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(Securities Code: 9747)
March 9, 2016
ASATSU-DK INC.
23-1, Toranomom 1-chome,
Minato-ku, Tokyo, Japan

Convocation Notice of the 61st Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to the 61st Ordinary General Meeting of Shareholders of ASATSU-DK INC. (the "Company"), which will be held as set forth below.

If you do not attend the meeting, you may vote on the proposals in writing or electronically (via the Internet, etc.). For electronic voting, you may access the web site at <http://www.tosyodai54.net> or use the Electronic Voting Platform for Foreign and Institutional Investors. Your vote in writing or at the URL above will be accepted when made by 5 p.m., Tuesday, March 29, 2016, Tokyo time. The deadline for voting via the Platform is subject to terms and conditions among Investor Communications Japan, Inc., an investor and its custodian and nominee, if any.

- 1. Date and Time:** 10 a.m., Wednesday, March 30, 2016 (The reception desk opens at 9:30 a.m.)
2. Location: Toranomom Hills Mori Tower 4F Toranomom Hills Forum Hall B, 23-3, 1-chome, Toranomom, Minato-ku, Tokyo
* Please be advised that a social gathering of shareholders after the conclusion of the General Meeting of Shareholders has been cancelled since last year.

3. Agenda: Reports

1. The Business Report, Consolidated Financial Statements, and the results of the audit of the Consolidated Financial Statements by the Independent Auditor and the Board of Corporate Auditors for the 61st Fiscal Year (from January 1, 2015 through December 31, 2015)
2. The results of the Non-consolidated Financial Statements of the 61st Fiscal Year (from January 1, 2015 through December 31, 2015)

Proposals

- Proposal 1:** Partial amendments to the Articles of Incorporation
Proposal 2: Election of six (6) directors (excluding directors serving as Members of Audit and Supervisory Committee)
Proposal 3: Election of three (3) directors serving as Members of Audit and Supervisory Committee
Proposal 4: Election of one (1) substitute director serving as a Member of Audit and Supervisory Committee
Proposal 5: Determination of the amount of compensation for directors (excluding directors serving as Members of Audit and Supervisory Committee)
Proposal 6: Determination of the amount of compensation for directors serving as Members of Audit and Supervisory Committee
Proposal 7: Determination of the amount of bonuses for directors (excluding directors serving as Members of Audit and Supervisory Committee)
Proposal 8: Determination of the amount of compensation for directors (excluding directors serving as Members of Audit and Supervisory Committee) related to stock acquisition rights issued as stock compensation-type stock options

4. Matters Determined Regarding the Exercise of Voting Rights

- (1) In case there is no indication for or against the proposal on the Voting Card mailed to the Company, it shall be treated as approval of the proposal.
- (2) If voting rights are exercised both by mail and via the Internet, etc., only the vote registered via the Internet, etc., shall be recognized as valid.
- (3) If voting rights are exercised via the Internet, etc., more than once, only the last vote shall be recognized as valid.

5. Other Matters Concerning This Convocation Notice of the 61st Ordinary General Meeting of Shareholders

- (1) The following matters are posted on the Company's web site (<http://www.adk.jp>) based on laws and regulations and the provision of Article 15 of the Company's Articles of Incorporation. Therefore, these matters are not included in the documents attached to this Convocation Notice of the 61st Ordinary General Meeting of Shareholders.
 - 1) Notes to the consolidated financial statements
 - 2) Notes to the non-consolidated financial statements
- (2) Should any revision be made to the Voting Information, Business Report, Non-consolidated and Consolidated Financial Statements, it will appear on the Company's web site (<http://www.adk.jp>).

Sincerely yours,
Shinichi Ueno
Representative Director
President & Group CEO

Voting Information

Proposals and References:

Proposal 1: Partial amendments to the Articles of Incorporation

1. Reason for the proposal

The Company recognizes that strengthening corporate governance is an essential factor for the continuous enhancement of corporate value, and one of the important management tasks. With the aim of improving the supervisory function by the Company's Board of Directors to further enhance its corporate governance, the Company intends to make the transition to a Company with Audit and Supervisory Committee. Accordingly, we propose that necessary amendments to the Articles of Incorporation as well as revisions, etc. to the wording thereof be made.

2. Details of the amendments

Details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER 1 General Provisions</p> <p>Article 1 to Article 3 (Omitted)</p> <p>(Governing Bodies of the Company)</p> <p>Article 4</p> <p style="padding-left: 20px;">The Company shall have the following governing bodies in addition to the General Meeting of Shareholders and Directors:</p> <p style="padding-left: 40px;">(1) Board of Directors</p> <p style="padding-left: 40px;">(2) <u>Auditors</u></p> <p style="padding-left: 40px;">(3) <u>Board of Auditors</u></p> <p style="padding-left: 40px;">(4) <u>Accounting Auditors</u></p> <p>Article 5 to Article 17 (Omitted)</p> <p style="text-align: center;">CHAPTER 4 Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 18</p> <p style="padding-left: 20px;">The number of Directors of the Company shall be three (3) or more.</p>	<p style="text-align: center;">CHAPTER 1 General Provisions</p> <p>Article 1 to Article 3 (Unchanged)</p> <p>(Governing Bodies of the Company)</p> <p>Article 4</p> <p style="padding-left: 20px;">The Company shall have the following governing bodies in addition to the General Meeting of Shareholders and Directors:</p> <p style="padding-left: 40px;">(1) Board of Directors</p> <p style="padding-left: 40px;">(2) <u>Audit and Supervisory Committee</u></p> <p style="padding-left: 40px;">(Deleted)</p> <p style="padding-left: 40px;">(3) <u>Accounting Auditors</u></p> <p>Article 5 to Article 17 (Unchanged)</p> <p style="text-align: center;">CHAPTER 4 Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 18</p> <p style="padding-left: 20px;">The number of Directors <u>(excluding Directors serving as Members of Audit and Supervisory Committee)</u> of the Company shall be three (3) or more, <u>and the number of Directors serving as Members of Audit and Supervisory Committee shall be three (3) or more.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Appointment) Article 19</p> <p>1. Directors shall be appointed at the General Meeting of Shareholders.</p> <p>2. to 3. (Omitted) (New)</p> <p>(New)</p>	<p>(Appointment) Article 19</p> <p>1. Directors shall be appointed <u>separately for Directors serving as Members of Audit and Supervisory Committee and other Directors</u> at the General Meeting of Shareholders.</p> <p>2. to 3. (Unchanged)</p> <p>4. Pursuant to Article 329, Paragraph 3 of the Companies Act, in preparation for cases where the number of Directors serving as Members of Audit and Supervisory Committee is less than the number prescribed in laws and regulations or these Articles of Incorporation, the Company may appoint substitute Directors serving as Members of Audit and Supervisory Committee who fill the vacancy at the General Meeting of Shareholders.</p> <p>5. The effective term of the resolution concerning the appointment of substitute Directors serving as Members of Audit and Supervisory Committee in the preceding paragraph shall expire at the beginning of the Ordinary General Meeting of Shareholders for the latest business year ending within two (2) years after the resolution of the said appointment, unless it is shortened by the said resolution.</p>
<p>(Term of Office) Article 20</p> <p>The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the latest business year ending within one (1) year after his or her appointment.</p> <p>(New)</p> <p>(New)</p>	<p>(Term of Office) Article 20</p> <p>1. The term of office of a Director <u>(excluding a Director serving as a Member of Audit and Supervisory Committee)</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the latest business year ending within one (1) year after his or her appointment.</p> <p>2. The term of office of a Director serving as a Member of Audit and Supervisory Committee shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the latest business year ending within two (2) years after his or her appointment.</p> <p>3. The term of office of a Director serving as a Member of Audit and Supervisory Committee appointed to fill a vacancy of a Director serving as a Member of Audit and Supervisory Committee who has retired before the expiration of his/her term of office shall continue until the end of the term of the resigned Director serving as a Member of Audit and Supervisory Committee.</p>

Current Articles of Incorporation	Proposed Amendments
(Representative Directors, Directors with a Post and Counselors) Article 21	(Representative Directors, Directors with a Post and Counselors) Article 21
1. The Board of Directors shall select Representative Directors from among Directors.	1. The Board of Directors shall select Representative Directors from among Directors <u>(excluding Directors serving as Members of Audit and Supervisory Committee)</u> .
2. Chairman, Vice-Chairman, President and Directors with other titles may be appointed by a resolution of the Board of Directors.	2. Chairman, Vice-Chairman, President and Directors with other titles <u>(in any cases, excluding Directors serving as Members of Audit and Supervisory Committee)</u> may be appointed by a resolution of the Board of Directors.
3. (Omitted)	3. (Unchanged)
Article 22 (Omitted)	Article 22 (Unchanged)
(Convocation Notice of the Meeting of the Board of Directors)	(Convocation Notice of the Meeting of the Board of Directors)
Article 23	Article 23
1. Convocation notice of the Meeting of the Board of Directors shall be given to all Directors <u>and Auditors</u> three (3) days in advance of each meeting. However, such period may be shortened in the event of emergencies.	1. Convocation notice of the Meeting of the Board of Directors shall be given to all Directors three (3) days in advance of each meeting. However, such period may be shortened in the event of emergencies.
2. If all Directors <u>and Auditors</u> are in unanimous agreement, the Board of Directors may be convened without going through the convening procedures.	2. If all Directors are in unanimous agreement, the Board of Directors may be convened without going through the convening procedures.
(Method of Resolutions of the Board of Directors)	(Method of Resolutions of the Board of Directors)
Article 24	Article 24
1. The resolutions of the Board of Directors shall be adopted by a majority vote with more than half of the directors present.	1. The resolutions of the Board of Directors shall be adopted by a majority vote with more than half of the directors present, <u>who are entitled to participate in the voting.</u>
2. (Omitted)	2. (Unchanged)
Article 25 (Omitted)	Article 25 (Unchanged)
(Remuneration etc.)	(Remuneration etc.)
Article 26	Article 26
Directors' remuneration, annual bonus and other proprietary benefits received from the Company as consideration for execution of their duties <u>(hereinafter referred to as "remuneration etc.")</u> shall be decided by a resolution of the General Meeting of Shareholders.	Directors' remuneration, annual bonus and other proprietary benefits received from the Company as consideration for execution of their duties <u>shall be separated into those for Directors serving as Members of Audit and Supervisory Committee and those for other Directors, and shall be decided respectively</u> by a resolution of the General Meeting of Shareholders.

Current Articles of Incorporation	Proposed Amendments
<p>Article 27 (Omitted) (New)</p> <p><u>CHAPTER 5 Auditors and the Board of Auditors</u> <u>(Number of Auditors)</u> <u>Article 28</u> <u>The number of Auditors of the Company shall be three (3) or more.</u> <u>(Appointment)</u> <u>Article 29</u> <u>1. Auditors shall be appointed at the General Meeting of Shareholders.</u> <u>2. Auditors shall be appointed by a majority of votes with the participation of shareholders holding one-third or more of exercisable voting rights.</u> <u>(Term of Office)</u> <u>Article 30</u> <u>1. The term of office of an Auditor shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the latest business year ending within four (4) years after his or her appointment.</u> <u>2. The term of office of an Auditor appointed to fill a vacancy left by an Auditor who has retired before the expiration of his/her term of office shall continue until the end of the term of the resigned Auditor.</u></p>	<p>Article 27 (Unchanged) <u>(Delegation of Decision-making Authority over Important Business Execution to Directors)</u> <u>Article 28</u> <u>The Company, pursuant to Article 399-13, Paragraph 6 of the Companies Act, may delegate to Directors decision-making authority in whole or in part over important business execution (excluding the matters provided for in each item of Article 399-13, Paragraph 5) by a resolution of the Board of Directors.</u> (Deleted) (Deleted) (Deleted) (Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Full-time Auditor)</u> <u>Article 31</u> <u>The Board of Auditors shall by its resolution select a full-time Auditor.</u></p>	(Deleted)
<p><u>(Convocation Notice of the Meeting of the Board of Auditors)</u> <u>Article 32</u> <u>1. Convocation notice of the Meeting of the Board of Auditors shall be given to each Auditor three (3) days in advance of meetings. However, such period may be shortened in the event of emergencies.</u> <u>2. In the event Auditors agree unanimously, the Board of Auditors may be held without going through the convening procedures.</u></p>	(Deleted)
<p><u>(Method of Resolutions of the Board of Auditors)</u> <u>Article 33</u> <u>The resolutions of the Board of Auditors shall be adopted by the majority of Auditors unless otherwise stipulated in the laws or regulations.</u></p>	(Deleted)
<p><u>(Rules for the Board of Auditors)</u> <u>Article 34</u> <u>Matters related to the Board of Auditors shall be governed by the rules of the Board of Auditors adopted by the Board of Auditors in addition to the laws and regulations and the Articles of Incorporation.</u></p>	(Deleted)
<p><u>(Remuneration etc.)</u> <u>Article 35</u> <u>Remuneration etc. for Auditors shall be decided by a resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>(Liabilities Limitation Agreement with Outside Corporate Auditors)</u> <u>Article 36</u> <u>The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, may enter into an agreement with Outside Company Auditors limiting the liability of Outside Company Auditors for damages due to such Outside Company Auditor's failure to perform such Outside Company Auditor's duties, provided that the relevant Outside Company Auditor has performed his/her duties in good faith and without gross negligence. However, the limitation amount for such liability pursuant to such agreement shall be the greater of a previously fixed amount of ¥10 million or more or the amount stipulated by the laws and regulations.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
(New)	<u>CHAPTER 5 Audit and Supervisory Committee</u> <u>(Convocation Notice of the Meeting of Audit and Supervisory Committee)</u>
(New)	<u>Article 29</u> <u>1. Convocation notice of the Meeting of Audit and Supervisory Committee shall be given to all Members of Audit and Supervisory Committee at least three (3) days in advance of each meeting. However, such period may be shortened in the event of emergencies.</u> <u>2. If all Members of Audit and Supervisory Committee are in unanimous agreement, the Audit and Supervisory Committee may be convened without going through the convening procedures.</u>
(New)	<u>(Method of Resolutions of Audit and Supervisory Committee)</u> <u>Article 30</u> <u>The resolutions of Audit and Supervisory Committee shall be adopted by a majority vote with more than half of Members of Audit and Supervisory Committee present, who are entitled to participate in the voting.</u>
(New)	<u>(Rules for Audit and Supervisory Committee)</u> <u>Article 31</u> <u>Matters related to the Audit and Supervisory Committee shall be governed by the rules for Audit and Supervisory Committee adopted by Audit and Supervisory Committee in addition to laws and regulations and these Articles of Incorporation.</u>
CHAPTER 6 Accounting <u>Article 37</u> (Omitted) <u>Article 38</u> (Omitted) <u>Article 39</u> (Omitted) <u>Article 40</u> (Omitted)	CHAPTER 6 Accounting <u>Article 32</u> (Unchanged) <u>Article 33</u> (Unchanged) <u>Article 34</u> (Unchanged) <u>Article 35</u> (Unchanged)

Proposal 2: Election of six (6) directors (excluding directors serving as Members of Audit and Supervisory Committee)

Subject to approval of Proposal 1, the Company will make the transition to a Company with Audit and Supervisory Committee. In addition, the terms of office of all the Board of Directors (seven directors) will expire as of the closing of the 61st Ordinary General Meeting of Shareholders. Therefore, we propose that six Directors (excluding directors serving as Members of Audit and Supervisory Committee) including one Outside Director be elected.

The resolution of this Proposal shall come into effect, provided that Proposal 1 comes into effect.

The candidates for these positions are presented in the table below.

No.	Name (Date of Birth)	Brief Personal History and Significant Positions Held Concurrently	Number of the Company's Shares Held	Attendance at the Board of Directors Meeting
1	Shinichi Ueno (February 17, 1954) (Reappointed)	<p>April 1976 Joined the Company</p> <p>January 2005 Operating Officer</p> <p>March 2008 Director and Operating Officer</p> <p>March 2012 Director and Senior Operating Officer</p> <p>March 2013 Representative Director and President & Group CEO (Current position)</p> <p>Significant Positions Held Concurrently Chairman, Japan Advertising Industry Welfare Pension Fund</p>	16,331	15 out of 15 meetings (100%)
2	Noriyuki Nakai (September 19, 1961) (Reappointed)	<p>August 1989 Joined the Company</p> <p>April 2011 Operating Officer</p> <p>March 2015 Director and Operating Officer</p> <p>January 2016 Director and Operating Officer, Division Director of Corporate Strategy Division and in charge of Human Resources and Governance Center (Current position)</p>	2,100	11 out of 11 meetings (100%)
3	Stuart Neish (September 21, 1963) (Reappointed)	<p>March 1988 Qualified as a Chartered Accountant, Admitted to membership of The Institute of Chartered Accountants of Scotland</p> <p>June 1991 Joined Coopers Deloitte in London, Senior Audit Manager</p> <p>January 1994 Joined the WPP, Group Financial Controller of Associates and Joint Ventures</p> <p>June 2006 WPP Group (Asia Pacific) Ltd., Director (Current position)</p> <p>March 2011 Director (Current position)</p> <p>Significant Positions Held Concurrently Managing Director, WPP International Holding B.V. Director, WPP Group (Asia Pacific) Ltd.</p>	0	15 out of 15 meetings (100%)

No.	Name (Date of Birth)	Brief Personal History and Significant Positions Held Concurrently	Number of the Company's Shares Held	Attendance at the Board of Directors Meeting
4	Hideaki Kido (April 23, 1950) (Reappointed) (Independent Director) (Outside)	<p>April 1974 Joined ITOCHU Corporation</p> <p>April 1999 Vice President & General Manager of ITOCHU International Inc.</p> <p>June 2001 Deputy President & Representative Director of Star Channel Inc.</p> <p>March 2003 President & CEO of Japan Entertainment Network K.K.</p> <p>June 2008 Senior Managing Executive Officer of JSAT Corporation Director and COO of Space Communications Corporation</p> <p>April 2009 Senior Managing Executive Officer of Skyperfect-JSAT Corporation & President of SKY Perfect Entertainment Corporation</p> <p>June 2011 Executive Director and Chairman of IMAGICA TV Corporation (Current position)</p> <p>March 2012 Outside Director</p> <p>March 2015 Outside Director and Chairman of the board (Current position)</p> <p>Significant Positions Held Concurrently Executive Director and Chairman, IMAGICA TV Corporation Senior Advisor to the Board, Imagica Robot Holdings Inc. Adjunct Professor & Visiting Fellow-Waseda University Graduate School of Global Information and Telecommunication Studies Director, Japan Satellite Broadcasting Association</p>	0	15 out of 15 meetings (100%)

No.	Name (Date of Birth)	Brief Personal History and Significant Positions Held Concurrently	Number of the Company's Shares Held	Attendance at the Board of Directors Meeting
5	Yoshiki Uemura (July 15, 1954) (New)	November 1986 Joined Dai-ichi Kikaku Co., Ltd. January 2005 Vice President of Creative Center June 2005 President of Creative Center January 2006 Division Director of Creative Division 2 January 2007 Leader of Creative Division April 2007 Operating Officer and in charge of Creative Division March 2008 Director and Operating Officer, in charge of Creative Department March 2010 Director and Operating Officer, in charge of Creative Department and Planning Department January 2011 Director and Operating Officer, in charge of Integrated Solution Center January 2012 Director and Operating Officer, in charge of Integrated Account Service Management (Branch) and Division Director of Purchase Management Division March 2013 Senior Operating Officer, in charge of Integrated Account Service Management (Branch) and Division Director of Purchase Management Division and East Japan Network Division January 2014 Operating Officer, in charge of Account Management Center (Branch) and Division Director of Process Management Division January 2016 Operating Officer and in charge of Domestic Core Business Sector (Current position)	7,500	—

No.	Name (Date of Birth)	Brief Personal History and Significant Positions Held Concurrently	Number of the Company's Shares Held	Attendance at the Board of Directors Meeting
6	Yoshitaka Ishiwata (August 7, 1965) (New)	<p>August 1992 Joined the Atlanta Office of Pricewaterhouse</p> <p>July 1995 Joined PepsiCo, Inc. (World Headquarters in New York)</p> <p>September 1997 Controller of Japan Parametric Technology Corporation</p> <p>June 1999 Financial Controller of WPP Group plc Director of WPP International Holding B.V. Director and CFO of Research International Japan CFO of Ogilvy & Mather Japan</p> <p>February 2004 Chief Financial Officer of KVH Co., Ltd.</p> <p>April 2006 Executive Officer of Operation Division, KVH Co., Ltd.</p> <p>March 2008 Executive Officer of Telecommunications Business Division, KVH Co., Ltd.</p> <p>April 2009 Chief Operating Officer of KVH Co., Ltd.</p> <p>August 2010 CFO, Colt, MarketPrizm (A representative of the London Office of an affiliate of KVH Co., Ltd.)</p> <p>July 2013 Representative Director and Chief Financial Officer of MarketPrizm Japan</p> <p>January 2014 Chief Financial Officer of Asurion Japan K.K.</p> <p>June 2015 Operating Officer, in charge of Finance Center and Division Director of Finance Division</p> <p>January 2016 Operating Officer, in charge of Finance & Process Management Center and Division Director of Finance Division (Current position)</p>	500	—

- (Notes) 1. Of the candidates for director, Shinichi Ueno concurrently serves as Chairman, the Japan Advertising Industry Welfare Pension Fund, in which the Company participates; therefore the Fund has a business relationship with the Company. No other candidates have special interests with the Company.
2. Hideaki Kido is a candidate for outside director of the Company. The Company has notified the Tokyo Stock Exchange of the nomination of Mr. Kido as an independent director as per the rules stipulated by the Tokyo Stock Exchange. Mr. Kido will remain to be an independent director after his reappointment.
3. Mr. Kido is currently outside director of the Company. Mr. Kido's term of office as outside director will have been four years at the closing of this (61st) Ordinary General Meeting of Shareholders.
4. Reasons for the appointment of the candidates for director (excluding candidates for outside director) are as follows.
- (a) The Company recommends reappointment of Shinichi Ueno because he has the ability to efficiently execute the Company's operations based on his experience as a person in charge of the Company's Account Service Department and Corporate Management Department, etc., and as Representative Director and President & Group CEO, and based also on his advanced expertise in overall corporate management acquired through his experience. We believe that he will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value.
- (b) The Company recommends reappointment of Noriyuki Nakai because he has the ability to efficiently execute the Company's operations based on his experience as a person in charge of the Company's International Account Service Department and Corporate Strategy Department, etc., and based also on his advanced expertise in marketing and management control acquired through his experience. We believe that he will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value.
- (c) The Company recommends reappointment of Stuart Neish because he has the ability to supervise and offer appropriate advice on the execution of duties by executive directors based on his experience as an accountant and Group Financial Controller of subsidiaries and affiliates of the WPP Group, and based also on his advanced expertise in finance and accounting acquired through his experience. We believe that he will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value through partnership with the WPP Group.

- (d) The Company recommends the appointment of Yoshiaki Uemura because he has the ability to execute the Company's operations efficiently based on his experience as a person in charge of the Company's Creative Department and Account Service Department, etc., and based also on his advanced expertise in creativity and account service strategy acquired through his experience. We believe that he will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value.
 - (e) The Company recommends the appointment of Yoshitaka Ishiwata because he has the ability to efficiently execute the Company's operations based on his experience as a Chief Financial Officer, etc. of business corporations, and based also on his advanced expertise in finance and accounting acquired through his experience. We believe that he will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value.
5. Special notes with regard to the candidates for outside director are as follows.
- (1) Reasons for the appointment of the candidates for outside director
The Company recommends reappointment of Mr. Kido because he is independent from the Company's management and he has the ability to supervise and offer appropriate advice on the execution of duties by executive directors based on his advanced expertise in the global business and broadcasting business acquired through his experience in international businesses and corporate management. We believe that he will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value.
 - (2) Independence of outside directors
Mr. Kido concurrently serves as Executive Director and Chairman of IMAGICA TV Corporation, and Senior Advisor to the Board of IMAGICA Robot Holdings Inc. IMAGICA TV Corporation has a business relationship with the Company such as the video distribution. However, the amount of the Company's transactions with IMAGICA TV Corporation in 2015 was less than 0.1% of net sales for the latest respective fiscal years of both companies, being extremely insignificant. The Company does not have any business relationship with IMAGICA Robot Holdings Inc. Mr. Kido also concurrently serves as Director of the Japan Satellite Broadcasting Association, which the Company participates in and pays the membership dues to, and the amount of the dues is less than ¥500 thousand per year, being extremely insignificant. Therefore, the Company believes Mr. Kido is independent of the Company's management.
 - (3) Liabilities limitation agreement
The Company currently has a liabilities limitation agreement with outside director Mr. Kido, which limits his liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act; provided, however, that the ceiling amount for liabilities pursuant to such agreement shall be the larger of ¥10 million or an amount stipulated by laws and regulations.

Proposal 3: Election of three (3) directors serving as Members of Audit and Supervisory Committee

Subject to approval of Proposal 1, the Company will make the transition to a Company with Audit and Supervisory Committee. Therefore, we propose that three Directors serving as Members of Audit and Supervisory Committee be elected.

The resolution of this Proposal shall come into effect, provided that Proposal 1 comes into effect.

The candidates for these positions are presented in the table below.

No.	Name (Date of Birth)	Brief Personal History and Significant Positions Held Concurrently	Number of the Company's Shares Held	Attendance at the Board of Directors Meeting
1	Toshio Kinoshita (April 12, 1949) (New) (Independent Director) (Outside)	<p>January 1980 Joined Cooper & Lybrand Japan</p> <p>July 1983 Registered as Certified Public Accountant (Japan)</p> <p>July 1989 Partner of Coopers & Lybrand (US)</p> <p>July 1998 Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office</p> <p>July 2005 Management Board Member, International Business of Chuo Aoyama Audit Corporation</p> <p>July 2007 Chief Executive of The Japanese Institute of Certified Public Accountants</p> <p>July 2013 Council Member of The Japanese Institute of Certified Public Accountants (Current position)</p> <p>July 2013 Established Kinoshita CPA Firm, Chief Executive Officer of the firm (Current position)</p> <p>March 2015 Outside Director (Current position)</p> <p>Significant Positions Held Concurrently</p> <p>Council Member of The Japanese Institute of Certified Public Accountants</p> <p>Kinoshita CPA Firm, Chief Executive Officer of the firm</p> <p>Outside Auditor, Panasonic Corporation</p> <p>Outside Auditor, Cool Japan Fund Inc.</p> <p>Outside Auditor, WEATHERNEWS Inc.</p> <p>Outside Audit & Supervisory Board Member, Denka Company Limited</p> <p>Outside Director, TACHI-S CO., LTD.</p> <p>Outside Director, Mizuho Bank, Ltd.</p>	0	11 out of 11 meetings (100%)

No.	Name (Date of Birth)	Brief Personal History and Significant Positions Held Concurrently	Number of the Company's Shares Held	Number of Attendance to the Board of Directors Meeting
2	Masayuki Yoshinari (October 6, 1947) (New) (Independent Director) (Outside)	<p>April 1975 Admitted to the bar (Daini Tokyo Bar Association)</p> <p>April 1997 Vice President, Daini Tokyo Bar Association</p> <p>April 2001 Executive Governor, Japan Federation of Bar Association</p> <p>April 2007 President, Daini Tokyo Bar Association Vice president, Japan Federation of Bar Association</p> <p>March 2011 Outside Corporate Auditor (Current position)</p> <p>Significant Positions Held Concurrently Partner, Toranomom College Law Office Vice Chairman, Tokyo Lawyers National Health Insurance Society External Controller, Dai-Ichi Kangyo Credit Cooperative (Not full-time) Outside Director, NIHON KAGAKU SANGYO CO., LTD.</p>	0	15 out of 15 meetings (100%)
3	Megumi Sutoh (January 23, 1948) (New) (Independent Director) (Outside)	<p>November 1985 Senior Research Engineer of Japan Securities Research Institute</p> <p>April 1988 Assistant Professor of the School of Economics, Meikai University</p> <p>April 1993 Professor of the School of Economics, Chuo University</p> <p>January 2001 Member of the Council on Customs, Tariff, Foreign Exchange and other Transactions</p> <p>February 2001 Member of the Financial Council</p> <p>March 2003 Member of the Disclosure Work Group of the Financial Council</p> <p>April 2004 Professor of the Waseda University Center for Finance Research (Current position)</p> <p>September 2008 Dean of the Waseda University Graduate School of Finance, Accounting and law, and Director of the Waseda University Center for Finance Research</p> <p>March 2015 Outside Corporate Auditor (Current position)</p> <p>Significant Positions Held Concurrently Professor of the Waseda University Center for Finance Research Outside Auditor, Mitsui Sumitomo Insurance Company, Limited</p>	0	11 out of 11 meetings (100%)

- (Notes) 1. There are no special interests between candidates for directors serving as Members of Audit and Supervisory Committee and the Company.
2. Toshio Kinoshita, Masayuki Yoshinari and Megumi Sutoh are candidates for outside directors serving as Members of Audit and Supervisory Committee.
3. Mr. Kinoshita is currently outside director of the Company and his term of office as outside director will have been one year at the closing of this (61st) Ordinary General Meeting of Shareholders.
4. The Company has notified the Tokyo Stock Exchange of the nomination of Mr. Kinoshita, Mr. Yoshinari and Ms. Sutoh as independent directors/auditors as per the rules stipulated by the Tokyo Stock Exchange. Mr. Kinoshita, Mr. Yoshinari and Ms. Sutoh will remain to be independent directors/auditors after their reappointment.

5. Special notes with regard to the candidates for outside directors serving as Members of Audit and Supervisory Committee are as follows.
- (1) Reasons for selection as candidates for outside directors serving as Members of Audit and Supervisory Committee
 - (a) The Company recommends the appointment of Mr. Kinoshita because he is independent from the Company's management and he has the ability to supervise and offer appropriate advice on the execution of duties by executive directors based on his advanced expertise in accounting and auditing acquired through his experience as an accountant. We believe that he will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value. Although Mr. Kinoshita has not been directly involved in corporate management, we believe that he will appropriately fulfill his duties as an outside director serving as a Member of Audit and Supervisory Committee due to the above reasons.
 - (b) The Company recommends the appointment of Mr. Yoshinari because he is independent from the Company's management and he has the ability to supervise and offer appropriate advice on the execution of duties by executive directors based on his advanced expertise in general legal matters acquired through his experience as a lawyer. We believe that he will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value. Although Mr. Yoshinari has not been directly involved in corporate management, we believe that he will appropriately fulfill his duties as an outside director serving as a Member of Audit and Supervisory Committee due to the above reasons.
 - (c) The Company recommends the appointment of Ms. Sutoh because she is independent from the Company's management and she has the ability to supervise and offer appropriate advice on the execution of duties by executive directors based on her advanced expertise in economics and finance acquired through her experience as a researcher. We believe that she will contribute to the realization of the Company's sustainable growth and enhancement of its corporate value. Although Ms. Sutoh has not been directly involved in corporate management, we believe that she will appropriately fulfill her duties as an outside director serving as a Member of Audit and Supervisory Committee due to the above reasons.
 - (2) Independence of outside directors serving as Members of Audit and Supervisory Committee
 - (a) Mr. Kinoshita and the accounting firm to which he belongs has not signed nor intends to sign any advisory contract with the Company, or has not been delegated handling of any accounting matter by the Company. Therefore, the Company is confident that he is independent of the Company's management.
 - (b) Mr. Yoshinari and the law firm to which he belongs has not signed nor intends to sign any advisory contract with the Company, or has not been delegated handling of any legal matter by the Company. Therefore, the Company is confident that he is independent of the Company's management.
 - (c) There are no financial contributions or transactional relationships between the Company and Ms. Sutoh or the university she belongs to. Therefore, the Company is confident that she is independent of the Company's management.
 - (3) Liabilities limitation agreement

The Company currently has liabilities limitation agreements with outside director Mr. Kinoshita and outside corporate auditors Mr. Yoshinari and Ms. Sutoh, which limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act; provided, however, that the ceiling amount for liabilities pursuant to such agreement shall be the larger of ¥10 million or an amount stipulated by laws and regulations. If the appointment of each candidate is approved, the Company intends to enter into a liabilities limitation agreement with each of them on the same terms and conditions.

Proposal 4: Election of one (1) substitute director serving as a Member of Audit and Supervisory Committee

Subject to approval of Proposal 1, the Company will make the transition to a Company with Audit and Supervisory Committee. Therefore, to prepare for the case where the number of directors serving as Members of Audit and Supervisory Committee falls below the number required by laws and regulations, we propose that one substitute director serving as a Member of Audit and Supervisory Committee be elected in accordance with Article 329, Paragraph 3 of the Companies Act, subject to approval of Proposal 3 in its original version.

The substitute director serving as a Member of Audit and Supervisory Committee shall assume such position under the condition that the Company lacks the number of directors serving as Members of Audit and Supervisory Committee, and his/her term of office shall continue until the end of the term of the predecessor.

The candidate for this position is presented in the table below.

Name (Date of Birth)	Brief Personal History and Significant Positions Held Concurrently	Number of the Company's Shares Held	Attendance at the Board of Directors Meeting
Hideaki Kido (April 23, 1950) (Independent Director) (Outside)	April 1974 Joined ITOCHU Corporation	0	15 out of 15 meetings (100%)
	April 1999 Vice President & General Manager of ITOCHU International Inc.		
	June 2001 Deputy President & Representative Director of Star Channel Inc.		
	March 2003 President & CEO of Japan Entertainment Network K.K.		
	June 2008 Senior Managing Executive Officer of JSAT Corporation Director and COO of Space Communications Corporation		
	April 2009 Senior Managing Executive Officer of Skyperfect-JSAT Corporation & President of SKY Perfect Entertainment Corporation		
	June 2011 Executive Director and Chairman of IMAGICA TV Corporation (Current position)		
	March 2012 Outside Director		
	March 2015 Outside Director and Chairman of the board		
Significant Positions Held Concurrently Executive Director and Chairman, IMAGICA TV Corporation Senior Advisor to the Board, Imagica Robot Holdings Inc. Adjunct Professor & Visiting Fellow-Waseda University Graduate School of Global Information and Telecommunication Studies Director, Japan Satellite Broadcasting Association			

- (Notes) 1. Hideaki Kido is a candidate for substitute outside director serving as a Member of Audit and Supervisory Committee.
 2. There are no special interests between the candidate for substitute director serving as a Member of Audit and Supervisory Committee and the Company.
 3. Mr. Kido's term of office as outside director is the same as stated in the (Notes) 3. of Proposal 2.
 4. Special notes with regard to Mr. Kido, a candidate for substitute outside director serving as a Member of Audit and Supervisory Committee is the same as stated in the (Notes) 5. of Proposal 2.

(Reference)

(1) Outlines of the policies and procedures concerning the appointment of directors at the Company

The Company appoints a person who has acquired adequate social creditability, meets the following criteria and can contribute to the realization of the Company's sustainable growth and enhancement of its corporate value as a candidate for director.

- (a) For an executive director, a candidate must have a wide range of experience and advanced expertise in the Company's business or other professional fields as well as the ability to efficiently execute business operations based on the Company's management strategies.
- (b) For a non-executive director including an outside director, a candidate must have a wide range of experience and advanced expertise in the Company's business or other professional fields as well as the ability to supervise and offer appropriate advice on the execution of duties by executive directors.
- (c) For an outside director, a candidate must be independent.

(2) Outlines of independence criteria for outside directors at the Company

The Company appoints a person who is independent and meets the following criteria as a candidate for outside director.

- (a) An outside director must meet independence standards stipulated by Tokyo Stock Exchange, Inc. and must not potentially cause conflict of interest with general shareholders.
- (b) The term of office as an outside director must not exceed eight years.

Proposal 5: Determination of the amount of compensation for directors (excluding directors serving as Members of Audit and Supervisory Committee)

It was approved at 56th Ordinary General Meeting of Shareholders held on March 30, 2011 that directors' compensation shall be paid in an amount not exceeding ¥500 million per year and currently, this approval has continued to be in effect.

If Proposal 1 is approved in its original version, the Company will make the transition to a Company with Audit and Supervisory Committee. Accordingly, the Company hereby proposes that the above current provision of the amount of compensation for directors be abolished, and that compensation be paid to directors (excluding directors serving as Members of Audit and Supervisory Committee) in an amount not exceeding ¥500 million per year, taking into consideration economic conditions and other factors, in accordance with the provision of Article 361, Paragraph 1 and 2 of the Companies Act.

Because the Company does not have the system of directors concurrently serving as employees, it does not pay separate compensation to directors as employees.

This Proposal shall come into effect, provided that Proposal 1 comes into effect. If Proposal 1 and 2 are approved in their original versions, the number of directors subject to such compensation will be six (one of them is an outside director).

Proposal 6: Determination of the amount of compensation for directors serving as Members of Audit and Supervisory Committee

If Proposal 1 is approved in its original version, the Company will make the transition to a Company with Audit and Supervisory Committee. Accordingly, the Company hereby proposes that compensation be paid to directors serving as Members of Audit and Supervisory Committee in an amount not exceeding ¥100 million per year, taking into consideration economic conditions and other factors, in accordance with the provision of Article 361, Paragraph 1 and 2 of the Companies Act.

This Proposal shall come into effect, provided that Proposal 1 comes into effect. If Proposal 1 and 3 are approved in their original versions, the number of directors subject to such compensation will be three (three of them are outside directors).

Proposal 7: Determination of the amount of bonuses for directors (excluding directors serving as Members of Audit and Supervisory Committee)

It was approved at the 57th Ordinary General Meeting of Shareholders held on March 29, 2012 that bonuses for directors (excluding outside directors) shall be paid as compensation linked with short-term business performance in an amount not exceeding ¥150 million per year and currently, this approval has continued to be in effect.

If Proposal 1 is approved in its original version, the Company will make the transition to a Company with Audit and Supervisory Committee. Accordingly, the Company hereby proposes that the above current provision of the amount of bonuses for directors be abolished, and that bonuses be paid to directors other than directors serving as Members of Audit and Supervisory Committee (excluding outside directors) in an amount not exceeding ¥200 million per year in addition to the amount of compensation under Proposal 5, in accordance with the provision of Article 361, Paragraph 1 and 2 of the Companies Act. Such bonuses shall be paid based on the level of achievement of consolidated operating income or other performance evaluation indices set forth by the Company for each fiscal year. The Company aims to enhance incentives for directors other than directors serving as Members of Audit and Supervisory Committee (excluding outside directors) to improve business performance and create more achievements by raising the proportion of business performance-linked compensation in the amount of bonuses.

Because the Company does not have the system of directors concurrently serving as employees, it does not pay separate compensation to directors as employees.

This Proposal shall come into effect, provided that Proposal 1 comes into effect. If Proposal 1 and 2 are approved in their original versions, the number of directors subject to such bonuses will be five.

Proposal 8: Determination of the amount of compensation for directors (excluding directors serving as Members of Audit and Supervisory Committee) related to stock acquisition rights issued as stock compensation-type stock options

The Company has issued stock acquisition rights as stock compensation-type stock options to directors (excluding outside directors) since 2012, for the purpose of further enhancing directors’ motivation and morale to contribute to improvement of the business performance and the stock price and making the directors share in the benefits and risks arising from the rise and fall in the stock price, together with shareholders. It was approved at the 57th Ordinary General Meeting of Shareholders held on March 29, 2012 that compensation for directors related to the stock acquisition rights shall be paid in an amount not exceeding ¥100 million per year and currently, this approval has continued to be in effect.

If Proposal 1 is approved in its original version, the Company will make the transition to a Company with Audit and Supervisory Committee. Accordingly, the Company hereby proposes that the above current provision of the amount of compensation related to stock acquisition rights be abolished, and that stock acquisition rights be issued as stock compensation-type stock options to directors other than directors serving as Members of Audit and Supervisory Committee (excluding outside directors) in an amount not exceeding ¥100 million per year, in accordance with the provision of Article 361, Paragraph 1 and 2 of the Companies Act. The amount of such compensation related to stock acquisition rights shall be set as a separate framework to the amount of compensation under Proposal 5 and 7.

The exercise price of such stock acquisition rights shall be ¥1 per share. Furthermore, the number of stock acquisition rights that may be exercised shall fluctuate in steps, within a range of from 0% to 100% of the total number of stock acquisition rights allocated, in response to the results of the Total Shareholder Return*. In principal, the Company plans to allot its treasury stock upon such exercise of stock acquisition rights.

This Proposal shall come into effect, provided that Proposal 1 comes into effect. If Proposal 1 and 2 are approved in their original versions, the number of directors subject to such compensation related to stock acquisition rights will be five.

The summary of specific conditions regarding the stock acquisition rights to be allocated as stock compensation-type stock options based on this Proposal shall be as set out below.

*The Total Shareholder Return is an index of investment income. Under this Proposal, it is the sum of the difference between the average stock price in the three months immediately preceding the month in which the allotment date of stock acquisition rights occurs and the average stock price in the three months immediately preceding the month in which the first date of the exercise period occurs and the total dividends per share for the period from the allotment date of the stock acquisition rights to the first date of the exercise period, divided by the average stock price in the three months immediately preceding the month in which the allotment date occurs.

1. Class and number of shares to be allotted upon the exercise of stock acquisition rights:

The class of shares to be allotted upon the exercise of stock acquisition rights shall be common stock of the Company. The number of shares to be allotted upon the exercise of each stock acquisition right (the “Number of Shares Granted”) shall be 100. In the event that the Company carries out a share split (including a *gratis* allotment of common stock of the Company; the same shall apply hereinafter to any following reference to a share split) or share consolidation, the Number of Shares Granted shall be adjusted in accordance with the following formula, with the resulting fractions of less than one share upon such adjustment being rounded down.

$$\text{Number of Shares Granted after adjustment} = \frac{\text{Number of Shares Granted before adjustment}}{\text{Ratio of share split or share consolidation}} \times$$

Furthermore, in the event that the Company carries out a merger, company split, share exchange, share transfer or the like that makes it necessary to adjust the Number of Shares Granted, the Board of Directors of the Company may make necessary adjustments to the Numbers of Shares Granted.

The maximum number of shares to be allotted upon the exercise of stock acquisition rights to be allocated

within one year after the date of the Ordinary General Meeting of Shareholders in each fiscal year shall be 80,000. When the Number of Shares Granted is adjusted, the maximum number of shares to be allotted shall be the Number of Shares Granted after adjustment multiplied by the maximum number of stock acquisition rights as set out in 2. below.

2. Total number of stock acquisition rights:

The maximum number of stock acquisition rights to be allocated within one year after the date of the Ordinary General Meeting of Shareholders in each fiscal year is 800.

3. Amount to be paid upon allocation of each stock acquisition right:

The amount to be paid upon allocation of each stock acquisition right (issue price) shall be decided by the Board of Directors of the Company based on the fair price of such stock acquisition rights as calculated upon the allocation of stock acquisition rights. The Company shall pay monetary compensation equivalent to the above amount payable for stock acquisition rights to the stock acquisition rights holders, with such amount to be offset by such holders' claim for such compensation, with respect to the Company, in lieu of the payment of the amount payable by the directors.

4. Amount of assets to be contributed upon the exercise of stock acquisition rights:

The amount of assets to be contributed upon the exercise of stock acquisition rights shall be the exercise price of ¥1 per share granted upon the exercise of each stock acquisition right, multiplied by the Number of Shares Granted.

5. Exercise period of stock acquisition rights:

The exercise period of stock acquisition rights shall be decided by the Board of Directors, but shall not exceed seven years from the date three years after the allotment date.

6. Restrictions on acquisition of stock acquisition rights by transfer:

Any acquisition of the stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company.

7. Conditions for exercise of stock acquisition rights:

- a A stock acquisition rights holder must be a Director of the Company when he/she exercises those rights unless he/she retires by reason of expiration of his/her term of office or any other justifiable cause.
- b The number of share acquisition rights that may be exercised shall fluctuate in steps, within a range of from 0% to 100% of the total number of stock acquisition rights allocated according to the Total Shareholder Return results (i.e., the sum of the difference after subtracting (1) the average stock price of the Company's common stock (hereinafter the same shall apply) on the financial instruments exchange in the three months (excluding non-trading dates) immediately preceding the month in which the allotment date occurs from (2) the average stock price on the financial instruments exchange in the three months (excluding non-trading dates) immediately preceding the month in which the first date of the exercise period occurs and (3) the total dividends per share for the period from the allotment date to the first date of the exercise period, divided by (4) the average stock price on the financial instruments exchange in the three months (excluding non-trading dates) immediately preceding the month in which the allotment date occurs from the allotment date to the first date of the exercise period.

8. Other conditions of stock acquisition rights:

Other conditions of stock acquisition rights shall be as determined at the Board of Directors meeting for determining the offering conditions of stock acquisition rights and other matters.

Highlights of the Business Report for the 61st Business Term

(For the year ended December 31, 2015)

1. Overview of Business Results

(1) Review of Operations

The Japanese economy during the fiscal year under review was on a moderate recovery track amid firm corporate earnings, underpinned by continued economic and monetary policy taken by the Japanese government and the Bank of Japan, despite uncertain elements in global economic trends such as wild fluctuations in financial markets associated with the drop in resource prices and concerns about the economic slowdown in China. In addition, more companies stepped up efforts to improve the employment environment and raise pay, which helped consumer spending pick up. Meanwhile, the impact of factors such as rising prices due to the consumption tax hike and yen depreciation has led consumers to selectively buy products with special functions or benefits.

According to the current “Survey of Selected Service Industries” by the Ministry of Economy, Trade and Industry, total gross billings in the Japanese advertising industry in 2015 progressed steadily overall, with accumulated billings exceeding those of the previous year.

Amid these circumstances, the ADK Group, under its “VISION2020,” aiming for transformation to a “Consumer Activation Company,” which not only delivers messages via advertisements but encourages consumers to take actual specific actions, thereby contributing to clients’ business performance, has set the period up to the end of 2016 as a stage of foundation building and structural reform, and the period from 2017 to the end of 2020 as a stage of accelerated growth. During the fiscal year under review, ADK, the parent company of the ADK Group, continued to enhance the solution base and reinforce the profit management structure, while each Group company stepped up its efforts to build the foundation of the Group and promote structural reform by pressing ahead with in-house production, sharing infrastructure and implementing cost control.

As a result of these efforts, consolidated gross billings for the fiscal year under review were ¥351,956 million, down 0.3% year on year. Gross profit increased 0.5% year on year to ¥48,824 million, and operating income climbed 19.6% year on year to ¥4,901 million. Non-operating income of ¥3,898 million, including dividend income, and non-operating expenses of ¥209 million were recorded, resulting in ordinary income of ¥8,590 million, up 18.5% year on year. Extraordinary income of ¥1,293 million was recorded and an extraordinary loss declined to ¥695 million because office transfer expenses due to relocation of the head office posted in the previous year decreased. As a result, income before income taxes increased 42.8% year on year to ¥9,189 million. Net income rose 45.1% year on year to ¥5,362 million.

The Company distributes surplus funds to shareholders for the purposes of optimizing capital and improving medium- to long-term shareholder value by raising ROE. Based on such an approach, the year-end dividend for the fiscal year under review was determined by resolution of the Board of Directors meeting held on February 23, 2016, to be ¥238 per share (an ordinary dividend of ¥23 and an extraordinary dividend of ¥215), and payment was set to commence on March 23, 2016. Including the ¥10 per share interim dividend paid in September 2015, the total annual dividend for the fiscal year under review is ¥248 per share.

Segment Results

Advertising Segment:

The Group’s advertising business generated gross billings to outside customers of ¥347,522 million, down 0.2% year on year, and segment income increased 12.4% to ¥5,018 million.

In Japan, gross billings declined due to decreases in the Marketing and Promotion and Creative segments at the Company (parent company [ADK]), in addition to poor performance at the medical advertising subsidiary, while income increased thanks to continued control of selling, general and administrative expenses at ADK, in addition to favorable performance at production subsidiaries and digital subsidiaries and the contribution of a newly consolidated contents subsidiary. Overseas, gross billings and income increased due to strong performance at our subsidiaries in Asia, including Thailand and Singapore, although conditions remained severe at subsidiaries in Europe, the United States and China where structural reforms are proceeding. Note that the ADK Group's overseas gross billings are all from the advertising segment and accounted for 9.3% of the total gross billings of the fiscal year under review (8.4% for the previous fiscal year).

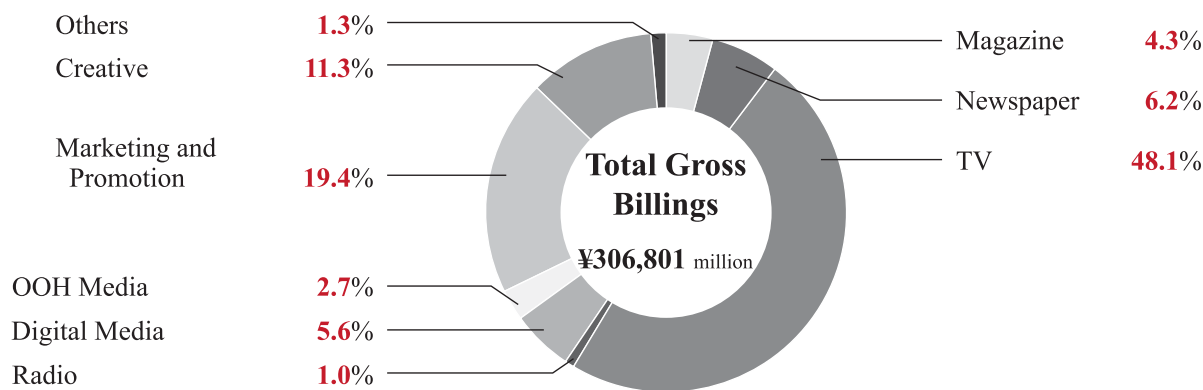
ADK, which forms the core of the ADK Group, reported gross billings of ¥306,801 million, up 0.0% from the previous year; gross profit decreased 5.0% to ¥32,925 million; and operating income declined 4.7% year on year to ¥2,983 million. Gross billings increased slightly as increases in TV and Digital Media segments offset a decrease in the Marketing and Promotion segment. However, income decreased under the impact of a lower gross profit margin despite efforts to control selling, general and administrative expenses including personnel costs and rents.

Broken down by industry, we reported an increase in advertisements placed by clients in the information/communications, beverages/tobacco, apparel/jewelry, real estate/housing, and food products sectors, whereas placements by clients declined in the finance/insurance, cosmetics/toiletry goods, distribution/retail, hobbies/sport goods, and restaurant/other services sectors.

The non-consolidated gross billings by segment of ADK are outlined below.

Breakdown by Discipline (Note)	Gross Billings (Millions of yen)	Composition (%)	Y-o-Y change (%)
Magazine	13,261	4.3	0.4
Newspaper	19,076	6.2	(0.4)
TV	147,424	48.1	3.1
Radio	3,059	1.0	(3.6)
Digital Media	17,195	5.6	7.1
OOH Media	8,333	2.7	11.0
Subtotal (Media)	208,351	67.9	3.1
Marketing and Promotion	59,623	19.4	(5.7)
Creative	34,792	11.3	(3.5)
Others	4,034	1.3	(25.3)
Subtotal (Non Media)	98,450	32.1	(5.9)
Total	306,801	100.0	0.0

■ Composition of Gross Billings by Discipline



- (Notes) 1. To address mature advertising markets and an increasingly diverse media environment, the Company offers comprehensive solutions to advertisers, thereby making the accurate representation of gross billings by medium difficult sometimes. Therefore, the above data might not represent gross billings exactly by medium.
2. TV includes Program, Spot and Content.
(Content includes animation content and sports and cultural event marketing.)
3. Digital Media includes the Internet and mobile-related media.
(Digital Solutions, such as Website Creation and System Development are included in “Marketing and Promotion.”)
4. OOH (Out -of- Home) Media includes transportation and outdoor advertising and insertions.
5. Marketing and Promotion includes Marketing Communication Planning Promotion, Events, PR, Exposition Events and Digital Solutions, etc.
6. The gross billings by discipline are rounded down. Therefore, their sums do not equal the total or the sub-totals.

Other Business Segment:

The Group’s other business generated gross billings to outside customers of ¥4,433 million, down 5.9% year on year, posting a segment loss of ¥118 million (compared with a segment loss of ¥368 million for the previous year).

In publishing and sales of magazines and books, a major business of this segment, as the overall publishing market continued to shrink, conditions for generating profits continued to be difficult, resulting in the posting of an operating loss. However, as a result of our efforts to reduce cost of sales, to adjust the number of books of publishing, and to control selling, general and administrative expenses, the amount of the loss was reduced compared with the previous term.

(2) Status of Capital Expenditures

There are no important items.

(3) Status of Financing

There are no important items.

(4) Status of Significant Reorganization, etc.

ADK acquired shares in d-rights Inc. on February 16, 2015, making the company its subsidiary.

(5) Issues to Address

In the mature mass media–dominant domestic advertising market, the evolution of digital technology and advances in the functionality of digital devices have been transforming consumers’ media contact and purchase behavior. Given these developments, advertisers are keen to be advised of highly sophisticated communication programs with a maximum return on investment (ROI) that justifies their investment in advertising.

In contrast with the domestic advertising market, where there is little hope of business expansion against the

backdrop of a mature economy and an aging society with a declining birthrate, continued growth is expected in the countries of Southeast Asia, where advertising needs from advertisers aiming to expand business in Southeast Asian markets are on an upward trend.

To cope with such a rapidly changing business environment, the ADK Group, under our medium-term management plan announced in August 2013, set evolving into a “Consumer Activation Company” as the core strategy for our future growth. This will allow us to contribute to advertisers’ performance by developing and providing marketing tools to inspire consumers to take purchase actions. To this end, we will focus on the following themes.

i. Promotion of Consumer Activation Business

With a view to achieving “VISION2020,” we will promote our Consumer Activation Business as marketing support services that offer solutions to challenges faced by advertisers. Through Axival Inc., founded by the Company in May 2014, we have created our proprietary 3D Database, which integrates consumer attitude data accumulated by the Company with purchase pattern and media contact data provided by INTAGE Inc. We will utilize this database to increase added value in the media business and develop marketing services that help produce results for clients.

Furthermore, we will work to develop planning methods to allow us to set KPIs (target indicators) directly linked to consumers’ purchasing patterns and to optimize advertising budgets and formulate channel & campaign plans that maximize KPIs, while further reinforcing our ability to execute online & offline integrated campaigns.

To reinforce our services using digital technologies, ADK is pursuing alliances with external professional companies. These include the launch of a collaborative project with 1-10 design, Inc. to develop innovative advertising ideas featuring the fusion of cutting-edge technologies and high creativity; “textus,” a collaborative project with adflex communications, inc. to propose and execute solutions in the direct marketing field; and the global network “Sticki,” which offers the best solutions in the field of video marketing. In this way, we are working to resolve the challenges faced by client businesses and to develop and provide solutions directly linked to results.

ii. Expansion of Content Business

In the animation content business, which, along with extensive experience, has always been a strength of the ADK Group, we are engaged in aggressive and multifaceted business development, including new development. We are involved in producing and investing in television programs and movies, organizing events and musicals, and leveraging the appeal of the genre’s characters for sales promotions, thereby greatly contributing to the Company’s profits.

During the fiscal year under review, we expanded the content business in Europe and the United States with the acquisition of shares in d-rights Inc., a company that has strength in content production and an overseas network. Through Anime Consortium Japan Inc., established jointly with other companies in 2014, we also participated in distribution of authentic Japanese animation contents to overseas markets and development of websites that handle sales of animation-related products. Through such measures, we strove to develop and create new markets by transferring our know-how and business models nurtured in domestic markets to overseas markets.

We will continue to reinforce our capabilities in fields such as new content development and rights acquisition, as well as broadcasting, distribution and marketization of the products, both in Japan and abroad, with the aim of further raising ADK’s profile in the content business.

iii. Global Strategies

The ADK Group carried out a bold organizational reform in January 2016 with the aim of expanding our overseas business. By restructuring our organization, human resources and management in response to the global business environment, we will expand our operations as a multinational network agency.

Through these measures, we will press ahead with development of solutions in the activation and digital fields that directly contribute to sales of our advertisers' products and services, while promoting integration and strengthening of creative and planning functions across countries and regions. Furthermore, we will aim for growth and improved profitability in our overseas business through strategic investments in priority countries and regions, among other measures.

iv. Improvement of Profitability

The Company will further improve and enhance the intra-company transaction system and profit management by unit system introduced in 2014. In January 2016, we carried out a major reorganization, establishing five business sectors and introducing a sector-based profit management system. Each sector functions as a business unit within the Company, creating its unique added value and conducting its own profit management, with the aim of generating significant profit as a whole. We will enhance these structures and systems to further improve profitability.

v. Nurturing Human Resources

Human resources are the greatest asset of the ADK Group, and we will continue to focus on hiring and developing the skills of individuals who can contribute to solving our management issues.

We will invest further in human resources, through education and training in strategic areas to raise capabilities across the board, nurturing of management staff, and allocation of highly specialized personnel to promote business strategies. We will also strive to optimize human resources across the entire Group in order to allocate personnel to growth opportunities flexibly.

vi. Capital Optimization

The ADK Group recognizes the need for efforts to improve ROE to enhance medium- to long-term shareholder value. During the fiscal year under review, we worked to ensure the profitability of the Company, and strengthened the centralized system for management of profitability and assets at Group companies in Japan and overseas, with the aim of improving the profitability of the ADK Group as a whole. We also made efforts to improve ROE by implementing measures to return profits to shareholders, including acquisition of treasury stock.

To further improve ROE, we believe that it is necessary to enhance the efficiency of existing businesses and strive to grow our business by investing in growth fields such as the digital and content businesses, while making efforts to optimize the capital that supports the growth of our businesses. In optimizing capital, we will first ensure that we have the funds necessary for investment for growth fields, and then distribute the surplus funds to our shareholders.

The Group will reinforce collaboration among Group companies and promote a further shift to in-house production and sharing of business bases, with the aim of increasing competitiveness and improving profitability across the Group. In addition, we will enhance our functions and expand the business through new alliances and M&As. Moreover, we will focus on strengthening risk management to ensure the stable growth of the ADK Group. In line with these efforts, we will enhance intra-company systems related to information security, compliance and business processes.

We would like to ask for the continued support and cooperation of all our shareholders.

(6) Financial Highlights

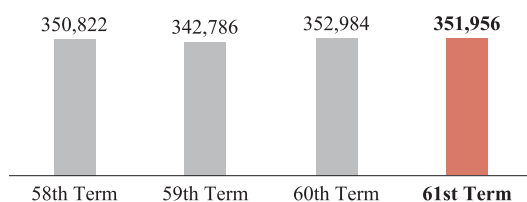
(a) Consolidated Financial Highlights

(Unit: Millions of yen)

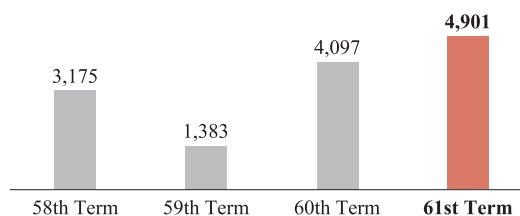
	58th Term (FY 2012)	59th Term (FY 2013)	60th Term (FY 2014)	61st Term (FY 2015)
Gross billings	350,822	342,786	352,984	351,956
Gross profit	46,169	45,104	48,568	48,824
Operating income	3,175	1,383	4,097	4,901
Ordinary income	5,314	4,327	7,251	8,590
Net income	2,781	3,430	3,696	5,362
Net income per share (yen)	65.83	81.79	88.32	127.72
Total assets	195,163	228,170	243,317	235,205
Net assets	109,559	130,972	134,999	125,488
Net assets per share (yen)	2,567.03	3,105.40	3,204.87	2,947.40

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

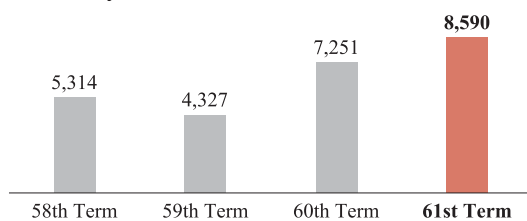
Gross billings (Unit: Millions of yen)



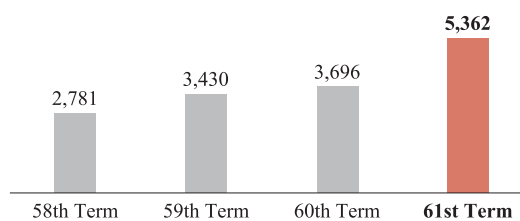
Operating income (Unit: Millions of yen)



Ordinary income (Unit: Millions of yen)



Net income (Unit: Millions of yen)



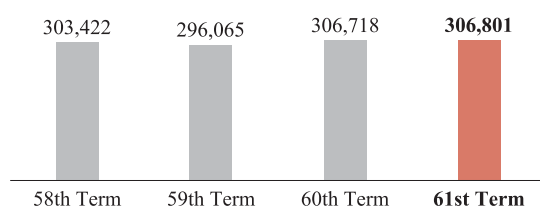
(b) Non-consolidated Financial Highlights

(Unit: Millions of yen)

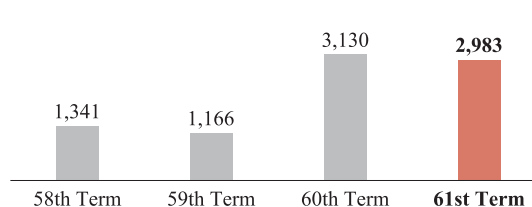
	58th Term (FY 2012)	59th Term (FY 2013)	60th Term (FY 2014)	61st Term (FY 2015)
Gross billings	303,422	296,065	306,718	306,801
Gross profit	32,812	32,175	34,662	32,925
Operating income	1,341	1,166	3,130	2,983
Ordinary income	3,296	3,864	5,950	11,112
Net income	1,543	3,209	3,484	9,577
Net income per share (yen)	36.53	76.52	83.26	228.14
Total assets	166,330	198,105	214,429	214,017
Net assets	94,699	113,736	116,416	111,013
Net assets per share (yen)	2,239.96	2,719.03	2,779.54	2,638.07

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

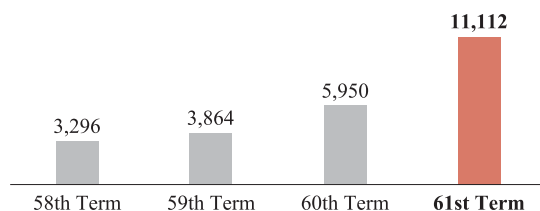
Gross billings (Unit: Millions of yen)



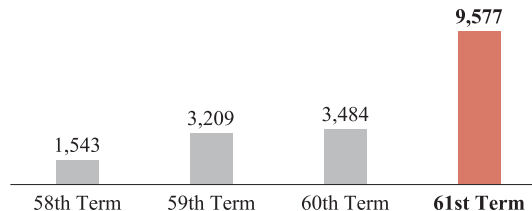
Operating income (Unit: Millions of yen)



Ordinary income (Unit: Millions of yen)



Net income (Unit: Millions of yen)



(7) Major Businesses (As of December 31, 2015)

Major businesses of the ADK Group are: (1) advertising-related businesses including planning and implementation of advertising businesses using media such as magazines, newspapers, TV, radio, digital media and out-of-home (OOH) media, planning and development of advertisement and content, and services such as sales promotion, marketing and public relations, and (2) other business consisted of publishing and sales of magazines and books.

(8) Major Sales Offices (As of December 31, 2015)**(a) ADK**

Domestic Office (Location)	Head Office (23-1, Toranomom 1-chome, Minato-ku, Tokyo, Japan) Sapporo (Hokkaido), Sendai (Miyagi), Niigata (Niigata), Kanazawa (Ishikawa), Nagoya (Aichi), Osaka (Osaka), Okayama (Okayama), Hiroshima (Hiroshima), Takamatsu (Kagawa), Matsuyama (Ehime), and Fukuoka (Fukuoka)
Overseas Office (Location)	Moscow Office (Moscow)

(b) Significant subsidiaries

Locations of the significant subsidiaries are indicated in “(9) Status of Significant Subsidiaries, etc., 1. Overview of Business Results.”

(9) Status of Significant Subsidiaries, etc.**(a) Status of Significant Subsidiaries**

Company Name	Location	Capital	Voting Rights held by the Company	Main Business
Kyowa Kikaku Ltd.	Tokyo	JPY 40 million	100%	Advertising agent & creation
ADK International Inc.	Tokyo	JPY 300 million	100%	Advertising agent & creation
ADK Arts Inc.	Tokyo	JPY 90 million	100%	Advertising creation
ADK Dialog Inc.	Tokyo	JPY 80 million	100%	Advertising agent & creation
Eiken Co., Ltd.	Tokyo	JPY 10 million	70.0%	Animation producing
ADK Digital Communications Inc.	Tokyo	JPY 100 million	51.0%	Advertising agent
RIGHT SONG MUSIC PUBLISHING CO., LTD.	Tokyo	JPY 10 million	100%	Contents management
Nihon Bungeisha Co., Ltd.	Tokyo	JPY 467 million	100%	Publication & sales of books and magazines
d-rights Inc.	Tokyo	JPY 80 million	51.0%	Rights management
China Stories Inc.	Tokyo	JPY 10 million	100%	Visual contents creation
BIOMEDIS International Ltd.	Tokyo	JPY 50 million	100% (100%)	Publication & sales of books
ADK Insurance Services Inc.	Tokyo	JPY 10 million	100% (100%)	Insurance agency
ADK America Inc.	New York	USD 2 million	100%	Advertising agent & creation
Sunrights Inc.	New York	USD 2 million	100% (100%)	Rights management
Asatsu Europe Holding BV	Amsterdam	EUR 10 million	100%	Holding company
Asatsu Europe BV	Amsterdam	EUR 2 million	100% (100%)	Advertising agent & creation
Knots Europe BV	Amsterdam	EUR 250 thousand	100% (100%)	Advertising agent & creation
Asatsu (Deutschland) GmbH	Frankfurt	EUR 300 thousand	100% (100%)	Advertising agent & creation
ASATSU-DK HONG KONG Ltd.	Hong Kong	HKD 11 million	100%	Advertising agent & creation
DK ADVERTISING (HK) Ltd.	Hong Kong	HKD 700 thousand	100%	Advertising agent & creation
ASATSU Century (Shanghai) Advertising Co., Ltd.	Shanghai	USD 3 million	100%	Advertising agent & creation
Shanghai Asatsu Advertising Co., Ltd.	Shanghai	USD 3 million	100%	Advertising agent & creation
Asatsu (Shanghai) Exposition & Advertising Co., Ltd.	Shanghai	CNY 10 million	90% (90%)	Advertising agent & creation
IMMG BEIJING CO., LTD.	Beijing	CNY 10 million	100% (100%)	Contents business consulting
UNITED-ASATSU INTERNATIONAL Ltd.	Taipei	TWD 60 million	100%	Advertising agent & creation

Company Name	Location	Capital	Voting Rights held by the Company	Main Business
DIK OCEAN Advertising Co., Ltd.	Taipei	TWD 130 million	100%	Advertising agent & creation
ASATSU-DK SINGAPORE Pte. Ltd.	Singapore	SGD 2 million	100%	Advertising agent & creation
SCOOP ADWORLD Pte. Ltd.	Singapore	SGD 50 thousand	100% (100%)	Advertising agent & creation
IMMG Pte. Ltd.	Singapore	SGD 3,300 thousand	100% (15.2%)	Contents business consulting
PT. IMMG Indonesia	Jakarta	USD 100 thousand	100% (100%)	Contents business consulting
ADK Thai Holding Ltd.	Bangkok	THB 4 million	100%	Holding company
ASATSU (Thailand) Co., Ltd.	Bangkok	THB 20 million	99.0% (50.0%)	Advertising agent & creation
ASDIK Ltd.	Bangkok	THB 10 million	85.0% (36.0%)	Advertising agent & creation
DAI-ICHI KIKAKU (THAILAND) Co., Ltd.	Bangkok	THB 20 million	85.0% (36.0%)	Advertising agent & creation
ASATSU-DK (Malaysia) Sdn. Bhd.	Kuala Lumpur	MYR 1,500 thousand	100%	Advertising agent & creation
DAI-ICHI KIKAKU (Malaysia) Sdn. Bhd.	Kuala Lumpur	MYR 2,000 thousand	100%	Advertising agent & creation
ASATSU-DK VIETNAM Inc.	Ho Chi Minh City	USD 150 thousand	100%	Advertising agent & creation
DIK VIETNAM Co., Ltd.	Ho Chi Minh City	USD 100 thousand	100% (100%)	Advertising agent & creation
ASATSU-DK Korea Co., Ltd.	Seoul	KRW 100 million	100%	Advertising agent & creation

(Notes) 1. The ratio of “Voting Rights held by the Company” is indicated by rounding to the first decimal place.

2. Figures in parentheses under the “Voting Rights held by the Company” indicate the ratio of indirect holdings and are included in the figures above.

3. From the fiscal year under review, d-rights Inc., China Stories Inc. and Sunrights Inc. were added to our significant subsidiaries.

(b) Results of Business Combinations

The consolidated subsidiaries of the Company consist of the above-mentioned 39 significant subsidiaries, and its seven equity method affiliated companies are DA search & link INC., Drill Inc., ASP Co., Ltd., Premier X-Value Inc., Guangdong Guangxu (Asatsu) Marketing & Broadcasting Co., Ltd. (China), DS Public Relations Consulting Co., Ltd. (China), and A2 (Shanghai) Marketing Services Co., Ltd. (China). The results of business combinations for the fiscal year under review are described in “(1) Review of Operations, 1. Overview of Business Results.”

(c) Status of Specified Wholly Owned Subsidiaries as of December 31, 2015

Not applicable.

(10) Status of Employees (As of December 31, 2015)**(a) Status of Employees of Corporate Group**

Segment	Number of Employees	Y-o-Y Change
Advertising Business	3,340	- 19
Other Business Segment	80	+ 9
Total	3,420	- 10

(Note) The number of employees is the number of workers engaged. It includes leased employees, while dispatched workers and employees on leave are excluded.

(b) Status of Employees of ADK

Segment	Number of Employees	Y-o-Y Change
Male	1,431	- 16
Female	422	—
Total	1,853	- 16

(Note) The number of employees is the number of workers engaged. It includes leased employees, while dispatched workers and employees on leave are excluded.

(11) Major Lenders (As of December 31, 2015)

There are no important items.

2. Matters Related to the Company's Shares (As of December 31, 2015)

(1) **Number of Issuable Shares:** 206,000,000 shares

(2) **Number of Shares Outstanding:** 42,155,400 shares

(Note) It includes treasury stock (82,923 shares).

(3) **Number of Shareholders:** 14,316

(4) Status of Major Shareholders (Top 10)

Shareholders	Number of shares	Holding ratio
WPP INTERNATIONAL HOLDING B.V.	10,331,100	24.56%
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	2,514,100	5.98%
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	1,536,600	3.65%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,173,100	2.79%
The Bank of New York Mellon SA/NV 10	1,161,600	2.76%
The Japan Trustee Services Bank, Ltd. (Trust Account)	934,700	2.22%
Goldman Sachs & Co. Regular Account	871,011	2.07%
NORTHERN TRUST CO. (AVFC) ACCOUNT NON TREATY	862,300	2.05%
The Master Trust Bank of Japan, Ltd. (Mitsubishi Corporation, Limited Account, Retirement Benefit Trust Account)	765,000	1.82%
PIONEER FUNDS	510,500	1.21%

(Notes) 1. The ratio of shareholding is calculated by deducting the number of treasury stocks from the number of shares outstanding and rounding to the nearest one hundredth of a unit.

2. Silchester Partners Limited (former Silchester International Investors Limited) sent the Company a copy of the Major Shareholding Report (Change Report) as of November 8, 2010, stating that Silchester Partners Limited, jointly with Silchester International Investors LLP, owned 6,268,500 shares (13.88% of the number of shares outstanding as of November 1, 2010) as of November 1, 2010. Because the Company was not able to confirm the number of shares held by the two companies as of the end of the period, they are not included among the major shareholders listed above.

3. Franklin Templeton Institutional, LLC sent the Company a copy of Major Shareholding Report (Change Report) as of June 22, 2015, stating that Franklin Templeton Institutional, LLC owned 2,575,103 shares (6.11% of the number of shares outstanding) as of June 15, 2015. Because the Company was not able to confirm the number of shares held by Franklin Templeton Institutional, LLC as of the end of the period, Franklin Templeton Institutional, LLC is not included among the major shareholders listed above.

(5) Other Matters Regarding Shares Trust

Based on a resolution of the Board of Directors meeting held on December 8, 2015, the Company acquired 351,200 shares (¥999 million) of treasury stock from December 14, 2015 to January 8, 2016, for the purpose of enhancing returns to shareholders.

3. Matters Related to Stock Acquisition Rights

(1) Outline of the Stock Acquisition Rights (As of December 31, 2015)

Name (allotment date)	Total number of stock acquisition rights	Class and number of shares to be allotted upon exercise of stock acquisition rights	Amount of assets to be contributed upon exercise of stock acquisition rights	Exercise period of stock acquisition rights	The amount to be paid upon allocation of each stock acquisition right (issuance price of the stock acquisition rights)
Stock Acquisition Rights (2nd series) (May 30, 2013)	375	Common stock 37,500 shares (100 shares per each stock acquisition right)	One (1) yen per share	From May 31, 2016 to May 30, 2023	90,600 yen (906 yen per share)
Stock Acquisition Rights (3rd series) (May 30, 2013)	227	Common stock 22,700 shares (100 shares per each stock acquisition right)	One (1) yen per share	From May 31, 2016 to May 30, 2023	90,600 yen (906 yen per share)
Stock Acquisition Rights (4th series) (August 29, 2014)	264	Common stock 26,400 shares (100 shares per each stock acquisition right)	One (1) yen per share	From August 30, 2017 to August 29, 2024	173,500 yen (1,735 yen per share)
Stock Acquisition Rights (5th series) (August 29, 2014)	599	Common stock 59,900 shares (100 shares per each stock acquisition right)	One (1) yen per share	From August 30, 2017 to August 29, 2024	173,500 yen (1,735 yen per share)
Stock Acquisition Rights (6th series) (August 28, 2015)	134	Common stock 13,400 shares (100 shares per each stock acquisition right)	One (1) yen per share	From August 29, 2018 to August 28, 2025	239,900 yen (2,399 yen per share)
Stock Acquisition Rights (7th series) (August 28, 2015)	330	Common stock 33,000 shares (100 shares per each stock acquisition right)	One (1) yen per share	From August 29, 2018 to August 28, 2025	239,900 yen (2,399 yen per share)

(Notes) 1. The stock acquisition rights of the 2nd, 4th and 6th series were issued to the Company's directors (excluding outside directors) and the stock acquisition rights of the 3rd series were issued to the Company's senior operating officers, and 5th and 7th series were issued to the Company's operating officers excluding directors. They were each issued as stock compensation-type stock options.

2. The Company shall pay monetary compensation equivalent to the above amount payable for stock acquisition rights to the directors and officers to whom such stock acquisition rights are allocated, such amount to be offset by such directors' and officers' claim for such compensation, with respect to the Company, in lieu of the payment of the amount payable by the directors and officers.

3. Conditions for exercise of stock acquisition rights of the 2nd, 4th and 6th series

(a) A stock acquisition rights holder must be a Director of the Company when he/she exercises those rights unless he/she retires by reason of expiration of his/her term of office or any other justifiable cause.

(b) The number of share acquisition rights that may be exercised shall fluctuate in steps, within a range of from 0% to 100% of the total number of stock acquisition rights allocated according to the Total Shareholder Return results (i.e., the sum of the difference between the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the allotment date occurs and the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the first date of the exercise period occurs and the dividends per share for the period from the allotment date to the first date of the exercise period, divided by the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the allotment date occurs) from the allotment date to the first date of the exercise

- period.
4. Conditions for exercise of stock acquisition rights of the 3rd series
 - (a) A stock acquisition right holder must be a Director or Senior Operating Officer of the Company when he/she exercises those rights unless he/she retires by reason of expiration of his/her term of office or any other justifiable cause.
 - (b) Same as the above 3. (b).
 5. Conditions for exercise of stock acquisition rights of the 5th and 7th series
 - (a) A stock acquisition right holder must be a Director or Operating Officer of the Company when he/she exercises those rights unless he/she retires by reason of expiration of his/her term of office or any other justifiable cause.
 - (b) Same as the above 3. (b).

(2) Status of Stock Acquisition Rights etc., allotted as consideration of execution of business to the Company's executives (As of December 31, 2015)

Name	Directors (excluding outside directors)		Outside Directors		Corporate Auditors	
	Number of persons	Number of stock acquisition rights (class and number of shares to be allotted upon exercise of stock acquisition rights)	Number of persons	Number of stock acquisition rights (class and number of shares to be allotted upon exercise of stock acquisition rights)	Number of persons	Number of stock acquisition rights (class and number of shares to be allotted upon exercise of stock acquisition rights)
Stock Acquisition Rights (2nd series)	2	228 (common stock 22,800 shares)	—	—	—	—
Stock Acquisition Rights (4th series)	3	191 (common stock 19,100 shares)	—	—	—	—
Stock Acquisition Rights (5th series)	1	39 (common stock 3,900 shares)	—	—	—	—
Stock Acquisition Rights (6th series)	4	134 (common stock 13,400 shares)	—	—	—	—

(3) Status of Stock Acquisition Rights, etc., allotted as consideration of execution of business to the Company's employees, etc. for the Period

Name	Employees		Employees and Executives of Subsidiaries	
	Number of persons	Number of stock acquisition rights (class and number of shares to be allotted upon exercise of stock acquisition rights)	Number of persons	Number of stock acquisition rights (class and number of shares to be allotted upon exercise of stock acquisition rights)
Stock Acquisition Rights (7th series)	16	330 (common stock 33,000 shares)	—	—

4. Matters Related to Company Executives

(1) Names and Other Information of Directors and Corporate Auditors (As of December 31, 2015)

Name	Position and Duty	Important Concurrent Post
Shinichi Ueno	President (Representative Director) Group CEO	Chairman, Japan Advertising Industry Welfare Pension Fund
Takeshi Kato	Director Domestic Group Company Division Executive	
Kenji Oshiba	Director In charge of Content Business Center	Representative Director and President, RIGHT SONG MUSIC PUBLISHING CO., LTD. Representative Director and President, NIHON AD SYSTEMS INC.
Noriyuki Nakai	Director Division Director of Corporate Strategy Division	
Stuart Neish	Director	Managing Director, WPP International Holding B.V. Director, WPP Group (Asia Pacific) Ltd.
Hideaki Kido (Outside) (Independent Director)	Director Chairman of the board	Executive Director and Chairman, IMAGICA TV Corporation Senior Advisor to the Board, Imagica Robot Holdings Inc. Adjunct Professor & Visiting Fellow-Waseda University Global Information and Telecommunication Studies Director, Japan Satellite Broadcasting Association
Toshio Kinoshita (Outside) (Independent Director)	Director	Council Member of The Japanese Institute of Certified Public Accountants Kinoshita CPA Firm, Chief Executive Officer of the firm Outside Auditor, Panasonic Corporation Outside Auditor, Cool Japan Fund Inc. Outside Auditor, WEATHERNEWS Inc. Outside Audit & Supervisory Board Member, Denka Company Limited Outside Director, TACHI-S CO., LTD. Outside Director, Mizuho Bank, Ltd.
Nobuyuki Motohashi	Corporate Auditor (full-time)	
Yoshitake Ohnishi (Outside) (Independent Auditor)	Corporate Auditor (full-time)	
Masayuki Yoshinari (Outside) (Independent Auditor)	Corporate Auditor	Partner, Toranomon College Law Office Vice Chairman, Tokyo Lawyers National Health Insurance Society External Controller, Dai-Ichi Kangyo Credit Cooperative (Not full-time) Outside Director, NIHON KAGAKU SANGYO CO., LTD.
Megumi Sutoh (Outside) (Independent Auditor)	Corporate Auditor	Professor of the Waseda University Center for Finance Research Outside Auditor, Mitsui Sumitomo Insurance Company, Limited

(Notes) 1. Noriyuki Nakai and Toshio Kinoshita assumed the post after being newly appointed as Director at the 60th Ordinary General Meeting of Shareholders held on March 27, 2015.

2. Three directors, Koichiro Naganuma, Mochio Umeda and Shin Ushijima retired upon the expiration of their terms of office as of the close of the 60th Ordinary General Meeting of Shareholders held on March 27, 2015.

3. Nobuyuki Motohashi, Yoshitake Ohnishi and Megumi Sutoh assumed the post after being newly appointed as Corporate Auditor at the 60th Ordinary General Meeting of Shareholders held on March 27, 2015.

4. Three corporate auditors, Yoshiro Sakai, Hiroshi Ota and Makoto Ichikawa retired upon the expiration of their terms of office as of the close of the 60th Ordinary General Meeting of Shareholders held on March 27, 2015.
5. Hideaki Kido and Toshio Kinoshita are outside directors.
6. Yoshitake Ohnishi, Masayuki Yoshinari and Megumi Sutoh are outside corporate auditors.
7. Corporate auditor Mr. Motohashi has a considerable store of knowledge of finance and accounting.
8. Corporate auditor Mr. Yoshinari has a considerable store of knowledge of general legal matters.
9. The Company reported directors Mr. Kido and Mr. Kinoshita, corporate auditors Mr. Ohnishi, Mr. Yoshinari and Ms. Sutoh to the Tokyo Stock Exchange as independent directors/auditors.

(2) Outline of Liabilities Limitation Agreement

The Company has a liabilities limitation agreement with each outside director and outside corporate auditor, which limits his/her liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act; provided, however, that the ceiling amount for liabilities pursuant to such agreement shall be the larger of ¥10 million or an amount stipulated by laws and regulations.

(3) Amounts of Compensation of Directors and Corporate Auditors

(a) Total Amounts of Compensation for the Period

Position	Number of Directors/Corporate Auditors	Amount of Compensation
Directors (of those, outside directors)	9 (4)	¥170 million (¥30 million)
Corporate auditors (of those, outside corporate auditors)	7 (5)	¥50 million (¥34 million)
Total	16	¥221 million

- (Notes) 1. No bonus was provided to directors for the period.
2. The above table includes three directors and three corporate auditors who retired as of the close of the 60th Ordinary General Meeting of Shareholders held on March 27, 2015. One of the seven directors as of the end of the period serves without compensation, therefore the director is not included in the table above.

(b) Amounts of Compensation for the Stock Acquisition Rights as Stock Compensation-type Stock Options

In addition to (a), based on a resolution of the 57th Ordinary General Meeting of Shareholders held on March 29, 2012 and of the Board of Directors held on August 13, 2015, the Company issued stock acquisition rights as stock compensation-type stock options to four directors (excluding outside directors) on August 28, 2015.

No expenses will arise according to the Total Shareholder Return results (i.e., the sum of the difference between the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the day three years before the allotment date occurs and the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the allotment date occurs and the dividends per share for the period from the date three years before the allotment date to the day that immediately follows the allotment date, divided by the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the date three years before the allotment date occurs) for the three years preceding the allotment date of the stock acquisition rights.

(c) Amount of Retirement Benefits to Directors Provided for the Period

Based on a resolution of the 56th Ordinary General Meeting of Shareholders held on March 30, 2011, the Company paid retirement benefits of ¥97 million to one director and one corporate auditor (¥83 million to the director, and ¥14 million to the corporate auditor) who resigned from office as of the close of the 60th Ordinary General Meeting of Shareholders held on March 27, 2015. The retirement benefits include ¥97 million as an

allowance for retirement benefits to directors included in the amount of compensation for directors in the business reports of previous periods.

(d) Amount of Compensation for Outside Executives Provided from the Parent Company and Subsidiaries

Not Applicable.

(4) Policy Regarding Determination of Compensation of Directors and Corporate Auditors

Directors responsible for executing the Company's business receive "fixed compensation" and "business performance-linked compensation" determined according to the functions they perform. Outside directors and corporate auditors not responsible for executing the Company's business receive fixed compensation only.

Business performance-linked compensation will consist of two types of compensation, namely, "bonuses," as compensation linked with short-term business performance, and "stock compensation-type stock options," as compensation linked with long-term business performance. Thus, The Company offers both long-term and short-term incentives to directors responsible for executing the Company's business. Because the Company does not treat directors as employees, it does not pay separate salaries to directors. The Company has terminated the system for granting retirement benefits to retiring directors and corporate auditors. It terminated the granting of retirement benefits to corporate auditors as of the close of the 52nd Ordinary General Meeting of Shareholders held on March 28, 2007, and terminated the granting of retirement benefits to directors as of the close of the 56th Ordinary General Meeting of Shareholders held on March 30, 2011.

The specific levels of compensation amounts shall be determined by referring to the corresponding data of a group of companies consisting of non-manufacturing companies having a similar size of sales as the Company, and peer companies.

Outline of "Fixed compensation," "bonuses" and "stock compensation-type stock options" are as follows.

(a) Fixed Compensation

It was resolved at the 56th Ordinary General Meeting of Shareholders held on March 30, 2011 that directors' fixed compensation shall be paid in an amount not exceeding ¥500 million per year.

Fixed compensation paid to directors is comprised of regular "basic compensation" and "funds for acquiring treasury stock" through the directors' shareholding association. "Funds for acquiring treasury stock" are applied only to full-time directors.

Previously, it was resolved at the Extraordinary General Meeting of Shareholders held on November 20, 1998 that corporate auditors' fixed compensation is regular basic compensation and shall be paid in an amount not exceeding ¥10 million per month.

(b) Bonuses

It was resolved at the 57th Ordinary General Meeting of Shareholders held on March 29, 2012 to grant directors (excluding outside directors) bonuses separate from the aforementioned fixed compensation in an amount not exceeding ¥150 million per year in response to the amount of the consolidated operating income for each fiscal year. Such bonuses shall not be paid if the consolidated operating income for each fiscal year does not reach the target amount, and if the consolidated operating income reaches the target amount, an amount equal to the base compensation (excluding any funds for acquiring treasury stock through the directors' shareholding association.), which is fixed compensation, multiplied by 20% to 40% in response to the level of achievement shall be paid.

(c) Stock Compensation-type Stock Options

It was resolved at the 57th Ordinary General Meeting of Shareholders held on March 29, 2012 to grant directors (excluding outside directors) stock acquisition rights separate from the aforementioned fixed compensation and the aforementioned bonuses, not exceeding ¥100 million annually. The amount of stock acquisition rights corresponds to approximately 30% of basic compensation, which is fixed compensation (excluding any funds for acquiring treasury stock through the directors' shareholding association).

The exercise price of such stock acquisition rights shall be ¥1 per share. The number of share acquisition rights to be exercised fluctuates within a range of from 0% to 100% of the total number of stock acquisition rights allocated according to the Total Shareholder Return results (i.e., the sum of the difference between the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the allotment date occurs and the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the first date of the exercise period occurs and the dividends per share for the period from the allotment date to the first date of the exercise period, divided by the average stock price on the Tokyo Stock Exchange in the three months (excluding non-trading dates) immediately preceding the month in which the allotment date occurs) from the allotment date to the first date of the exercise period.

(5) Matters Related to Outside Executives

(a) Status of Positions Held Concurrently by Outside Executives and Other Status

The status of important positions held concurrently by outside executives is stated in “(1) Names and Other Information of Directors and Corporate Auditors, 4. Matters Related to Company Executives.”

The Company has a business relationship such as a commission operation related to video distribution with IMAGICA TV Corporation, where Director Hideaki Kido holds a concurrent position. The Company also has a business relationship such as payment of the membership due with Japan Satellite Broadcasting Association, where Mr. Kido holds a concurrent position.

Furthermore, the Company has a business relationship such as cooperation with Panasonic Corporation, where Director Toshio Kinoshita holds a concurrent position.

There is no relationship to be disclosed between the Company and other corporations where outside executives concurrently hold executive positions, other than those indicated above.

(b) Major Activities

Position	Name	Major Activities
Director	Hideaki Kido	Mr. Kido attended all of the Board of Directors meetings (15 times) of the Company held during the fiscal year under review and expressed his opinion when appropriate based on his advanced expertise related to global business and broadcasting business nurtured through his experience in international businesses and corporate management.
Director	Toshio Kinoshita	Since he assumed his office on March 27, 2015, Mr. Kinoshita attended all of the Board of Directors meetings (11 times) of the Company held during the fiscal year under review and expressed his opinion when appropriate based on his advanced expertise related to accounting and auditing nurtured through his experience as an accountant.
Corporate Auditor	Yoshitake Ohnishi	Since he assumed his office on March 27, 2015, Mr. Ohnishi attended all of the Board of Directors meetings (11 times) and all of the Board of Corporate Auditors meetings (13 times) of the Company held during the fiscal year under review, and expressed his opinion when appropriate based on his advanced expertise related to management and administration nurtured through his experience as a corporate officer.
Corporate Auditor	Masayuki Yoshinari	Mr. Yoshinari attended all of the Board of Directors meetings (15 times) and all of the Board of Corporate Auditors meetings (16 times) of the Company held during the fiscal year under review, and expressed his opinion when appropriate based on his advanced expertise related to general legal matters nurtured through his experience as a lawyer.
Corporate Auditor	Megumi Sutoh	Since she assumed her office on March 27, 2015, Ms. Sutoh attended all of the Board of Directors meetings (11 times) and all of the Board of Corporate Auditors meetings (13 times) of the Company held during the fiscal year under review, and expressed her opinion when appropriate based on her advanced expertise related to economics and finance nurtured through her experience as a researcher.

5. Status of Independent Auditor

(1) Name of Independent Auditor: Ernst & Young ShinNihon LLC

(2) Amount of Compensation for Independent Auditor

Compensation for the period	Total Amount of gains on assets the Company and its subsidiaries should pay
¥101 million	¥153 million

(Notes) 1. In the audit contract between the Company and the independent auditor, there is no clear distinction between the compensation for audits in accordance with the Companies Act and that for audits in accordance with the Financial Instruments and Exchange Act, and it is not possible to make clear distinction between them in practice as well. For this reason, the compensation for the independent auditor for the fiscal year under review is the sum of these amounts.

2. The Board of Corporate Auditors agreed that the amount of compensation for the independent auditor is reasonable, taking into account the independent auditor’s audit plans, execution of duties, basis of quotation, and other factors.

(3) Non-audit Services

The Company asked the auditing firm to perform business survey services other than tasks prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act and compensated the firm for these services.

(4) Policy of Dismissal and Non-reappointment of Independent Auditor

The Board of Corporate Auditors of the Company may dismiss an independent auditor with the unanimous approval of the Board when such independent auditor falls under any of the reasons for dismissal stipulated in each item of Article 340, Paragraph 1 of the Companies Act, and when the Board determines there are no prospects of improvement.

The Board of Corporate Auditors of the Company determines a proposal for dismissal or non-reappointment of an independent auditor to be submitted to the general meeting of shareholders when there is a problem related to eligibility or trustworthiness as an independent auditor such as a systematic flaw, or when an event occurs that makes appropriate execution of duties as an independent auditor difficult.

(5) Administrative Order of Suspending Business Operations of the Independent Auditor that is Currently in Effect

Outline of the administrative order of suspending business operations announced by the Financial Services Agency on December 22, 2015

- (a) Auditing firm against which the administrative order was issued
Ernst & Young ShinNihon LLC
- (b) Details of the administrative order
Suspension of business operations related to accepting new engagements during the three-month period from January 1, 2016 to March 31, 2016
- (c) Reason for the administrative order
 - False statements resulting from its employees’ negligence
 - Significantly inappropriate operations of the auditing firm

6. Business System and Policies

(1) Outline of the System to Maintain Appropriate Business Practice

The following is the outline of basic policy to improve the system ensuring the appropriateness of ADK's business (hereinafter "Internal Control System").

(General Rules)

ADK operates an internal control system with the following aims:

- (a) Raise operational effectiveness and efficiency;
- (b) Maintain the reliability of financial reporting;
- (c) Ensure compliance with laws, regulations and the Articles of Incorporation relating to business activities;
and
- (d) Safeguard assets.

Development and operation of the Internal Control System is supervised by the Risk Management Committee, which is chaired by the president; its members shall comprise operating officers appointed by the Board of Directors. The Risk Management Committee will regularly investigate if the Internal Control System effectively functions or not, using a process management method based on the PDCA (Plan, Do, Check, Act) cycle, and report to the Board of Directors Meeting. The elements of resolution stipulated in the Companies Act and the Ordinance for Enforcement of the Companies Act are described in the following specific rules.

(Specific Rules)

1. System to ensure ADK's directors and employees perform their duties in accordance with laws, regulations and the Articles of Incorporation

The Board of Directors formulated the "ADK Group Code of Conduct" to clarify the ethics and values to be shared by all directors and employees of the ADK Group. The directors themselves observe this code, and the president continuously reiterates its spirit to employees.

ADK appoints the Compliance Committee as a subordinate organization of the Risk Management Committee, chaired by the compliance supervisory officer; its members shall include external attorneys. The Compliance Committee will position the ADK Group Code of Conduct as a compliance policy. The Compliance Committee will promote the implementation of the compliance policy through a variety of measures, including the holding of workshops and the preparation of guidelines, etc.

In order to make certain that the execution of duties is in compliance with laws and regulations and the Articles of Incorporation, ADK will include a provision to the effect that ADK will eliminate any relationship with anti-social forces in the ADK Group Code of Conduct and ADK will develop a system to implement the provision under the supervision of the Compliance Committee.

When a suspected violation of major laws and regulations or the Articles of Incorporation comes to the attention of the Compliance Committee, it will conduct its own investigation or request other divisions such as the internal audit division to conduct an investigation. Based on the results, the Compliance Committee will request that appropriate action should be taken against the department in question. The Compliance Committee also operates the "Group Helpline System," which guarantees anonymity, and employees may report to an external law firm under this system.

As another subordinate organization of the Risk Management Committee, ADK will establish the Process Owner Committee, chaired by an operating officer in charge of developing, operating and maintaining the system to specifically secure the reliability of financial reporting. The Process Owner Committee will identify risks related to the reliability of financial reporting and issue instructions accordingly. Based on such instructions, the Process Owner Committee will ensure that suitable responses are implemented to address risks identified in each responsible department and that the risk management system is properly operated and maintained.

2. System regarding the retention and management of information related to the execution of duties of directors

As a subordinate organization of the Risk Management Committee, ADK will establish the Information Security Committee, chaired by the operating officer in charge of retention and management of information related to the execution of duties of directors.

The minutes of the Board of Directors meetings together with the materials distributed to directors for deliberation of resolutions shall be retained for a minimum of ten years in the division in charge of the secretariat. In addition, ADK will manage the minutes of regular meetings that directors must attend, as well as other business documents approved by directors or in which their opinions are written, in compliance with “Document Management Regulations” and “Information Security Policy.”

3. ADK rules and systems relating to risk management for loss

The Risk Management Committee will define the “Risk Management Policy” and implement comprehensive risk management for ADK and will instruct the responsible departments to take appropriate measures against any matters that require action.

ADK will establish the Compliance Committee, Process Owner Committee, Information Security Committee, as well as Disaster Prevention Committee or any other specialized committee under the control of the Risk Management Committee requiring them to engage in risk management in their respective area of expertise. Any risk management in areas other than those covered by expert committee will be under direct control of the Risk Management Committee.

The division in charge of internal audit will monitor the effectiveness of the risk management system and report to the Risk Management Committee.

4. System to ensure the effective execution of ADK’s directors’ duties

ADK will maintain an appropriate number of directors in order to ensure the flexible holding of and active discussions at the Board of Directors meetings. ADK will also limit the tenure of each director to one year in order to frequently check the qualification of directors.

In addition, ADK will maintain a distinction between the duties of directors and the execution of business, and operate the Board of Directors by focusing on the deciding and supervising of execution of duties.

The Board of Directors meeting will set up the company-wide goals and objectives to be shared by all directors and employees, also draw up mid-term plans and annual business plans to achieve those goals and objectives. Progress of annual business plans will be reported on a quarterly basis, and the progress of medium-term plans will be reported and reviewed each fiscal year.

5. System to maintain appropriate business practices throughout the ADK Group

- (a) System regarding report to ADK of matters on execution of duties by ADK’s subsidiary’s directors, operating officers, employees executing business, any persons who are to execute the duties under Article 598, Paragraph 1 of the Companies Act or any other similar person (“Directors Etc.”)

ADK will execute an arrangement with core subsidiaries and obligate them to discuss with ADK in advance or report to ADK with respect to important operational matters. In addition, ADK will assign directors or employees of ADK as directors of particularly important subsidiaries.

- (b) Rules and other systems relating to the management of risk of loss by ADK’s subsidiary

Risk Management Committee will manage risk at the ADK Group comprehensively and thoroughly, and cause the division in charge to take necessary action against risk.

- (c) System to ensure that duties by Directors Etc. of ADK’s subsidiary are executed in an efficient manner

ADK will develop a basic management policy for the ADK Group, as well as implementing the

management benchmarks and performance management benchmarks on a consolidated basis and developing mid-term management plans. Further, the ADK Group will conduct the result management effectively for the ADK Group as a whole.

- (d) System to ensure that the execution of duties by Directors Etc. and employees of ADK's subsidiaries comply with laws and regulations and the Articles of Incorporation

Under the supervision of the Risk Management Committee, the ADK division in charge of management of subsidiaries will direct each subsidiary to develop and maintain its own internal control system coordinate internal controls between ADK and each subsidiary, and implement a group-wide internal control system.

The ADK division in charge of management of subsidiaries will request each subsidiary to comply with the "ADK Group Code of Conduct" and to develop and implement specific measures, depending on characteristics of each subsidiary. "Specific measures" will include participation to the "Group Helpline System." or development of systems similar thereto.

The ADK division in charge of management of subsidiaries will make arrangements with major subsidiaries about accepting the internal audit by the ADK division in charge of management of subsidiaries to audit each subsidiary's business.

6. Matters regarding a system relating to employees who assists the corporate auditor at the request of the corporate auditor, and independence of such employees from directors and ensuring workable instructions from corporate auditor to employee

In the event that the corporate auditor requests ADK to retain the assistance from employees, ADK will assign appropriate persons as assistants to corporate auditors as soon as possible. To reinforce independence of the employee from directors, and secure workable instructions to the employee from the corporate auditor, the employee will follow the corporate auditor's instructions and orders. In addition, the corporate auditor's prior consent is required for decisions on the performance reviews, personnel transfers, and decisions on reward and punishment of the employees.

7. System to report to ADK corporate auditor and a system to ensure that the person reporting to the corporate auditor does not receive any unfavorable treatment by virtue of having made the report

ADK's directors and employees will immediately report to the corporate auditor any fact that may cause significant damage to ADK Group, any misconduct relating to the execution of duties by directors, material fact that breach laws and regulations and the Articles of Incorporation, any matter reported pursuant to the Group Helpline System, and the result of investigation by the authority and audit by the external counsel. ADK will prohibit any unfavorable treatment to the person who reported to the corporate auditor, and educate employees to that effect within the ADK Group.

8. Procedures for advance payment or reimbursement of fees arising in connection with the execution of duties by ADK corporate auditor and any other policy regarding handling the cost or obligation arising in connection with the execution of duties by the corporate auditor

ADK will secure the budget in advance for the fees as deemed necessary to execute the corporate auditor's duties. In addition, corporate auditors may charge fees spent on an emergency or temporary basis for the execution of their duties which may not be included in such budget to ADK beforehand or afterward, and ADK will promptly reimburse such fees or obligation.

9. Other systems for ensuring the effective implementation of auditing by corporate auditors

In order to enhance the auditing system by corporate auditors, the Company has a policy to maintain four or more corporate auditors in total, two or more outside corporate auditors, exceeding the legal requirement.

ADK will request corporate auditors to report at the Board of Directors meetings as well as to attend at important regular meetings, and the minutes of those meetings must be presented to all corporate auditors. In addition to the above-mentioned meetings, directors and employees may not reject corporate auditor's request to attend any other internal meeting.

The president will hold meetings with corporate auditors on a regular basis to exchange opinions. An audit report of the division in charge of internal audit will be submitted to the corporate auditors as well as the president, and members of the division in charge of internal audit will attend meetings of the Board of Corporate Auditors to cooperate with corporate auditors.

(2) Outline of Operating Status of System to Maintain Appropriate Business Practice

(Matters Regarding Execution of Duties by ADK's Directors and Employees)

Through education and workshops held by the Compliance Committee, which is a subordinate organization of the Risk Management Committee, the ethics and values of the ADK Group based on the "ADK Group Code of Conduct" are shared among all directors and employees.

With regard to the operation of the Group Helpline System, the Compliance Committee is mainly involved to guarantee the protection of whistleblower and the transparency and fairness of investigation based on reports, in corporation with external law firms.

With respect to system for ensuring the reliability of financial reporting, the Process Owner Committee, as a subordinate organization of the Risk Management Committee, is in charge of the establishment of the relevant internal procedures and the evaluation of operation status, as well as collecting information throughout the ADK Group, identifying risks and considering response measures, in corporation with an independent auditor.

As to the retention and management of information related to the execution of duties by directors and employees, the promotion of environmental structure that involves documentation and computerization of vouchers related to decision-making and other internal procedures is in progress. In addition, the Information Security Committee, as a subordinate organization of the Risk Management Committee, is in charge of thorough information management based on information classification and the level of importance.

With regard to directors, the Company secures an appropriate number of directors, as well as limits the tenure of each director to one year in order to guarantee the opportunity for checking shareholders' trust. The Company also distinguishes execution of business by directors from the authority and responsibility of supervision.

The Board of Directors sets up goals and objectives to be achieved by directors and employees, as well as draws up mid-term business plans to achieve those goals and objectives, reviews the progress, and considers if it is necessary or not to revise such plans.

(Matters Regarding ADK's Management of Risk of Loss)

The Risk Management Committee defines the "Risk Management Policy," posts it on the website, and implements risk management for the entire ADK Group in accordance with the policy. In order to respond to risks in specific fields, there are four small committees established as subordinated organizations, namely Compliance Committee, Process Owner Committee, Information Security Committee and Disaster Prevention Committee, enabling proper examinations and measures to be taken in light of the attribute of risks.

(Matters Regarding the ADK Group)

The Company has established a structure related to the Internal Control System throughout the ADK Group,

involving the acceptance of internal audits and participating to the Group Helpline, in addition to the assignment of directors to subsidiaries. Further, the numerical management targets on a consolidated basis are developed in mid-term business plans and business results are collected promptly from all consolidated subsidiaries, followed by monthly operation management and quarterly operation analysis and consideration of appropriate measures.

(Matters Regarding Corporate Auditors)

The Company appoints four corporate auditors, including three highly independent outside corporate auditors. Corporate auditors carry out audits on execution of duties by directors through attending the Board of Directors meetings and other important internal meetings such as Operating Officers Meetings mostly by full-time corporate auditors, as well as exchanging opinions with the president on a regular basis.

With regard to execution of duties by corporate auditors, cooperation with the internal audit division has been established. In addition, the Company has assigned appropriate persons with considerable amount of knowledge on audits as assistants to corporate auditors who work under the corporate auditor's instructions and orders.

(3) Takeover Defense Policy

The Company believes that the policies for finance and business strategies should be ultimately authorized by shareholders.

In addition to the improvement of capital efficiency and distribution to the shareholders, the Company has been making company-wide efforts to maximize corporate value and common interests of shareholders based on our "Management by All" principle by increasing its competitiveness as an advertising business. The Company believes that such a sense of unity and the idea of a shared future among directors and employees in the advertising industry, which we believe is a "people business," is the source of competitiveness. The Company believes that, if this sense of unity and the idea of a shared future are undermined by an abusive takeover attempt, corporate value and the common interests of shareholders would be damaged, therefore, any purposes of an acquiring body cannot be achieved.

The Company believes that obtaining the support of shareholders by maximizing corporate value and rewarding shareholders is the best defense against an abusive takeover attempt; therefore, the Company has not implemented any specific takeover defense measures at present.

On the other hand, in the event of an attempt of large-scale purchase of the Company's shares or a takeover proposal, the Board of Directors that assumes management responsibility on behalf of the shareholders will assess the impact of such attempt on corporate value and common interests of the shareholders, while respecting the opinions of outside specialists. In addition to expressing their views, the Board of Directors will negotiate with such a bidder and do its best to provide necessary information and ensure sufficient time for shareholders to properly judge whether to accept such a bid or not.

Moreover, in the event that such a bidder does not provide necessary information or it is deemed that such a proposal may damage corporate value and or common interests of the shareholders, the Board of Directors will take reasonable and most effective countermeasures at that time, which would be accepted by shareholders.

The Company will carefully discuss whether to implement specific takeover defense measures in advance, in consideration of future economic environments, capital markets, and trends in laws and regulations.

(4) Policy of Shareholders Return

ADK defines in its article of incorporation that the Board of Executive Directors is fully responsible for deciding a way of using the surplus such as a dividend. The board determines a dividend amount based on a total shareholder return policy, which includes buy-back, of 50% of the current term's net income while making long-lasting stability by, in principle, setting the minimum dividend per share of ¥20. An interim dividend, in principle, should be ¥10 per share as it has been, and a year-end dividend should be the higher of ¥10 per share or an amount which would make the annual total return ratio satisfy the guideline of 50%.

ADK places the enhancement of medium-to long-term shareholder value as one of the key management issues, and hence, the Company recognizes ROE as one of the important indicators. To improve ROE, we believe that we need to strive to grow our existing businesses as well as invest in growth fields, while improving the efficiency of capital. For the fiscal year under review, as a result of carrying out investments in certain growth field and continuous enhancement on capital efficiency, the Company generated surplus funds distributable to shareholders. Therefore, the Company has determined to acquire treasury stock and pay an extraordinary dividend in addition to an ordinary dividend, in accordance with aforementioned policies.

Based on the above policy and its underlying reasons, the Company has acquired treasury stock of 351,200 shares (total amount of acquisition of ¥999 million) in accordance with the resolution of the Board of Directors meeting held on December 8, 2015. As distribution of surplus, the interim dividend was ¥10 per share and the year-end dividend for the fiscal year under review was ¥238 per share (an ordinary dividend of ¥23 and an extraordinary dividend of ¥215). The full-year dividend, therefore, is ¥248.

(Note) Amounts less than the unit indicated in this Business Report are truncated.

Consolidated Balance Sheets

(As of December 31, 2015)

(Unit: Millions of yen)

Assets		Liabilities	
I. Current assets	121,370	I. Current liabilities	84,556
Cash and deposits	25,790	Notes and accounts payable-trade	74,130
Notes and accounts receivable-trade	84,326	Short-term loans payable	96
Short-term investment securities	2,172	Income taxes payable	1,269
Inventories	7,048	Provision for bonuses	355
Deferred tax assets	568	Provision for sales returns	471
Other	2,033	Other	8,232
Allowance for doubtful accounts	(568)	II. Noncurrent liabilities	25,160
II. Noncurrent assets	113,834	Deferred tax liabilities	22,966
Property, plant and equipment	4,800	Provision for directors' retirement benefits	42
Buildings and structures	2,579	Provision for retirement benefits	935
Land	1,004	Other	1,215
Other	1,215	Total liabilities	109,716
Intangible assets	2,186	Net assets	
Software	1,536	I. Shareholders' equity	73,690
Other	650	Capital stock	37,581
Investments and other assets	106,847	Capital surplus	11,982
Investment securities	101,516	Retained earnings	24,336
Long-term loans receivable	54	Treasury stock	(210)
Net defined benefit asset	697	II. Accumulated other comprehensive income	50,314
Deferred tax assets	246	Valuation difference on available-for-sale securities	48,188
Other	5,151	Deferred gains or losses on hedges	(0)
Allowance for doubtful accounts	(819)	Foreign currency translation adjustments	1,859
		Remeasurements of defined benefit plans	266
		III. Subscription rights to shares	23
		IV. Minority interests	1,461
		Total net assets	125,488
Total assets	235,205	Total liabilities and net assets	235,205

Consolidated Income Statements

(For the year ended December 31, 2015)

(Unit: Millions of yen)

I.	Gross billings		351,956
II.	Cost of sales		303,131
	Gross profit		48,824
III.	Selling, general and administrative expenses		43,923
	Operating income		4,901
IV.	Non-operating income		
	Interest and dividends income	2,911	
	Equity in earnings of affiliates	292	
	Other	694	3,898
V.	Non-operating expenses		
	Interest expenses	31	
	Loss on investment in partnership	11	
	Loss on insurance cancellation	59	
	Other	106	209
	Ordinary income		8,590
VI.	Extraordinary income		
	Gain on sales of noncurrent assets	64	
	Gain on liquidation of subsidiaries and affiliates	146	
	Gain on sales of investment securities	1,077	
	Other	4	1,293
VII.	Extraordinary loss		
	Loss on retirement of noncurrent assets	16	
	Special retirement expenses	285	
	Loss on liquidation of business	128	
	Office transfer expenses	117	
	Other	146	695
	Income before income taxes		9,189
	Income taxes-current	2,861	
	Income taxes-deferred	718	3,579
	Income before minority interests		5,609
	Minority interests in income		246
	Net income		5,362

Consolidated Statements of Changes in Net Assets

(For the year ended December 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2015	37,581	11,982	42,265	(569)	91,260
Cumulative effects of changes in accounting policies			678		678
Restated balance	37,581	11,982	42,944	(569)	91,939
Changes during the consolidated fiscal year					
Dividend payments			(24,024)		(24,024)
Net income			5,362		5,362
Increase due to newly consolidated subsidiaries			62		62
Acquisitions of treasury stock				(7)	(7)
Disposals of treasury stock		0		366	366
Other			(7)		(7)
(Net) changes of items other than shareholders' equity					
Total change during the consolidated fiscal year	—	0	(18,607)	358	(18,248)
Balance as of December 31, 2015	37,581	11,982	24,336	(210)	73,690

	Valuation difference on available-for-sale securities	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
		Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of January 1, 2015	40,118	5	2,819	(20)	42,923	40	775	134,999
Cumulative effects of changes in accounting policies								678
Restated balance	40,118	5	2,819	(20)	42,923	40	775	135,678
Changes during the consolidated fiscal year								
Dividend payments								(24,024)
Net income								5,362
Increase due to newly consolidated subsidiaries								62
Acquisitions of treasury stock								(7)
Disposals of treasury stock								366
Other								(7)
(Net) changes of items other than shareholders' equity	8,069	(6)	(960)	287	7,390	(17)	686	8,059
Total change during the consolidated fiscal year	8,069	(6)	(960)	287	7,390	(17)	686	(10,189)
Balance as of December 31, 2015	48,188	(0)	1,859	266	50,314	23	1,461	125,488

Nonconsolidated Balance Sheets

(As of December 31, 2015)

(Unit: Millions of yen)

Assets		Liabilities	
I. Current assets	97,955	I. Current liabilities	79,614
Cash and deposits	14,683	Notes payable-trade	8,950
Notes receivable-trade	4,697	Accounts payable-trade	59,572
Accounts receivable-trade	69,724	Accounts payable-other	3,547
Inventories	4,591	Income taxes payable	893
Accounts receivable-other	3,137	Deposits received	4,157
Deferred tax assets	356	Other	2,493
Other	1,205	II. Noncurrent liabilities	23,389
Allowance for doubtful accounts	(440)	Lease obligations	4
II. Noncurrent assets	116,061	Deferred tax liabilities	22,757
Property, plant and equipment	2,620	Other	627
Buildings	1,738	Total liabilities	103,004
Vehicles	22	Net assets	
Furniture and fixtures	538	I. Shareholders' equity	62,931
Land	314	Capital stock	37,581
Lease asset	6	Capital surplus	11,982
Intangible assets	1,426	Legal capital surplus	7,839
Leasehold right	1	Other capital surplus	4,143
Software	1,424	Retained earnings	13,577
Other	0	Legal retained earnings	1,555
Investments and other assets	112,013	Other retained earnings	12,021
Investment securities	11,294	General reserve	1,519
Stocks of subsidiaries and affiliates	97,500	Retained earnings brought forward	10,502
Investments in capital of subsidiaries and affiliates	858	Treasury stock	(210)
Guarantee deposits	557	II. Valuation and translation adjustments	48,058
Claims provable in bankruptcy, claims provable in rehabilitation and other	171	Valuation difference on available-for-sale securities	48,059
Prepaid pension cost	282	Deferred gains or losses on hedges	(0)
Other	1,991	III. Subscription rights to shares	23
Allowance for doubtful accounts	(642)	Total net assets	111,013
Total assets	214,017	Total liabilities and net assets	214,017

Nonconsolidated Income Statements

(For the year ended December 31, 2015)

(Unit: Millions of yen)

I.	Gross billings		306,801
II.	Cost of sales		273,875
	Gross profit		32,925
III.	Selling, general and administrative expenses		29,942
	Operating income		2,983
IV.	Non-operating income		
	Interest and dividends income	7,850	
	Interest on securities	1	
	Foreign exchange gains	125	
	Other	330	8,307
V.	Non-operating expenses		
	Interest expenses	33	
	Loss on insurance cancellation	11	
	Other	133	178
	Ordinary income		11,112
VI.	Extraordinary income		
	Gain on liquidation of subsidiaries and affiliates	146	
	Gain on sales of investment securities	1,008	
	Gain on sales of subsidiaries and affiliates' stocks	24	
	Other	73	1,253
VII.	Extraordinary loss		
	Loss on retirement of noncurrent assets	7	
	Office transfer expenses	115	
	Other	118	241
	Income before income taxes		12,124
	Income taxes-current	2,170	
	Income taxes-deferred	377	2,547
	Net income		9,577

Nonconsolidated Statements of Changes in Net Assets

(For the year ended December 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance as of January 1, 2015	37,581	7,839	4,143	11,982
Cumulative effects of changes in accounting policies				
Restated balance	37,581	7,839	4,143	11,982
Changes during the non-consolidated fiscal year				
Dividend payments				
Net income				
Acquisitions of treasury stock				
Disposals of treasury stock			0	0
Reversal of general reserve				
(Net) changes of items other than shareholders' equity				
Total changes during the non-consolidated fiscal year	—	—	0	0
Balance as of December 31, 2015	37,581	7,839	4,143	11,982

	Shareholders' equity						
	Legal retained earnings	Retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
		Other retained earnings		Retained earnings brought forward			
		General reserve					
Balance as of January 1, 2015	1,555	22,019	3,770	27,345	(569)	76,340	
Cumulative effects of changes in accounting policies			678	678		678	
Restated balance	1,555	22,019	4,449	28,024	(569)	77,019	
Changes during the non-consolidated fiscal year							
Dividend payments			(24,024)	(24,024)		(24,024)	
Net income			9,577	9,577		9,577	
Acquisitions of treasury stock					(7)	(7)	
Disposals of treasury stock					366	366	
Reversal of general reserve		(20,500)	20,500	—		—	
(Net) changes of items other than shareholders' equity							
Total change during the non-consolidated fiscal year	—	(20,500)	6,053	(14,446)	358	(14,088)	
Balance as of December 31, 2015	1,555	1,519	10,502	13,577	(210)	62,931	

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of January 1, 2015	40,030	5	40,035	40	116,416
Cumulative effects of changes in accounting policies					678
Restated balance	40,030	5	40,035	40	117,095
Changes during the non-consolidated fiscal year					
Dividend payments					(24,024)
Net income					9,577
Acquisitions of treasury stock					(7)
Disposals of treasury stock					366
Reversal of general reserve					—
(Net) changes of items other than shareholders' equity	8,029	(6)	8,023	(17)	8,006
Total change during the non-consolidated fiscal year	8,029	(6)	8,023	(17)	(6,082)
Balance as of December 31, 2015	48,059	(0)	48,058	23	111,013