exercise period of subscription rights to shares	From June 1, 2018 to May 31, 2021
Exercise conditions of subscription rights to shares	<p>(1) Subscription rights to shares may be exercised only during the “Exercise period of subscription rights to shares” to persons holding subscription rights to shares that have achieved the business targets below set forth in the “Dentsu 2017 and Beyond” medium-term management plan. Additionally, to determine business results conditions, the consolidated income statement contained in the consolidated financial results for the fiscal year shown in (i) below will be used as reference, and in the event that there is a significant change to the figures in the financial statements due to factors such as changes to applied accounting standards, the Board of Directors will determine a reasonable reference index (Note).</p> <p>(i) Fiscal year to determine figures for business results conditions (refer to the following figure): FY2017</p> <p>(ii) Consolidated gross profit: 720.0 billion yen or higher (iii) Operating margin before amortization of goodwill: 20% or higher *1 Operating margin before amortization of goodwill = Operating profit before amortisation of goodwill (*2) / Gross profit *2 Operating profit before amortisation of goodwill: Operating profit that is calculated by eliminating amortisation resulting from acquisitions</p> <p>(2) Subscription rights to shares may not be exercised by heirs to the holders of subscription rights to shares.</p> <p>(3) In the event that the exercise of subscription rights to shares causes the total number of issued shares of the Company to exceed the total number of shares available to be issued by the Company, the holder of the subscription rights to shares may not exercise the subscription rights to shares.</p> <p>(4) The holder of the subscription rights to shares may only exercise the subscription rights to shares in increments of five units.</p> <p>(5) Other conditions to exercise rights will be as defined in the subscription rights to shares agreement concluded between the Company and those to which the rights will be allotted.</p>

(Note) At the meeting of the Board of Directors on November 12, 2014, it was resolved to implement an at-will transition from the previous Japanese GAAP to IFRS for the preparation of consolidated financial statements and consolidated financial documents beginning in the fiscal year ended March 31, 2015, in addition to changing the fiscal year-end of the Company to December 31, under the condition that a proposal to amend the Company’s Articles of Incorporation is approved at the 166th Ordinary General Meeting of Shareholders. In line with the above change to accounting standards and fiscal year-end, the Company will define reasonable indexes to be used as reference for determining business results conditions.

**(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 March 31, 2015	From April 1, 2015 Onward
Tadashi Ishii	President & CEO	
Shoichi Nakamoto	Director, Senior Executive Vice President (Responsibilities) Assistance to President, Group CFO, direct management, corporate management, IR, information disclosure	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 (Account Planning Unit)	Director, Executive Vice President (Responsibilities) Domestic operations management, domestic operations (Account Planning Unit), Group
Timothy Andree	Director, Executive Vice President (Responsibilities) Overseas operations management	
Akira Sugimoto	Director, Senior Vice President (Responsibilities) Assistance for domestic operations management (Domestic group overall)	Director
Kunihiro Matsushima	Director, Senior Vice President (Responsibilities) Assistance for corporate management (overseas), Overseas operations	Director, Senior Vice President (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)	
Akira Tonouchi	Director, Executive Officer (Responsibilities) Assistance for domestic operations management (account management, Account Planning Unit)	
Kazufumi Hattori	Director, Executive Officer (Responsibilities) Kansai overall	
Toshihiro Yamamoto	Director, Executive Officer (Responsibilities) Assistance for domestic operations management (in charge of solutions business, Business Development Unit), in charge of MC Planning, Radio, Television, and Entertainment	Director, Executive Officer (Responsibilities) Assistance for domestic operations management (in charge of solutions business, Business Development Unit), MC Planning, Radio, Television, Contents, media business
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 Ryuhei Akiyama and Director Satoshi Ishikawa resigned from their positions as Director with the expiration of their terms of office at the conclusion of the June 27, 2014 Ordinary General Meeting of Shareholders.
2. Audit & Supervisory Board Member Tomoharu Tsuruda resigned from his position as Audit & Supervisory Board Member at the conclusion of the June 27, 2014 Ordinary General Meeting of Shareholders.
3. Director Toshihiro Yamamoto and Director Masaki Fukuyama were elected and took up positions as Directors at the June 27, 2014 Ordinary General Meeting of Shareholders.
4. Audit & Supervisory Board Member Kenichi Kato was elected and took up a position as Audit & Supervisory Board Member at the June 27, 2014 Ordinary General Meeting of Shareholders.
5. Of the Directors, Yutaka Nishizawa and Masaki Fukuyama are Outside Directors pursuant to Article 2 item 15 of the Companies Act.
6. 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.
7. Audit & Supervisory Board Members Atsuko Toyama, Toshiaki Hasegawa, and Kentaro Koga are designated Independent Auditors pursuant to the Tokyo Stock Exchange Securities Listing Regulations.
8. 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.
9. The Company has concluded a contract for limitation of liability with Outside Directors and Outside 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	394 million yen: 14 persons (13 million yen) (3 persons)	100 million yen: 6 persons (28 million yen) (3 persons)	495 million yen: 20 persons (42 million yen) (6 persons)
Bonuses	317 million yen: 10 persons ( - yen) ( - persons)	- yen: - persons ( - yen) ( - persons)	317 million yen: 10 persons ( - yen) ( - persons)
Total	711 million yen: 14 persons (13 million yen) (3 persons)	100 million yen: 6 persons (28 million yen) (3 persons)	812 million yen: 20 persons (42 million yen) (6 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 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 two Directors and one Audit & Supervisory Board Member who resigned at the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2014.
4. Bonuses in the table above shows the amount approved at the meeting of the Board of Directors held in May 2015. 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 (1.2 billion yen per year (of which up to 18 million 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.

## 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 16 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 all 12 meetings of the Board of Directors held since becoming Director and made remarks as necessary, mainly from the viewpoint of an experienced business manager.
Outside Audit & Supervisory Board Member Atsuko Toyama	Attended 14 of the 16 meetings of the Board of Directors held in the fiscal year under review and 16 of 18 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 all 16 meetings of the Board of Directors held in the fiscal year under review and 17 of the 18 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 13 of the 16 meetings of the Board of Directors held in the fiscal year under review and all 18 meetings of the Audit & Supervisory Board. Made remarks as necessary, mainly utilizing his rich experience as a university associate professor (accounting).

## 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. To further improve the Group's competitiveness and profitability and business growth, the Company wishes to return profits to shareholders through improving fundamental corporate value.

The year-end dividend for this year shall be 35 yen per share, comprehensively taking into consideration the aforementioned factors. As a result, because Dentsu has already paid 20 yen per share as an interim dividend, the annual dividend will be 55 yen per share, a 22 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

35 yen per common share          total of 10,092,648,930 yen

Therefore, the annual dividend will be a total of 55 yen including the interim dividend of 20 yen per share.

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

June 29, 2015

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

### 1. Reasons for the proposal

Reasons for the amendments are as follows.

- (1) The business year of the Company has been from April 1 until March 31 of the following year, but under International Financial Reporting Standards (IFRS), the business year will be unified with all consolidated subsidiaries, and while promoting unified group management, with the intent of improving transparency of management through timely and appropriate disclosure of corporate information such as business results, the Company will change its business year from January 1 to December 31 of each year. In line with this change, partial amendments will be made to Article 12 (RECORD DATE), Article 46 (BUSINESS YEAR), Article 47 (DIVIDENDS), and Article 48 (INTERIM DIVIDENDS) of the current Articles of Incorporation. Additionally, in line with the change to the business year, the 167th business term will be the nine-month period from April 1, 2015 to December 31, 2015. As a result, temporary measures will be established concerning the record date of dividends and interim dividends for the 167th business term.
- (2) In line with the promulgation of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014), the conclusion of agreements to limit liability is now possible with Directors who are not Outside Directors (excluding Directors, etc., involved in business execution) and Audit & Supervisory Board Members who are not Outside Audit & Supervisory Board Members. To enable the acquisition of appropriate personnel as Directors and Audit & Supervisory Board Members and to allow them to maximize the fulfillment of their expected roles, the Company will make partial amendments to Article 30 (EXEMPTION FROM DIRECTORS’ LIABILITY) and Article 41 (EXEMPTION FROM CORPORATE AUDITORS’ LIABILITY) of the current Articles of Incorporation. Additionally, concerning changes to Article 30, approval has been received from each Audit & Supervisory Board Member.

### 2. Content of the amendments

The Company proposes partial amendments to the current Articles of Incorporation as follows.

(Sections to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 12 RECORD DATE</p> <p>The Company shall treat shareholders with voting rights who are registered in the closing Shareholder Registry as of the thirty-first (31st) day of <u>March</u> of each year as the shareholders entitled to exercise their votes at the Ordinary General Meeting of Shareholders of the relevant business year.</p>	<p>ARTICLE 12 RECORD DATE</p> <p>The Company shall treat shareholders with voting rights who are registered in the closing Shareholder Registry as of the thirty-first (31st) day of <u>December</u> of each year as the shareholders entitled to exercise their votes at the Ordinary General Meeting of Shareholders of the relevant business year.</p>

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 30 EXEMPTION FROM DIRECTORS' LIABILITY</p> <p>(Omitted)</p> <p>2. The Company may execute an agreement with <u>an Outside Director</u> 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.</p>	<p>ARTICLE 30 EXEMPTION FROM DIRECTORS' LIABILITY</p> <p>(Unchanged)</p> <p>2. The Company may execute an agreement with <u>a Director (excluding Directors, etc., involved in business execution)</u> 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.</p>
<p>ARTICLE 41 EXEMPTION FROM CORPORATE AUDITORS' LIABILITY</p> <p>(Omitted)</p> <p>2. The Company may execute an agreement with <u>an Outside Corporate Auditor</u> 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.</p>	<p>ARTICLE 41 EXEMPTION FROM CORPORATE AUDITORS' LIABILITY</p> <p>(Unchanged)</p> <p>2. The Company may execute an agreement with <u>a Corporate Auditor</u> 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.</p>
<p>ARTICLE 46 BUSINESS YEAR</p> <p>The business year of the Company shall be from the first (1st) day of <u>April</u> of each year to the thirty-first (31st) day of <u>March</u> of the <u>following</u> year.</p>	<p>ARTICLE 46 BUSINESS YEAR</p> <p>The business year of the Company shall be from the first (1st) day of <u>January</u> of each year to the thirty-first (31st) day of <u>December</u> of the <u>same</u> year.</p>
<p>ARTICLE 47 DIVIDENDS</p> <p>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 <u>March</u> of each year.</p>	<p>ARTICLE 47 DIVIDENDS</p> <p>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 <u>December</u> of each year.</p>

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 48 INTERIM DIVIDENDS</p> <p>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 <u>September</u> of each year.</p>	<p>ARTICLE 48 INTERIM DIVIDENDS</p> <p>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 <u>June</u> of each year.</p>
<p>(Newly established)</p>	<p><u>Supplementary Provisions</u>  <u>(167TH BUSINESS TERM)</u>  <u>ARTICLE 1</u>  <u>Regardless of stipulations of Article 46, the 167th business year shall be the period from April 1, 2015 to December 31, 2015.</u>  <u>(RECORD DATE FOR INTERIM DIVIDENDS FOR THE 167TH BUSINESS TERM)</u>  <u>ARTICLE 2</u>  <u>Regardless of stipulation of Article 48, the record date for interim dividends for the 167th business term shall be September 30, 2015.</u>  <u>(VALID PERIOD FOR SUPPLEMENTARY PROVISIONS)</u>  <u>ARTICLE 3</u>  <u>These supplementary provisions are valid until December 31, 2015, and will be deleted after the passing of this date.</u></p>

**Proposal No. 3: Appointment of 11 Directors**

The terms of office of 12 Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, we request the appointment of 11 Directors.

In the event that Proposal No. 2: Partial Amendments to the Articles of Incorporation is approved as presented, under the stipulations of the Articles of Incorporation after the change, the terms of office for the Directors 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 2016.

The Director candidates are as follows.

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, and Situation of Important Con-current Positions
1	Tadashi Ishii March 10, 1951 15,325 shares	<p>April 1973      Joined Dentsu</p> <p>June 1999      Director, Account Management Division, Account Planning Unit 4, Dentsu</p> <p>June 2002      Senior Vice President, Dentsu</p> <p>June 2004      Executive Senior Vice President, Dentsu</p> <p>June 2006      Director, Senior Vice President, Dentsu</p> <p>April 2009      Director, Executive Vice President, Dentsu</p> <p>April 2011      President and CEO, Dentsu (current post)</p> <p>(Situation of important con-current posts)</p> <p>Non-executive Director, Dentsu Aegis Network Ltd.</p> <p>Outside Director, TOKYO BROADCASTING SYSTEM HOLDINGS, INC.</p> <p>Director, Tokyo Broadcasting System Television, Inc.</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, and Situation of Important Con-current Positions
2	Shoichi Nakamoto November 15, 1950 17,350 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 (current post)</p> <p>(Responsibilities) Assistance to the President, Group CFO, direct management, corporate management</p> <p>(Situation of important con-current posts) Non-executive Director, Dentsu Aegis Network Ltd. Chairman, Dentsu Corporate Pension Fund</p>
3	Yuzuru Kato March 25, 1951 7,548 shares	<p>April 1973      Joined Dentsu</p> <p>April 2004      Director, Account Management Division, Account Planning Unit 5, Dentsu</p> <p>July 2006      Executive Project Manager, International Business Management Division, International Unit; General Manager, Network Business Promotion Office; and Manager, ASEAN Region Office</p> <p>July 2008      Director, Global Business Management Division, Dentsu</p> <p>April 2009      Executive Officer, Dentsu</p> <p>April 2011      Senior Vice President, Dentsu</p> <p>June 2011      Director, Senior Vice President, Dentsu</p> <p>April 2013      Director, Executive Vice President (current post)</p> <p>(Responsibilities) Domestic operations management, domestic operations (Account Planning Unit), Group</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, and Situation of Important Con-current Positions
4	Timothy Andree April 28, 1961 6,266 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>(Situation of important con-current posts) Executive Chairman, Dentsu Aegis Network Ltd. President &amp; CEO, Dentsu Holdings USA, LLC.</p>
5	Kunihiro Matsushima February 7, 1955 3,630 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 (current post)</p> <p>(Responsibilities) Assistance for corporate management (overseas), IR, information disclosure</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>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, and Situation of Important Con-current Positions
6	Yoshio Takada March 19, 1955 3,672 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</p> <p>April 2010      Executive Officer, Dentsu</p> <p>April 2012      Executive Officer and Director, Media Services / Radio, TV &amp; Entertainment Division</p> <p>April 2013      Senior Vice President, Dentsu</p> <p>June 2013      Director, Senior Vice President, Dentsu (current post)</p> <p>(Responsibilities) Assistance for domestic operations management (media business, Media Contents Unit)</p> <p>(Situation of important con-current posts) Outside Director, D2C Inc. Outside Corporate Auditor, Kyodo Television, Ltd.</p>
7	Akira Tonouchi January 15, 1953 6,556 shares	<p>April 1975      Joined Nihon Tennenshoku Eiga Kabushikigaisha</p> <p>April 1977      Joined Video Tokyo</p> <p>January 1978    Joined Dentsu</p> <p>August 2001    Director, Creative Direction Division 2, Account Planning Unit 2, Dentsu</p> <p>April 2006      Director, Account Planning Division 1, Account Sales Unit 9, Dentsu</p> <p>April 2009      Executive Officer, Dentsu</p> <p>June 2013      Director, Executive Officer, Dentsu (current post)</p> <p>(Responsibilities) Assistance for domestic operations management (account management, Account Planning Unit)</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, and Situation of Important Con-current Positions
8	Kazufumi Hattori October 27, 1953 3,639 shares	<p>April 1977      Joined Dentsu</p> <p>January 2008    Director, Account Management Division, Kyoto, Kansai Unit, Dentsu</p> <p>July 2008       Director, Account Management Division, Kyoto, Dentsu</p> <p>April 2012      Executive Officer, Dentsu</p> <p>June 2013      Director, Executive Officer, Dentsu (current post)</p> <p>(Responsibilities) Kansai overall</p>
9	Toshihiro Yamamoto May 31, 1958 4,060 shares	<p>April 1981      Joined Dentsu</p> <p>July 2008      Executive Project Manager, Communication Design Center, Dentsu</p> <p>April 2009      Director, Communication Design Center, Dentsu</p> <p>April 2010      Director, Communication Design Center and Director, MC Planning Division, Dentsu</p> <p>April 2011      Executive Officer, Dentsu</p> <p>June 2014      Director, Executive Officer, Dentsu (current post)</p> <p>(Responsibilities)</p> <p>Assistance for domestic operations management (Solutions business, Business Development Unit), in charge of MC Planning, Radio, Television, Contents, Media Business Promotion</p> <p>(Situation of important con-current posts)</p> <p>Director, CAL Co., Ltd.</p> <p>Director, Dentsu Digital Holdings, Inc.</p> <p>Outside Director, Interactive Program Guide Inc.</p>

Candidate No.	Name Date of Birth No. of Dentsu Shares Held	Bio, Position, Responsibilities, and Situation of Important Con-current Positions
10	Yutaka Nishizawa June 18, 1950 0 shares  (Outside Director)	<p>April 1974      Joined Jiji Press</p> <p>April 1989      Seoul correspondent, Jiji Press</p> <p>April 1999      Director, Nagano Bureau, Jiji Press</p> <p>April 2002      Senior Manager, World Affairs Weekly Editorial Division, Publishing Department, Jiji Press</p> <p>April 2004      Director, Yokohama Bureau, Jiji Press</p> <p>April 2006      Finance and Accounting Director and General Manager, Processing Department, Jiji Press</p> <p>June 2008      Director, Jiji Press</p> <p>June 2012      President, Jiji Press (current post)</p> <p>June 2013      Director, Dentsu (current post)</p> <p> (Situation of important con-current posts)</p> <p>President, Jiji Press</p> <p>Representative Director, Central Research Services, Inc.</p> <p>Chairman, Naigai Josei Chosakai</p>
11	Masaki Fukuyama November 20, 1948 0 shares  (Outside Director)	<p>April 1971      Joined Kyodo News</p> <p>September 1998      Senior Manager, Political Desk, Editorial Division, Kyodo News</p> <p>September 2004      Director, Administration Division, Kyodo News</p> <p>June 2005      Director and Senior Manager, Media Department, Kyodo News</p> <p>June 2007      Director and Senior Manager, Administration Department, Kyodo News</p> <p>June 2008      Director, Kyodo News</p> <p>June 2012      Representative Director and Executive Vice President, Kyodo Tsushin Kaikan</p> <p>June 2013      President and Editor in Chief, Kyodo News (current post)</p> <p>June 2014      Director, Dentsu (current post)</p> <p> (Situation of important con-current posts)</p> <p>President, Kyodo News</p>

(Note 1) Dentsu Aegis Network Ltd. at which Director candidates Tadashi Ishii, Shoichi Nakamoto, Yuzuru Kato and Kunihiro Matsushima serve as Non-executive Directors and Director candidate 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) Director candidate 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) Director candidate Shoichi Nakamoto con-currently serves as Chairman of the Dentsu Corporate Pension Fund, which has a business relationship with the Company.

(Note 4) Director candidate Timothy Andree con-currently serves as President & CEO of Dentsu Holdings USA, LLC which has a business relationship with the Company.

- (Note 5) Director Candidate Kunihiro Matsushima con-currently serves as Director at Wunderman Dentsu Inc., Director at Dentsu Sudler & Hennessey Inc., Director at Dentsu Young & Rubicam Inc., and Representative Director and Chairman at 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.
- (Note 6) Director candidate Yoshio Takada con-currently serves as Outside Director at D2C Inc. and Outside Corporate Auditor at Kyodo Television, Ltd., which have business relationships with the Company respectively and are in competition with the Company in the advertising business.
- (Note 7) Director candidate Toshihiro Yamamoto con-currently serves as Director at CAL Co., Ltd., Outside Director at Interactive Program Guide Inc., and Director at Dentsu Digital Holdings, Inc., 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 CAL Co., Ltd. and debts and loans between Dentsu and Dentsu Digital Holdings, Inc. through group financing.
- (Note 8) Director candidates Yutaka Nishizawa and Masaki Fukuyama are Outside Director candidates pursuant to Item 7, Paragraph 3, Article 2 of the Order for Enforcement of the Companies Act. The reasons for the candidacy of these persons as Outside Directors are as follows. Yutaka Nishizawa is involved in the management of Jiji Press and Masaki Fukuyama in the management of Kyodo News. We expect them to supervise and act as a check function for management from their viewpoints of their vast experience and insight as experts on management honed through their respective histories.
- (Note 9) Outside Director candidate Yutaka Nishizawa con-currently serves as President of Jiji Press, Representative Director of Central Research Services, Inc., and Chairman of Naigai Josei Chosakai, which have business relationships with the Company respectively.
- (Note 10) At Jiji Press, at which Outside Director candidate Yutaka Nishizawa has served as Director since June 2008, an incident occurred in June 2012 in which an article copied and created by an employee of Jiji Press from a distributed article from Kyodo News was distributed. Mr. Nishizawa was not aware of this fact beforehand, but has been actively involved in efforts to enhance compliance and develop internal control systems as a member of the Board of Directors at Jiji Press on a regular basis. After said incident, he fulfilled his duties appropriately towards the prevention of recurrence and recovery of trust through actions such as establishing a disciplinary committee and instructing a thorough investigation and prevention of recurrence.
- (Note 11) Outside Director candidate Masaki Fukuyama con-currently serves as President of Kyodo News, which has business relationships with the Company.
- (Note 12) Both Director candidates Yutaka Nishizawa and Masaki Fukuyama are executing persons of companies that have a special relationship with the Company.
- (Note 13) Outside Director candidate Yutaka Nishizawa is currently an Outside Director of the Company and will have served as Outside Director for two years since his appointment at the conclusion of this General Meeting of Shareholders.
- (Note 14) Outside Director candidate Masaki Fukuyama is currently an Outside Director of the Company and will have served as Outside Director for one year since his appointment at the conclusion of this General Meeting of Shareholders.
- (Note 15) Dentsu has concluded a contract for limitation of liability with Director candidates Yutaka Nishizawa and Masaki Fukuyama for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act, whichever is higher. In the case that each appointment is approved, the Company plans to continue with the above contracts for limitation of liability.
- (Note 16) There are no vested interests between the other Director candidates and Dentsu.

#### Proposal No. 4: Appointment of 1 Audit & Supervisory Board Member

The term of office of Dentsu Audit & Supervisory Board Member Toshiaki Hasegawa will expire at the conclusion of this General Meeting of Shareholders. Therefore, we request the appointment of 1 Audit & Supervisory Board Member.

In the event that Proposal No. 2: Partial Amendments to the Articles of Incorporation is approved as presented, under the stipulations of the Articles of Incorporation after the change, the terms of office for the Audit & Supervisory Board 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 2019.

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

The Audit & Supervisory Board Member candidate is as follows.

Name Date of Birth No. of Dentsu Shares Held	Bio, Position, and Situation of Important Con-current Positions
Toshiaki Hasegawa September 13, 1948 0 shares (Outside Audit & Supervisory Board Member)	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 & Co. Law Offices (current post) June 2011 Audit & Supervisory Board Member, Dentsu (current post)  (Situation of important con-current posts) Representative, T. Hasegawa & Co. Law Offices Outside Corporate Auditor, Mizuho Bank, Ltd. Outside Corporate Auditor, Mitsui Fudosan Co., Ltd.

(Note 1) Audit & Supervisory Board Member candidate Toshiaki Hasegawa is an Outside Audit & Supervisory Board Member candidate pursuant to Item 8, Paragraph 3, Article 2 of the Order for Enforcement of the Companies Act. The reasons for the candidacy of this person as an Outside Audit & Supervisory Board Member are as follows.

Mr. Toshiaki Hasegawa has been selected as an Outside Audit & Supervisory Board Member candidate as the Company believes that his specialized expertise and wealth of experience as an international business lawyer will be effective in auditing the execution of business by Directors. Additionally, although he has not been involved in corporate management outside in the past aside from roles as Outside Director or Outside Audit & Supervisory Board Member, due to the above reasons and his contribution to maintaining the health of the Company's management for the past four years, the Company believes that he will continue to appropriately execute business as Outside Audit & Supervisory Board Member in the future.

(Note 2) Outside Audit & Supervisory Board Member candidate Toshiaki Hasegawa con-currently serves as Outside Corporate Auditor of Mizuho Bank, Ltd. and Mitsui Fudosan Co., Ltd., which have business relationships with Dentsu respectively.

(Note 3) In December 2013, Mizuho Bank, Ltd., for which Outside Audit & Supervisory Board Member candidate 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, Board of Corporate Auditors, etc., concerning the establishment and status of operations of a structure to terminate relationships with anti-social forces, and has been appropriately fulfilling his duties at the aforementioned bank.

- (Note 4) Outside Audit & Supervisory Board Member candidate Toshiaki Hasegawa is currently an Outside Audit & Supervisory Board Member of the Company and will have served as Outside Audit & Supervisory Board Member for four years since his appointment at the conclusion of this General Meeting of Shareholders.
- (Note 5) Dentsu has concluded a contract for limitation of liability with Outside Audit & Supervisory Board Member candidate Toshiaki Hasegawa for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act, whichever is higher. In the case that his appointment is approved, the Company plans to continue with the above contract for limitation of liability.
- (Note 6) The Company has submitted Outside Audit & Supervisory Board Member candidate Toshiaki Hasegawa as an Independent Auditor as stipulated by the Tokyo Stock Exchange, and in the case that his appointment is approved, the Company plans to continue to submit him as an Independent Director/Auditor.
- (Note 7) There are no vested interests between Outside Audit & Supervisory Board Member candidate Toshiaki Hasegawa and Dentsu.

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

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

Deloitte Touche Tohmatsu LLC

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

(1) Fee for Independent Auditor relating to this fiscal year           203 million yen

(Note) Fee paid under the terms of the audit contract concluded between Dentsu and the Independent Auditor, in relation to audit attestation based on the Companies Act and the Financial Instruments and Exchange Act are not clearly classified and, since amount of fees to be paid to the Independent Auditor is given.

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

346 million yen

(Note) Dentsu 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 and Paragraph 3 of the Companies Act.

## Consolidated Statement of Financial Position

(As of March 31, 2015)

(Unit: Million yen)

Assets		Liabilities and Equity	
Account item	Amount	Account item	Amount
Current assets	1,681,861	Current liabilities	1,511,256
Cash and cash equivalents	365,379	Trade and other payables	1,231,220
Trade and other receivables	1,224,190	Bonds and borrowings	73,653
Inventories	25,982	Other financial liabilities	54,082
Other financial assets	22,732	Income tax payables	21,520
Other current assets	43,575	Provisions	208
		Other current liabilities	130,571
Non-current assets	1,477,673	Non-current liabilities	537,214
Property, plant and equipment	199,037	Bonds and borrowings	335,965
Goodwill	656,565	Other financial liabilities	69,765
Intangible assets	274,745	Liability for retirement benefits	43,674
Investment property	42,160	Provisions	4,627
Investments accounted for using the equity method	53,042	Other non-current liabilities	8,849
Other financial assets	214,393	Deferred tax liabilities	74,331
Other non-current assets	22,134	Total liabilities	2,048,470
Deferred tax assets	15,594	Total equity attributable to owners of the parent	1,080,364
		Share capital	74,609
		Share premium account	99,906
		Treasury shares	(131)
		Other components of equity	292,652
		Retained earnings	613,327
		Non-controlling interests	30,699
		Total equity	1,111,063
Total assets	3,159,534	Total liabilities and equity	3,159,534

## **Consolidated Statement of Income**

(From April 1, 2014 to March 31, 2015)

(Unit: Million yen)

Account item	Amount
Turnover (Note)	4,642,390
Revenue	728,626
Cost	51,701
Gross profit	676,925
Selling, general and administrative expenses	572,084
Other income	39,102
Other expenses	11,638
Operating profit	132,305
Share of results of associates	7,178
Profit before interest and tax	139,483
Finance income	7,067
Finance costs	12,255
Profit before tax	134,295
Income tax expense	49,649
Profit for the year	84,645
Profit attributable to:	
Owners of the parent	79,846
Non-controlling interests	4,799

(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, 2014 to March 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, 2014	74,609	99,906	(104)	-	160,772	11,127	15,267
Profit for the year							
Other comprehensive income					45,129	1,004	66,847
Comprehensive income for the year	-	-	-	-	45,129	1,004	66,847
Repurchase of treasury shares			(27)				
Disposal of treasury shares		0	0				
Issue of share options				48			
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							(732)
Transactions with owners—total	-	0	(27)	48	-	-	(732)
As of March 31, 2015	74,609	99,906	(131)	48	205,902	12,131	81,382

(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, 2014	(14,456)	172,711	553,889	901,012	24,709	925,722
Profit for the year		-	79,846	79,846	4,799	84,645
Other comprehensive income	7,643	120,625		120,625	1,092	121,717
Comprehensive income for the year	7,643	120,625	79,846	200,471	5,891	206,363
Repurchase of treasury shares		-		(27)		(27)
Disposal of treasury shares		-		0		0
Issue of share options		48		48		48
Dividends		-	(10,669)	(10,669)	(2,498)	(13,167)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control		-	(10,471)	(10,471)	2,596	(7,875)
Transfer from other components of equity to retained earnings		(732)	732	-		-
Transactions with owners—total	-	(684)	(20,408)	(21,119)	97	(21,021)
As of March 31, 2015	(6,813)	292,652	613,327	1,080,364	30,699	1,111,063

## Nonconsolidated Balance Sheet

(As of March 31, 2015)

(Unit: Million yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	613,208	Current liabilities	599,139
Cash and deposits	143,514	Notes payable-trade	5,096
Notes receivable-trade	23,737	Accounts payable-trade	402,739
Accounts receivable-trade	367,220	Short-term loans payable	96,995
Works	689	Current portion of long-term loans payable	30,026
Work in process	12,093	Lease obligations	6
Supplies	44	Other payables	11,011
Prepaid expenses	601	Accrued expenses	18,642
Deferred tax assets	471	Income taxes payable	8,159
Other	66,086	Advances received	15,673
Allowance for doubtful accounts	(1,252)	Deposits received	1,627
Non-current assets	1,036,210	Unearned revenue	120
Property, plant and equipment	191,455	Provision for directors' bonuses	318
Buildings, net	47,254	Other	8,721
Structures, net	844	Non-current liabilities	273,705
Vehicles, net	41	Long-term loans payable	216,683
Tools, furniture and fixtures, net	1,614	Lease obligations	10
Land	141,700	Provision for retirement benefits	27,453
Intangible assets	12,916	Deferred tax liabilities	20,084
Software	12,742	Deferred tax liabilities for land revaluation	5,943
Other	173	Other	3,529
Investments and other assets	831,838	Total Liabilities	872,844
Investment securities	170,024	Net Assets	
Shares of subsidiaries and associates	522,015	Shareholders' equity	691,392
Investments in other securities of subsidiaries and associates	57,827	Capital stock	74,609
Investments in capital of subsidiaries and associates	2,496	Capital surplus	100,106
Long-term loans receivable	53,671	Legal capital surplus	76,541
Other	26,576	Other capital surplus	23,564
Allowance for doubtful accounts	(773)	Retained earnings	516,807
		Legal retained earnings	722
		Other retained earnings	516,085
		Reserve for special account for advanced depreciation of non-current assets	3,881
		General reserve	445,500
		Retained earnings brought forward	66,704
		Treasury shares	(131)
		Valuation and translation adjustments	85,133
		Valuation difference on available-for-sale securities	80,751
		Deferred gains or loss on hedges	12,830
		Revaluation reserve for land	(8,447)
		Subscription rights to shares	48
		Total net assets	776,574
Total Assets	1,649,418	Total liabilities and net assets	1,649,418

## Nonconsolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

(Unit: Million yen)

Account item	Amount	
Net sales		1,535,105
Cost of sales		1,311,939
Gross profit		223,165
Selling, general, and administrative expenses		170,743
Operating income		52,421
Non-operating income		
Interest and dividend income	21,003	
Profit distributions	4,612	
Other	4,124	29,741
Non-operating expenses		
Interest expenses	2,035	
Amortization of long-term prepaid expenses	2,603	
Other	1,064	5,703
Ordinary income		76,458
Extraordinary income		
Gain on sales of non-current assets	22,223	
Other	593	22,816
Extraordinary loss		
Loss on sales of non-current assets	4,249	
Loss on valuation of shares of subsidiaries and associates	1,248	
Impairment loss	349	
Special retirement benefits	3,783	
Other	1,220	10,850
Income before income taxes		88,424
Income taxes-current	17,969	
Income taxes-deferred	6,504	24,474
Net income		63,950

## Nonconsolidated Statement of Changes in Net Assets

(From April 1, 2014 to March 31, 2015)

(Unit: Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
As of April 1, 2014	74,609	76,541	23,564	100,106
Cumulative effects of changes in accounting policies	-	-	-	-
Restated balance	74,609	76,541	23,564	100,106
Changes of items during the period				
Dividends from retained earnings	-	-	-	-
Provision of reserve for special account for advanced depreciation of non-current assets	-	-	-	-
Provision for general reserve	-	-	-	-
Net income	-	-	-	-
Reversal of land revaluation differences	-	-	-	-
Purchase of treasury shares	-	-	-	-
Disposal of treasury shares	-	-	0	0
Changes in items other than shareholders' equity during the period – net	-	-	-	-
Total changes of items during the period	-	-	0	0
As of March 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 special account for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
As of April 1, 2014	722	-	410,500	51,927	463,150	(104)	637,762
Cumulative effects of changes in accounting policies	-	-	-	(1,928)	(1,928)	-	(1,928)
Restated balance	722	-	410,500	49,999	461,221	(104)	635,833
Changes of items during the period							
Dividends from retained earnings	-	-	-	(10,669)	(10,669)	-	(10,669)
Provision of reserve for special account for advanced depreciation of non-current assets	-	3,881	-	(3,881)	-	-	-
Provision for general reserve	-	-	35,000	(35,000)	-	-	-
Net income	-	-	-	63,950	63,950	-	63,950
Reversal of land revaluation differences	-	-	-	2,305	2,305	-	2,305
Purchase of treasury shares	-	-	-	-	-	(27)	(27)
Disposal of treasury shares	-	-	-	-	-	0	0
Changes in items other than shareholders' equity during the period – net	-	-	-	-	-	-	-
Total changes of items during the period	-	3,881	35,000	16,704	55,585	(27)	55,558
As of March 31, 2015	722	3,881	445,500	66,704	516,807	(131)	691,392

(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, 2014	12,569	8,183	(6,885)	13,867	-	651,629
Cumulative effects of changes in accounting policies	-	-	-	-	-	(1,928)
Restated balance	12,569	8,183	(6,885)	13,867	-	649,700
Changes of items during the period						
Dividends from retained earnings	-	-	-	-	-	(10,669)
Provision of reserve for special account for advanced depreciation of non-current assets	-	-	-	-	-	-
Provision for general reserve	-	-	-	-	-	-
Net income	-	-	-	-	-	63,950
Reversal of land revaluation differences	-	-	-	-	-	2,305
Purchase of treasury shares	-	-	-	-	-	(27)
Disposal of treasury shares	-	-	-	-	-	0
Changes in items other than shareholders' equity during the period – net	68,181	4,646	(1,562)	71,266	48	71,314
Total changes of items during the period	68,181	4,646	(1,562)	71,266	48	126,873
As of March 31, 2015	80,751	12,830	(8,447)	85,133	48	776,574

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 18, 2015

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 March 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, 2014 to March 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 March 31, 2015, and the results of their operations for the fiscal year then ended.

### **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.

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 18, 2015

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 March 31, 2015 of Dentsu Inc. (the "Company"), and the related nonconsolidated statements of income and changes in net assets for the 166th fiscal year from April 1, 2014 to March 31, 2015, and the related notes to nonconsolidated financial statements, and the accompanying supplemental schedules.

### **Management's Responsibility for the 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 March 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 166th fiscal year between April 1, 2014 and March 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 FY2014 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 and other important meetings, 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 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.

May 19, 2015

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