

This is a translation of an excerpt of the original notice in Japanese for reference purposes only. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. For the entire information of the notice, please check the original notice in Japanese. The notice in Japanese is also available on the Company's web site at <http://www.adk.jp>.

(Securities Code: 9747)
February 2, 2018
ASATSU-DK INC.
23-1, Toranomom 1-chome,
Minato-ku, Tokyo, Japan

Convocation Notice of the Extraordinary Meeting of Shareholders

Dear Shareholders:

You are cordially invited to the Extraordinary 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 <https://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., Monday, February 19, 2018, 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., Tuesday, February 20, 2018 (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

3. Agenda:

- Proposal 1** Share Consolidation
Proposal 2 Amendment to Articles of Incorporation

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 Extraordinary Meeting of Shareholders

Should any revision be made to the Voting Information, it will appear on the Company's web site (<http://www.adk.jp>).

Sincerely yours,
Shinichi Ueno
Representative Director
President & Group CEO

Agenda Item No. 1

Share Consolidation

This agenda item is a request for approval for a consolidation of shares where 5,921,000 shares of common stock of the Company are consolidated into one share with March 22, 2018 as the effective date (the “Share Consolidation”) for the purpose of making the Company a wholly-owned subsidiary of BCPE Madison Cayman, L.P. (the “Offeror”) as a result of the tender offer for shares and stock acquisition rights of the Company by the Offeror.

1. Grounds for conducting the Share Consolidation

As announced in the Company’s press release dated December 7, 2017 titled “Notice Regarding the Result of the Tender Offer for Shares of the Company by BCPE Madison Cayman, L.P. and Change to the Parent Companies, the Other Affiliated Company, and the Largest Shareholder which is a Major Shareholder,” the Offeror conducted the tender offer (the “Tender Offer”) for the Company’s common shares (including the Company’s common shares to be delivered upon the exercise of the Series 2 Stock Acquisition Rights, Series 3 Stock Acquisition Rights, Series 4 Stock Acquisition Rights, Series 5 Stock Acquisition Rights, Series 6 Stock Acquisition Rights, Series 7 Stock Acquisition Rights, Series 8 Stock Acquisition Rights, Series 9 Stock Acquisition Rights, Series 10 Stock Acquisition Rights, and Series 11 Stock Acquisition Rights (collectively, the “Stock Acquisition Rights”), and those common shares, collectively, the “Company’s Common Shares”) and the Stock Acquisition Rights with an acquisition period of 44 business days from October 3, 2017 until December 6, 2017 (the “Tender Offer Period”). As a result, as of December 13, 2017, which is the settlement commencement date, the Offeror has come to own 36,233,120 shares of the Company’s Common Shares (voting rights holding ratio to the number of voting rights of all shareholders of the Company: 87.53% (rounded to two decimal places)). Further, the voting rights holding ratio is calculated by using the number of voting rights (413,953 voting rights) pertaining to the total issued shares as of September 30, 2017 described in the Third Quarterly Securities Report (63rd term) submitted by the Company on November 13, 2017 (41,755,400 shares) minus the number of treasury shares owned by the Company as of September 30, 2017 (360,005 shares) as specified in the “Summary of Consolidated Financial Statements for the Third Quarter of the term ending December 2017 [Japanese GAAP]” disclosed by the Company on November 13, 2017 (resulting in 41,395,395 shares) as the divisor.

The Offeror, which is held and operated by Bain Capital Private Equity, L.P. and its group (collectively, “Bain Capital”), is a limited partnership formed under the laws of the Cayman Islands as of July 27, 2017 for the primary purpose of investing in the Company.

As announced in the Company's press release dated October 2, 2017 titled "Notice Regarding Opinion on Tender Offer for Shares of the Company by Bain Capital," in August 1998, for the purpose of sustainable growth and enhancement of corporate value of the Company, the Company formed a capital and business alliance with WPP plc and its group companies (collectively, the "WPP Group") (the "Capital and Business Alliance"), and for 19 years since then, the Company has continued the Capital and Business Alliance.

However, when observing the business environment where the Company is competing, given the dramatic developments in digital technologies and rapid and widespread-use of social media, the Japanese advertising market centered on mass media has reached the stage of maturity. Advertisements and other communications are no longer means used to simply increase awareness of products and services, but have substantially changed to means to resolve the challenge to "motivate consumers" such as consumers' purchase and use of services. On the other hand, there has been a significant increase in demand from Japanese clients that aim to enter the Southeast Asian markets where there is a high-potential for economic growth.

In response to those dramatic changes in the business environment of the advertising industry, the Company published "VISION 2020" in August 2013, which described its process of growth until 2020. In this "VISION 2020," the Company declared that it would achieve a transition to a "Consumer Activation Company (Note)." For the purpose of transitioning to a "Consumer Activation Company," the Company has established the following two key approaches: (i) improvement of profitability of its existing business operations in the short term and (ii) further strengthening diverse expertise in the medium term to develop a new business. In that process, the Company has been working on this transition with its first step being the fundamental build-up and the structural reforms that lasted until December 2016. The fundamental build-up means to prepare a management basis to achieve the transition to a "Consumer Activation Company." Structural reforms mean to promote reforms for better profitability and capital efficiency.

Measures by the Company to (i) improve its profitability and (ii) strengthen its diverse expertise have each achieved certain results. However, as shown by the fact that the Company announced a target operating profit of JPY 7 billion for 2016 in "VISION 2020" as of August 2013, whereas the actual operating profit for 2016 was JPY 5.6 billion, (i) improvement in profitability is still insufficient, and as to (ii) further strengthening diverse expertise, the business environment of the advertising industry has been changing more rapidly than anticipated, which has created an urgent need for further business and structural reforms. Therefore, the Company has determined that it must implement further reforms to achieve its "VISION 2020."

In other words, in the face of a rapidly changing market, the Company has determined that audacious and cross-sectional reforms are essential on a short-term and intensive basis as a “New Incorporation” to move into an accelerated growth phase including the development of various commodities, M&A investments and business alliances, investments in management foundations such as personnel and systems, and the selection and concentration of businesses for the purpose of a significant transition to a “Consumer Activation Company” that provides marketing solutions to its clients beyond the existing business model of advertising agencies and encourages consumer activity.

Further, the Company has determined that, for the purpose of achieving such audacious structural reforms, the following two approaches are essential: (i) to terminate the Capital and Business Alliance with WPP Group, which is one cause that has led to delays in the business innovations and structural reforms stated above and transit to an open-network type group that collaborates with various business partners in accordance with the characteristics of each business rather than one specific partner and (ii) to accelerate reforms through the simplification of the decision-making process by way of privatization, make the most of Bain Capital's accumulated know-how on business improvement of its domestic and international investment portfolios and promptly implement audacious reforms with Bain Capital’s support for human resources and management systems.

The Capital and Business Alliance yielded positive results in the early years, primarily in the development of the Company's corporate governance system and effective fund management. However, the alliance has since played less of a strategic role in the Company’s ongoing development, and has not materially contributed to the profits of the business. Furthermore, the business synergies contemplated at the start of the relationship could not be realized. Regarding the mid-to-long-term management strategy, decision-making had been previously constrained by a misalignment between the Company and WPP Group with regards to the business model, and business partners and investment areas necessary for realization of the business model. For these reasons and others, the Company came to determine that termination of the Capital and Business Alliance and transition to an “open-network” group collaborating with various partners in accordance with the characteristics of each business is essential to further promote the fundamental build-up and structural reforms for achieving the transition to a “Consumer Activation Company” and is the best option from the viewpoint of maximizing the Company's corporate value and general shareholders’ interests. Hence, at its board of directors’ meeting held on October 2, 2017, the Company adopted a resolution for the termination of the Capital and Business Alliance and notified WPP Group of the termination of the agreement relating to the Capital and Business Alliance and sales of WPP plc shares owned by the Company (the “WPP Shares”) and requested the sale of the Company's Common Shares owned by

WPP Group. For details, see the Company's press release dated October 2, 2017 titled "Notice of Termination of Capital and Business Alliance with WPP Group."

The Company deems that the above-mentioned measures aimed at transitioning it to a "Consumer Activation Company" will result in the sustainable growth of the Company in the mid-to-long-term. If those measures were to be delayed, the Company's mid-to-long-term competitiveness and earning power may be weakened given the ongoing significant and rapid changes in the environment of the advertising market as mentioned above. The Company therefore believes that pushing those measures forward quickly and steadily is extremely important in terms of the Company's management strategy. On the other hand, such measures may, in the short term, temporarily worsen the Company's performance or cash flow, such as temporary decreases in sales and gross profit due to reviewing its customer portfolio from the perspective of profitability and efficiency (including withdrawing from loss-making customers) or recognizing temporarily necessary expenses for restructuring of group companies, restructuring of businesses in Asia, among other areas, and education, recruitment or realignment of personnel who are capable of realizing an advertisement and promotion support business, or loss resulting from business structure reforms. Also, the termination of the Capital and Business Alliance will significantly change the capital structure of the Company and also necessarily entails a review of business relations that have been established based on that long-term alliance relationship, and thus, the possibility cannot be denied that the termination of the Capital and Business Alliance may cause friction with certain clients or other stakeholders on a short-term basis. In light of the foregoing, the possibility cannot be denied that if those measures are conducted while the Company remains a listed company, they might have a short-term negative impact on the Company's general shareholders.

Therefore, the Company has concluded that in order to avoid temporary disadvantages to general shareholders resulting from the performance of such fundamental build-up and structural reforms and the termination of the Capital and Business Alliance as stated above, the Company's Common Shares should be privatized, and it is the best choice for the Company and its shareholders to make the Tender Offer as part of such privatization, to thereby provide its shareholders with the opportunity to sell the Company's Common Shares at a price with a reasonable premium.

(Note) "Consumer Activation Company" means to transform beyond the existing business model of an advertising agency of creating advertisements and providing advertisement spots to build awareness for clients' products and services, into a marketing assistance business to solve clients' needs by offering solutions that motivate consumers.

While discussing the potential new partner for the privatization from the above-mentioned perspective,

the Company reached a conclusion that Bain Capital is the best partner that can provide management assistance to the Company considering the fact that, among other things, Bain Capital has abundant investment records and experience with 450 or more companies worldwide and has actual achievements in Japan to expand businesses of invested companies, such as Macromill, Inc. and BELLSYSTEM24, Inc., that offer services to corporate clients, not only by providing capital or financial support, but also by supporting business operations at a field level, and thereby steadily executing growth strategies, and leading numerous measures for value improvement to a success. Additionally, although in the case of privatization where a partner acquiring the Company's Common Stock is a business partner, there may be some problems in the transformation into an "open-network" group depending on the business field of such partner, Bain Capital is a private equity fund with ample experience and no limitation is expected due to the business field of Bain Capital on the Company's collaboration with various business partners dependent on the nature of business activities. Therefore, the Company has come to believe that Bain Capital is the best partner. The Company therefore started a detailed assessment in late February 2016 considering Bain Capital as one of the potential partners and has continuously held discussions. Discussions among the Company, Bain Capital and WPP Group were initially for the purpose of privatizing the Company with a view to gradually terminating the business alliance with WPP Group, and in early November 2016, the discussions ended because Bain Capital and WPP Group failed to reach an agreement concerning terms and conditions such as the tender offer price and governance of the Company. However, after that, Bain Capital commenced considering the acquisition of the Company's Common Stock without the participation of WPP Group, and formally made a primary proposal to the Company on February 15, 2017 concerning the framework and schedule of a transaction aiming to make the Company's Common Shares go private by obtaining all the Company's Common Stock (excluding the Company's Common Stock owned by the Offeror and the treasury shares owned by the Company) and all Stock Acquisition Rights (the "Transaction"). Following the proposal, the Company and Bain Capital repeatedly continued to discuss the Company's management method after the Transaction and the basic policy aimed at business growth. On August 10, 2017, Bain Capital made a final proposal to the Company on the direction of management and business to be taken by the Company.

Thereafter, until late-September 2017, the Company and Bain Capital repeatedly continued to discuss the basis of the purchase price and other conditions also in relation to the Tender Offer, which is implemented as part of the Transaction. In addition, the Company and Bain Capital also repeatedly continued to discuss the specific details of the Company's managerial issues, business trends, and business strategies for each major business of the Company and examined how to promote steady management reforms after the Transaction. With respect to the direction of the management reform after the Transaction, Bain Capital and the Company agreed that, in order to adapt to the rapidly

changing advertising market, the Company should further enhance its existing strengths, reinforce its human resources and management base, and Bain Capital and the Company will actively invest in core areas of future business expansion.

For the purpose of achieving those reforms, it is necessary to review the customer portfolio of the Company, optimize management resources and execute active investments, involving taking risks, in management foundations, such as human resources and systems, and core areas of future business expansion, and thus, although the profitability of the Company is likely to worsen temporarily, Bain Capital recognizes all of those measures as being essential to the mid-to-long-term growth of the Company. Given the results of the above-mentioned discussions with Bain Capital, and after further repeated discussions and negotiations concerning the terms and conditions of the Transaction, the Company decided that it shares the same vision with Bain Capital concerning the Company's intended direction of growth, and that Bain Capital would be the best partner to promote management reforms to achieve the Company's sustainable growth. Based on that decision, in late September 2017, the Company determined that Bain Capital should be its sponsor that will facilitate the Company's strategy toward mid-and-long-term growth in the further promotion of the fundamental build-up and structural reforms, after comprehensively taking into account the expected effect of the further promotion of the fundamental build-up and structural reforms in connection with the Transaction, the influence on the trust of customers, suppliers and financial institutions and recruitment activity and the significance of maintaining the listed status of the Company's Common Shares.

With respect to the purchase price per share of the Company's Common Shares in the Tender Offer (the "Tender Offer Price"), Bain Capital offered a proposed Tender Offer price of JPY 3,371 to JPY 3,517 per share to the Company on August 10, 2017. Following this proposal, regarding the conditions of the Transaction including the Tender Offer Price, the Company received from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley"), as its financial advisor, an interim valuation report on the Company's Common Shares and advice from a financial perspective, and the board of outside directors consisting only of the Company's independent outside directors received an interim valuation report from YAMADA Business Consulting Co., Ltd. ("YAMADA BC"), an independent third party appraisal firm engaged independently by the outside director council. Following that, the outside director council was substantially involved in all aspects of negotiations while the Company continuously and repeatedly engaged in consultations and negotiations with the Offeror up to September 29, 2017, and persistently requested an increase in the Tender Offer Price. As a result, the Offeror offered a proposed Tender Offer Price of JPY 3,660 per share, and the Company also deemed that that Tender Offer Price would give a reasonable opportunity to the shareholders of the Company to sell shares, so at the board of directors' meeting held on October 2, 2017, the Company

resolved to express an opinion endorsing the Tender Offer and to recommend that the Company's shareholders tender their shares to the Tender Offer.

Following that, as detailed above, the Tender Offer was completed, but as announced in the Company's press release dated December 14, 2017 titled "Notice Regarding Receipt of Request by BCPE Madison Cayman, L.P. to Convene Extraordinary Shareholders' Meeting to Approve the Consolidation of the Company's Shares and to Amend the Company's Articles of Incorporation to Delete the Provisions Concerning Less than One Unit Shares," the Offeror could not acquire 90% or more of the voting rights of all shareholders of the Company, so on December 14, 2017, the Company received a request from the Offeror to hold an extraordinary shareholders' meeting to submit the proposal (i) to carry out the consolidation of the Company's Common Shares by determining the consolidation ratio so that the number of shares of the Company's Common Shares owned by the Company's shareholders (excluding the Offeror and the Company) who did not tender to the Tender Offer will be a fraction that is less than one share, and therefore the Offeror will own all of the shares of the Company's Common Shares (excluding the treasury shares owned by the Company), and (ii) to amend the Company's Articles of Incorporation to delete the provisions concerning less than one unit shares conditional upon the Share Consolidation becoming effective. Upon receiving that request, the Company passed a resolution at the board of directors' meeting held on January 30, 2018 to submit a proposal to the extraordinary shareholders' meeting to carry out the Share Consolidation in which 5,921,000 common shares of the Company will be consolidated into one share so that the Offer will become the only shareholder of the Company on the condition that the approval of the shareholders is obtained at the extraordinary shareholders' meeting.

Further, all of the Stock Acquisition Rights were exercised or waived by this day, and have been canceled. It is also expected that as a result of the Share Consolidation, the Company's Common Shares held by shareholders other than the Offeror will become a fraction that is less than one share.

2. Matters raised in each item of Article 180, paragraph (2) of the Companies Act (details of the Share Consolidation)

(1) Ratio of the Consolidation

In the Share Consolidation, 5,921,000 shares of the Company's Common Shares will be consolidated into one share.

(2) Date on which the Consolidation of Shares will Take Effect (Effective Date)

March 22, 2018

(3) Total Number of Authorized Shares on the Effective Date

28 shares

3. Matters related to the Appropriateness of the Provisions regarding the Matters set out in item (i) and item (iii) of Article 180, paragraph (2) of the Companies Act (Matters related to Appropriateness of the Provisions regarding the Consolidation of Shares)

The ratio of consolidation in the Share Consolidation is a consolidation of 5,921,000 shares to one share of the Company's Common Shares. In light of the fact that, among other things, as explained in "1. Grounds for conducting the Share Consolidation" above, the Share Consolidation will be conducted for the purpose of making the Company a wholly-owned subsidiary of the Offeror, and the Tender Offer, which was conducted as part of the Transaction in the series of events described in "1. Grounds for conducting the Share Consolidation" above, was completed as a result of over 87% of the shareholders tendering their shares, and in light of the following matters, we believe the ratio of consolidation in the Share Consolidation is appropriate.

(1) Matters that have been noted to Ensure the Interests of Shareholders of the Company other than the Parent Company, etc. are not Harmed if there is such a Parent Company, etc.

In the Transaction, the Offeror did not constitute a parent company, etc. of the Company as of the commencement of the Tender Offer, but taking into account the Offeror's intention to make itself the only shareholder of the Company through the Transaction, including the Tender Offer, considering the impact on the Company's shareholders, the Company has taken the measures described in "(4) Measures for ensuring the fairness of the Transaction and measures for avoiding conflict of interests" in order to ensure the fairness of the Transaction, including the Tender Offer, from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading to the decision to implement the Tender Offer and avoiding a conflict of interests.

(2) Matters related to the Cash Settlement (Cash Settlement of Fractional Shares) when the Cash Settlement of Fractions that are Less than One Share is expected

As explained in "1. Grounds for conducting the Share Consolidation" above, it is expected that the

number of the Company's Common Shares held by shareholders other than the Offeror will become a fraction that is less than one share as a result of the Share Consolidation.

With respect to fractions that are less than one share that arise as a result of the Share Consolidation, the number of shares equivalent to the total sum of those fractions (if there is a fraction that is less than one share in the total sum of those fractions, that fraction will be rounded down in accordance with the provisions of Article 235, paragraph (1) of the Companies Act (Act No. 86 of 2005, as revised, hereinafter the same)) will be sold, and the proceeds from that sale will be delivered to the shareholders in proportion to their respective fractions. With respect to that sale, the Company plans on selling to the Offeror the Company's Common Shares equivalent to the total sum of those fractions with the permission of the court under Article 234, paragraph (2) of the Companies Act as applied *mutatis mutandis* under Article 235, paragraph (2) of that Act or purchasing the Company's Common Shares equivalent to the total sum of those fractions with the permission of the court under Article 234, paragraph (4) of that Act as applied *mutatis mutandis* under Article 235, paragraph (2) of that Act.

If the permission of the court is obtained as expected, it is expected the sale price in that case will be set at a price that will ensure delivery of money equivalent to the amount obtained by multiplying the number of the Company's Common Shares owned by the shareholders by JPY 3,660, which is the same amount as the Tender Offer Price.

(3) Matters regarding the Amount of Money to be Delivered to the Shareholders upon the Cash Settlement of Fractional Shares and the Appropriateness of that Amount

As stated in "(2) Matters related to the Cash Settlement (Cash Settlement of Fractional Shares) when the Cash Settlement of Fractions that are Less than One Share is expected" above, it is expected the amount to be delivered to the shareholders upon the cash settlement of fractional shares will be an amount obtained by multiplying the number of the Company's Common Shares owned by the shareholders by JPY 3,660, which is the same amount as the Tender Offer Price.

The Company determined that the Tender Offer Price is appropriate and the Tender Offer provides the Company's shareholders with a reasonable opportunity to sell their shares from the fact that (i) the Tender Offer Price exceeds the upper limit of the results of the Market Share Price Analysis, the Comparable Companies Analysis and the DCF Analysis in a share valuation report obtained from Mitsubishi UFJ Morgan Stanley, and an opinion stating that the Tender Offer Price is fair from a financial point of view to the holders of the Company's Common Shares (excluding the Offeror and its affiliates) has been submitted by Mitsubishi UFJ Morgan Stanley; (ii) a sufficient premium (Note)

in light of the premium standards for cases similar to the Transaction (tender offer cases to make the target company a wholly-owned subsidiary) has been placed on the market price of the Company; (iii) the outside director council came to believe that the Tender Offer Price is fair from a financial point of view to the holders of the Company's Common Shares (excluding the Offeror and its related companies) in light of the valuation report and the fairness opinion submitted by YAMADA BC; (iv) it is believed that the Transaction will contribute to an increase in the Company's corporate value; (v) a meaningful increase in the proposed price for the Tender Offer has been achieved through negotiations on multiple occasions conducted with the substantial involvement of the outside director council; and (vi) the measures to ensure the fairness of the Tender Offer stated below in "(4) Measures for ensuring the fairness of the Transaction and measures for avoiding conflict of interests" have been taken, and it has been found that consideration has been given to the interests of minority shareholders.

Further, the Company has confirmed that there has not been any material change to the terms that are the basis for the Company's judgement regarding the Tender Offer Price from the time the Company endorsed the Tender Offer and expressed an opinion recommending that the shareholders of the Company accept the Tender Offer until the board of directors' meeting of the Company was held on January 30, 2018 where a resolution was passed to convene the extraordinary shareholders' meeting.

As explained above, the Company believes that the amount of money to be delivered to the shareholders upon the cash settlement of fractional shares is appropriate.

(Note) The base price for the Tender Offer Price (JPY 3,660 per share of the Company's Common Share) represents a premium of (i) 15.1% on JPY 3,180, the closing price for the Company's Common Shares traded on the Tokyo Stock Exchange, Inc. ("TSE") on September 29, 2017, the business day immediately preceding the day on which the Tender Offer was publicly announced, (ii) 20.7% on JPY 3,033, a simple average of the closing prices for Company's Common Shares for the past one month (from August 30, 2017 to September 29, 2017), (iii) 24.3% on JPY 2,944, a simple average of the closing prices for the Company's Common Shares for the past three months (from June 30, 2017 to September 29, 2017), and (iv) 26.5% on JPY 2,894, a simple average of the closing prices for the Company's Common Shares for the past six months (from March 30, 2017 to September 29, 2017). Furthermore, JPY 2,153, the adjusted equity value per share based on the Tender Offer Price, excluding the after-tax value of the WPP Shares owned by the Company and the value of excess cash and cash equivalents per share, represents a premium of (i) 28.7% on JPY 1,673, adjusted equity value per share based on JPY 3,180, the closing price of the Company's Common Shares traded on the TSE on September 29, 2017, the business day immediately preceding the day on which the Tender Offer was publicly announced, (ii) 41.1% on JPY 1,526, adjusted equity value per share based on JPY 3,033, a simple average of the closing prices for the past one month (from August 30, 2017 to September 29, 2017), (iii) 49.8% on JPY 1,437, adjusted equity value per share based on JPY 2,944, a simple average of the closing price for the past three months (from June

30, 2017 to September 29, 2017), and (iv) 55.2% on JPY 1,387, adjusted equity value per share based on JPY 2,894, a simple average of the closing price for the past six months (from March 30, 2017 to September 29, 2017).

- (4) Measures for ensuring the fairness of the Transaction and measures for avoiding conflict of interests
 - (i) Valuation report and fairness opinion obtained by the Company from an independent third party valuator

As a measure to ensure the fairness upon the consideration of the Tender Price offered by the Offeror and to determine opinions on the Tender Offer, the Company has obtained a valuation report and a fairness opinion from Mitsubishi UFJ Morgan Stanley, a financial advisor and a third party valuator independent from the Company and the Offeror as detailed in (a) and (b) below. In addition, the Company's Outside Director Council has obtained a valuation report and fairness opinion from YAMADA BC, independently retained by the Council as a financial advisor and a third party valuator independent from the Company and the Offeror as detailed in (c) and (d) below.

Mitsubishi UFJ Morgan Stanley does not fall under a related party of the Company or the Offeror. In addition, although Morgan Stanley & Co. International plc, which belongs to the same corporate group as that of Mitsubishi UFJ Morgan Stanley, is engaged in the derivative transaction with the Company in relation to the WPP's Shares (the "Hedging Transaction") in connection with the termination of the Capital and Business Alliance and the Transaction including the Tender Offer (see the Company's press release dated October 2, 2017 "Notice of Termination of Capital and Business Alliance with WPP Group"), the Company has determined, after confirming that it is reasonable to implement the Hedge Transaction and that the conditions of the Hedge Transaction is fair based on the opinion from YAMADA BC and reports from Chatham Financial Pte. Ltd. ("Chatham"), which are independent of the Company, the Offeror and Mitsubishi UFJ Morgan Stanley and have no interests in relation to the Tender Offer, that the implementation of the Hedging Transaction is not likely to have a material effect on the details of the Valuation Report dated October 2, 2017 described in (a) below and Fairness Opinion dated October 2, 2017 described in (b) below, with regard to reasonableness of the implementation of the Hedging Transaction and fairness of the terms and conditions of the transaction. Mitsubishi UFJ Morgan Stanley does not have any other material interests that should be noted in connection with the Tender Offer.

In addition, YAMADA BC does not fall under a related party of the Company or the Offeror, and has no material interests that should be noted in connection with the Tender Offer.

(a) Valuation Report dated October 2, 2017

The Company has requested Mitsubishi UFJ Morgan Stanley to evaluate the Company's Common Shares, and has obtained a valuation report as of October 2, 2017. The results of valuation of the Company's Common Shares are as follows:

Market Share Price Analysis	: JPY 2,894 to JPY 3,033 per share
Comparable Companies Analysis	: JPY 2,769 to JPY 3,515 per share
DCF Analysis	: JPY 3,120 to JPY 3,617 per share

In the Market Share Price Analysis, Mitsubishi UFJ Morgan Stanley used September 29, 2017 as the reference date and evaluated the value per the Company's Common Shares with a range from JPY 2,894 to JPY 3,033, based on the average closing price for the most recent month (JPY 3,033), the average closing price for the most recent three months (JPY 2,944), and the average closing price for the most recent six months (JPY 2,894), of the Company's Common Shares on the First Section of TSE.

In the Comparable Companies Analysis, Mitsubishi UFJ Morgan Stanley used September 29, 2017 as the reference date and evaluated the value per the Company's Common Shares with a range from JPY 2,769 to JPY 3,515, selecting Hakuhodo DY Holdings Inc. as a comparable company among the companies engaging in advertising agency business listed on domestic stock exchange considering similarity of the business and profit structure to that of the Company, comparing its market share prices and financial metrics representing profitability with those of the Company, and evaluating the aggregate value and equity value of the Company after making certain financial adjustments by adding the after-tax value of WPP's Shares owned by the Company and the value of excess cash and cash equivalents. In the above Comparable Companies Analysis, Mitsubishi UFJ Morgan Stanley analyzed the price to earnings per share multiple (share price/net income multiple) and the multiple of the aggregate value to EBITDA (aggregate value/EBITDA multiple) using September 29, 2017 as the reference date, and referred to the multiple as of the reference date. In addition, since the adjustments have been made by adding the after-tax value of WPP's Shares owned by the Company to valuation of these equity values, the net income used for the valuation does not include dividends arising from WPP's Shares owned by the Company.

In the DCF Analysis, Mitsubishi UFJ Morgan Stanley evaluated the value per the Company's Common Shares with a range from JPY 3,120 to JPY 3,617, through an analysis of the aggregate value and

equity value of the Company by making certain financial adjustments, by adding the after-tax value of WPP's Shares owned by the Company, the value of excess cash and cash equivalents, to the aggregate value calculated by discounting, at a certain discount rate, the free cash flow that the Company is expected to generate, based on the Company's business plan for the year ending December 2017 to the year ending December 2021 prepared by the Company, interviews with the Company, recent operating performance, forecast of Company's profits taking into consideration publicly available information and other contributing factors, and the mid-to-long term view by the Company's management based on the business environment surrounding the Company. In addition, since adjustments have been made by adding the after-tax value of WPP's Shares owned by the Company to the aggregate value, the free cash flow used for the valuation does not include dividends arising from WPP's Shares owned by the Company.

Although the Company owns 31,295,646 shares of WPP's Shares, such shares are supposed to be sold within a period of time under the provisions of the agreement with respect to the Capital and Business Alliance in connection with the termination of the Capital and Business Alliances, and the after-tax value of such investment securities based on the current price of JPY 65.4 billion as of the reference date for calculation is included in the Company's equity value under the Comparable Companies Analysis and the DCF Analysis.

Since the financial forecast based on the Company's business plan used for the Comparable Companies Analysis and the DCF Analysis includes extraordinary losses of JPY 2,658 million such as loss on business liquidation recorded for the year ending December 2016, the net profit attributable to the shareholders of the parent company for the year ending December 2017 is expected to increase significantly compared to the previous year.

In addition, the synergy effect which is expected to be gained by execution of the Transaction is not included in the financial forecast since it is difficult at the time of calculation to predict the actual effect on profits in numerical values. However, the Company's business plan on which the financial forecast was based contains part of profits which has higher expectation to be realized by the termination of the Capital and Business Alliance announced on October 2, 2017.

(b) Fairness Opinion dated October 2, 2017

The Company has obtained from Mitsubishi UFJ Morgan Stanley a written opinion that the Tender Offer Price is fair to the shareholders of the Company's Common Shares (excluding the Offeror and its affiliates) from the financial point of view as of October 2, 2017. (Note)

(Note) Mitsubishi UFJ Morgan Stanley's Fairness Opinion and analysis of the Company's Common Shares as the basis thereof, is directed to the Company's board of directors and addresses only the fairness from a financial point of view of the Tender Offer Price to holders of the Company's Common Shares (excluding the Offeror and its affiliates) as of October 2, 2017. The Fairness Opinion and the analysis do not address any other aspects of the transaction and do not constitute an opinion or recommendation to any shareholders of the Company as to how such shareholder should act on any matter with respect to the Tender Offer. Mitsubishi UFJ Morgan Stanley has not recommended any specific tender offer price to the Company's board of directors or that any specific tender offer price constituted the only appropriate tender offer price for the Tender Offer. The Fairness Opinion and analysis do not purport to be an appraisal or to reflect the prices at which the Company's Common Shares might actually trade.

Mitsubishi UFJ Morgan Stanley has assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by the Company, and formed a substantial basis for the opinion and analysis. With respect to financial projections, Mitsubishi UFJ Morgan Stanley has assumed that they have been reasonably prepared on bases reflecting the best available estimates and judgments by the management of the Company of the future financial performance of the Company as of the issue date of the Fairness Opinion. Mitsubishi UFJ Morgan Stanley has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed Tender Offer, no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on the contemplated benefits expected to be delivered in the termination of the Capital and Business Alliance. Mitsubishi UFJ Morgan Stanley is not a legal, accounting, tax, regulatory or actuarial advisor. Mitsubishi UFJ Morgan Stanley is a financial advisor only and has relied upon, without independent verification, the assessment of the Company and the Company's legal advisor, accounting auditor, legal, accounting and tax advisors with respect to legal, accounting, tax, regulatory or actuarial matters. Mitsubishi UFJ Morgan Stanley has not made any independent valuation or appraisal of the assets or liabilities of the Company, nor has it been furnished with any such appraisals except for the after-tax value of WPP's Shares owned by the Company. The analysis and Fairness Opinion of Mitsubishi UFJ Morgan Stanley are necessarily based on financial, economic, currency exchange, market, and other conditions as in effect on, and the information made available to it as of September 29, 2017. Events occurring after September 29, 2017 may affect the Fairness Opinion, the analysis and the assumptions used in preparing it, and Mitsubishi UFJ Morgan Stanley does not assume any obligation to update, revise or reaffirm the Fairness Opinion and the analysis. In arriving at the Fairness Opinion, Mitsubishi UFJ Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transactions, involving the Company, nor did Mitsubishi UFJ Morgan Stanley negotiate with any of the parties, other than the Offeror, which expressed interest to Mitsubishi UFJ Morgan Stanley in the possible acquisition of the Company or certain of its constituent businesses.

The preparation of the Fairness Opinion and the analysis as the basis thereof is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Mitsubishi UFJ Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Mitsubishi UFJ Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Mitsubishi UFJ Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the range of valuations resulting from any particular analysis described herein should not be taken to be Mitsubishi UFJ Morgan Stanley's view of the actual value of the Company. In performing its analysis, Mitsubishi UFJ Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company. Any estimates contained in Mitsubishi UFJ Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by these estimates. The summary contained herein describes the material analyses performed by Mitsubishi UFJ Morgan Stanley but does not purport to be a complete description of the analyses performed by Mitsubishi UFJ Morgan Stanley. The Tender Offer Price was determined through arm's length negotiations between the Company and the Offeror was approved by the Company's board of directors. Mitsubishi UFJ Morgan Stanley's analysis and the Fairness Opinion and its presentation to the Company's board of directors was only one of many factors taken into consideration by the Company's board of directors in deciding to approve the Tender Offer. Consequently, the analyses as described herein should not be viewed as determinative of the opinion of the Company's board of directors with respect to the Tender Offer Price or of whether the Company's board of directors would have been willing to agree to a different tender offer price.

Mitsubishi UFJ Morgan Stanley has acted as financial advisor to the Company in connection with the Transaction and will receive fees for such services, a substantial portion of which is contingent upon completion of the squeeze-out of minority shareholder with respect to the transaction. In the two years prior to October 2, 2017, Mitsubishi UFJ Morgan Stanley or its affiliates have provided financial advisory and financing services for the affiliates of the Offeror as a domestic joint lead manager in the initial public offering dated November 20, 2015 by Bellsystem24 Holdings Inc., a joint global coordinator, domestic and foreign joint lead manager and joint bookrunner in the initial public offering dated March 22, 2017 by Macromill Inc., and a lead manager in the implementation of ABB (Accelerated Book Building) dated March 27, 2017 and June 15, 2017 by SKYLARK CO., Ltd., the financial advisor for the acquisition of Toshiba memory Corporation which entered into a Share Purchase Agreement with K.K. Pangea dated September 28, 2017, and have received fees in connection with such services. In addition, Mitsubishi UFJ Morgan Stanley or the affiliates of Mitsubishi UFJ Morgan Stanley Securities may also seek to provide such services to the Company and the Offeror and their affiliates in the future and may expect to receive fees for the rendering of these services.

Please note that Mitsubishi UFJ Morgan Stanley and its affiliates are a global financial services firm engaged in banking

services (including lending services for the Company, the Offeror or corporations related to the Transaction), securities, trust, investment management, credit services and other financial services (collectively “Financial Services”). Its securities business is engaged in securities underwriting, trading, and brokerage activities, foreign exchange, commodities and derivatives trading, as well as providing investment banking, financing and financial advisory services. In the ordinary course of its underwriting, trading, brokerage and financing activities, Mitsubishi UFJ Morgan Stanley and its affiliates may at any time hold long or short positions, may provide Financial Services to the Company, the Offeror or companies that may be involved in this Transaction and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of the Company, the Offeror or any company that may be involved in the Transaction, or in any currency or commodity that may be involved in this Transaction, or in any related derivative instrument. Mitsubishi UFJ Morgan Stanley and its affiliates, its directors and officers may also at any time invest on a principal basis or manage funds that invest on a principal basis, in debt or equity securities or loans of the Company, the Offeror or any company that may be involved in this Transaction, or in any currency or commodity that may be involved in this Transaction, or in any related derivative instrument. Further, Mitsubishi UFJ Morgan Stanley and its affiliates may at any time carry out ordinary course broking activities for the Company, the Offeror or any company that may be involved in this Transaction. Furthermore, Mitsubishi UFJ Morgan Stanley, its affiliates, officers and employees (including individuals who act in cooperation with the Company in relation to this transaction) may have committed or may commit in the future to invest in private equity funds managed by the Offeror or its affiliates. Please note that Morgan Stanley & Co. International plc, an affiliate of Mitsubishi UFJ Morgan Stanley, will provide derivative transactions regarding the WPP’s Shares owned by the Company related to this transaction.

(c) Valuation Report dated September 29, 2017

The Company’s Outside Director Council has requested YAMADA BC to evaluate the Company’s Common Shares, and has obtained a valuation report as of October 2, 2017. The results of valuation of the Company’s Common Shares by YAMADA BC are as follows:

Market Share Price Method	: JPY 2,894 to JPY 3,180 per share
DCF Method	: JPY 3,207 to JPY 3,741 per share

In the market share price method, YAMADA BC used September 29, 2017 as the reference date and evaluated the value per the Company’s Common Shares with a range from JPY 2,894 to JPY 3,180, based on the closing price on the reference date of JPY 3,180, the simple average of the closing prices for the most recent month of JPY 3,033, the simple average of the closing prices for the most recent three months of JPY 2,944 and the simple average of the closing prices for the most recent six months of JPY 2,894, of the Company’s Common Shares on the First Section of TSE.

In the DCF method, YAMADA BC evaluated the value per the Company's Common Shares with a range from JPY 3,207 to JPY 3,741, through an analysis of the aggregate value and equity value of the Company by making certain financial adjustments, by adding the after-tax value of WPP's Shares owned by the Company, the value of excess cash and cash equivalents and the like, to the aggregate value calculated by discounting, at a certain discount rate, the free cash flow that the Company is expected to generate, based on the Company's business plan for the year ending December 2017 to the year ending December 2021 prepared by the Company, recent operation performance, forecast of Company's profits taking into consideration publicly available information and other contributing factors. Further, as the Company made additions and adjustments to the after-tax value of the WPP Shares owned by the Company in that share valuation, the receivable distributions that will arise out of the WPP Shares owned by the Company are not included in the free cash flow used in that valuation.

Further, in the financial forecast based on the Company's business plan on which the DCF method calculations are based, special losses such as loss on business restructuring of JPY 2.658 billion were recorded for the period ended December 2016, so it is expected there will be a significant increase in profits compared to the previous fiscal year in the current net profits attributable to the shareholders of the parent company in the period ending December 2017.

(d) Fairness Opinion dated September 29, 2017

The Company's Outside Director Council has obtained from YAMADA BC a written opinion to the effect that the Tender Offer Price is appropriate for the Company's shareholders (excluding the Offeror and their affiliates) from the financial perspective as of September 29, 2017. (Note)

(Note) In preparing and submitting fairness opinion and calculating the share value on which they were based, YAMADA BC has assumed and relied upon the accuracy and completeness of all information that is publicly available or was provided by and obtained from the Company, and the fact that there is no fact that has not been disclosed to YAMADA BC that has a material effect on the analysis and calculation of the share value of the Company's Common Shares, and it has not independently investigated or verified them nor does it have any obligation to implement such investigation and verification.

In addition, YAMADA BC has not independently evaluated or appraised the assets and liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Company other than the after-tax value of the WPP's Shares owned by the Company, nor has it evaluated the credibility of the Company under applicable laws with respect to bankruptcy, suspension of payment or other similar matters. In addition, it has not received any written

evaluation or appraisal with respect to these matters.

YAMADA BC has assumed that the Company's business plan and other materials used by YAMADA BC as a basis for fairness opinions have been reasonably prepared based on the best assumptions and judgments by the Company's management as of the date of preparation, and YAMADA BC does not assure the feasibility thereof nor has it expressed any view as to the assumptions used for the preparation of these documents or the conditions precedent on which they were based.

The fairness opinion expresses YAMADA BC's opinion as of the date of preparation thereof as to whether the Tender Offer Price is appropriate for the shareholders of the Company's Common Shares (excluding the Offeror and its affiliated companies) from a financial point of view based on the financial and capital market, economic and other conditions as of the date of preparation thereof, and on the information that has been obtained by YAMADA BC by the date of preparation thereof. Changes in the conditions thereafter may affect the details of the fairness opinion, but YAMADA BC does not have any obligation to revise, change or supplement the details of the fairness opinion. In addition, YAMADA BC does not infer or imply any opinions other than the matters expressly described in the fairness opinion, or any opinions with respect to matters after the submission date of the fairness opinion. The fairness opinion expresses opinion only as to the fact that the Tender Offer Price is not disadvantageous and is appropriate for the shareholders of the Company's Common Shares (excluding the Offeror and its affiliated companies) from a financial point of view and are not intended to express opinions or give recommendations as to the necessity to implement the Tender Offer and tenders or other acts with respect to the Tender Offer, and do not express any opinion to the holders of the securities issued by the Company, the obligors and other related persons.

(ii) Advice from an external law firm received by the Company

For the purpose of ensuring the fairness and appropriateness of the decision-making by the Company's board of directors, the Company selected Mori Hamada & Matsumoto as a legal adviser independent from the Offeror and the Company and, receiving legal advice from the said law firm, the Company has carefully considered the decision-making method and decision-making process of the Company's board of directors related to the Transaction including the Tender Offer.

(iii) Establishment of, and examination by, independent Outside Director Council

For the purpose of eliminating arbitrariness in the Company's decision-making process to express its opinion on the Tender Offer, building a fair and objective decision-making process that avoids any conflict of interest, and protecting the Company's shareholders' interests, as well as ensuring the fairness and objectivity of the decision-making process to terminate the Capital and Business Alliance

with WPP Group, which was publicly announced on October 2, 2017, the representative director of the Company inquired the Company's independent outside directors who are independent from the management in charge of the Company's business execution, to consider (i) whether or not the Company's board of directors should decide to terminate the Capital and Business Alliance and express supportive opinion on the Tender Offer and to recommend the Company's shareholders to tender their shares to the Tender Offer, and (ii) whether the Transaction, including the Tender Offer, is disadvantageous to the Company's minority shareholders (the "Inquired Matters"). In response to this, the Outside Director Council consisting of Mr. Hideaki Kido, Mr. Toshio Kinoshita, Mr. Masayuki Yoshinari and Mr. Megumi Suto, the independent outside directors of the Company, was established to discuss and consider the Inquired Matters.

Since the proposal dated February 15, 2017 was received from Bain Capital, the Outside Director Council held 19 meetings in total from that date to October 2, 2017 and discussed and considered the Inquired Matters. In such discussions and considerations by the Outside Director Council, information about the Transaction was collected through (i) the explanations given by the Company about its business plan and the impact of the Transaction on the Company's corporate value and question-and-answer sessions over such topics; (ii) the explanations given by Mitsubishi UFJ Morgan Stanley about the result of valuation and the details of the fairness opinion and question-and-answer sessions over such topics; (iii) the explanations given by YAMADA BC, the independent financial advisor and third party valuator selected by the Outside Director Council, about the result of valuation and the details of the fairness opinion and full discussions over such topics; (iv) the invitation of Bain Capital to question-and-answer sessions for three times; (v) the status report made by the Company and Mitsubishi UFJ Morgan Stanley about the process of the price negotiations with Bain Capital regarding the Tender Offer Price and question-and-answer sessions over such topics; (vi) the explanations given by Mori Hamada & Matsumoto about the details and the procedures of the Transaction, the method of deliberations by the Outside Director Council, other points to be aware of from a legal perspective, and other matters and question-and-answer sessions over such topics; (vii) the acquisition by the Company of a written opinion from YAMADA BC with regard to the reasonableness of the Hedging Transaction, the appropriateness of the counterparty to the Hedging Transactions, the appropriateness of the scheme of the Hedging Transactions, and the appropriateness of the cost of the Hedging Transactions, as well as the acquisition by the Company of a written report from Chatham (Note) on Hedging Transactions, and full discussions over such topics; and (viii) in addition to the above, the submission of the Transaction-related documents and materials.

As a result of the discussions and considerations about the Inquired Matters based on the above, on October 2, 2017, the Company's Outside Director Council resolved unanimously by all of the

independent outside directors and reported to the Company's directors (a) that it is appropriate for the Company's board of directors to decide to terminate the Capital and Business Alliance, to express supportive opinion on the Tender Offer and to recommend the Company's shareholders to tender their shares to the Tender Offer; and (b) that the Transaction including the Tender Offer would not cause disadvantages to the Company's minority shareholders, and submitted a report to the president and representative director of the Company (the "Report") so that can be considered in deliberations by the Company's board of directors.

According to the Report, the Outside Director Council considered the following key elements in making the above report:

1. Based on the details of the quantitative and qualitative analysis pertaining to the Transaction explained by the Company's management, there is nothing unreasonable in the determination that the Transaction will contribute to improvement of the Company's corporate value.
2. The Tender Offer Price is considered to be appropriate, comprehensively taking into consideration that, the Tender Offer Price is appropriate in light of the calculation results in the share valuation reports prepared by YAMADA BC and Mitsubishi UFJ Morgan Stanley, which are independent third-party valuation firms, the fairness opinions prepared by Yamada BC and Mitsubishi UFJ Morgan Stanley also state that the Tender Offer Price is fair from a financial point of view to the holders of the Company's Common Shares (excluding the Offeror and its affiliates), the level of the premium on the market price attached to the Tender Offer Price is appropriate in light of the level of premiums in recent transactions that are similar to the Transaction, the Tender Offer Price was agreed on upon significant compromise by Bain Capital after sincere negotiations between Bain Capital and the Company, with the substantial involvement of the Outside Director Council, and can be judged to have been agreed on upon negotiation between independent parties.
3. The interests of minority shareholders of the Company are considered to have been taken into account in the Transaction, including the Tender Offer, through fair procedures because the intention of the minority shareholder will be respected in light of the fact that any arbitrariness in the decision-making process has been eliminated, an appropriate opportunity for judgment and time for careful consideration by shareholders have been ensured, and the Tender Offer will not be conducted if the approval of a majority of the shareholders that do not have a conflict of interest is not obtained.

(Note) Chatham is not liable in any way for any damage incurred by the Company or a third party due to the use of any data, analysis, or recommendation of Chatham or the disclosure of Chatham's name in this Convocation Notice.

(iv) Approval by disinterested directors of the Company

The Company had careful discussions and considerations based on the above-mentioned Report submitted by the Outside Director Council, the valuation report and fairness opinion submitted by Mitsubishi UFJ Morgan Stanley, as well as advice from Mitsubishi UFJ Morgan Stanley and Mori Hamada & Matsumoto. As a result, the Company determined that the Tender Offer Price is appropriate and the Tender Offer provides the Company's shareholders with the reasonable opportunity to sell their shares, from the facts that (i) it will contribute to increasing the Company's corporate value on a mid-to-long-term basis, to transform into an "open-network" group through the termination of the Capital and Business Alliance, and to have the Company's management and employees work in unison to implement the Company's management reform and to implement active investment in businesses after reconstructing the Company's capital by privatization of the Company's Common Shares through the Transaction and building a management system that enable dynamic and flexible decision-making; (ii) the Tender Offer Price exceeds the upper limit of the range of the result of the Market Share Price analysis, the Comparable Companies Analysis and DCF Analysis, and an opinion stating that the Tender Offer Price is fair from a financial point of view to the holders of the Company's Common Shares (excluding the Offeror and its affiliates) has been submitted by Mitsubishi UFJ Morgan Stanley, and that sufficient premium in light of the premium standards for similar cases to the Transaction (the cases of a tender offer to make a wholly-owned subsidiary) has been placed on the market price of the Company; (iii) the Outside Director Council came to judge that the Tender Offer Price is fair from a financial point of view to the holders of Company's Common Shares (excluding the Offeror and its affiliates) in light of the valuation report and fairness opinion submitted by YAMADA BC; (iv) it is considered that the Transaction will contribute to an increase in the Company's corporate value; (v) the offered price of the Tender Offer has been raised meaningfully through several negotiations implemented with the substantial involvement of the Outside Director Council; and (vi) it is recognized that some measures have been taken to ensure the fairness of the Tender Offer as described in "(4) Measures for ensuring the fairness of the Transaction and measures for avoiding conflict of interests" above and consideration for the minority shareholders' interest has been given.

Thus, in the board of directors' meeting on October 2, 2017, all of the directors were present at the meeting and all participating directors (excluding Mr. Stuart Neish, a director dispatched from WPP

Group, the Company's major and largest shareholder having interests in the Transaction as the partner of the Capital and Business Alliance) unanimously resolved to express supportive opinion on the Tender Offer and to recommend the Company's shareholders to tender their shares to the Tender Offer.

(v) Measures to ensure the opportunity to receive tender offers from other offerors

While the statutory requirement of the tender offer period is 20 business days at minimum, the Tender Offer Period was set as 30 business days at the commencement of the Tender Offer. By setting a relatively long Tender Offer Period, the Offeror intended to ensure the fairness of the Tender Offer by providing the shareholders of the Company with reasonable opportunity to properly determine whether or not to tender their shares to the Tender Offer and also by providing time for a third party to take the opportunity to make another offer. And after the commencement of the Tender Offer, the Tender Offer Period was extended to December 6, 2017, and changed to 44 business days. In addition, the Offeror has not entered into any agreement with the Company that would prohibit access and communications between the Company and competing offerors (if any) so as not to limit any offering opportunity by persons other than the Offeror.

4. Disposition of important property, assumption of material obligations, and other events that have a material impact on the Company's property status that have taken place after the last day of the most recent business year

As detailed in "1. Grounds for conducting the Share Consolidation" above, the Offeror carried out the Tender Offer for the Company's Common Shares and the Stock Acquisition Rights in the period from October 3, 2017 to December 6, 2017, and as a result, came to own 36,233,120 shares of the Company's Common Shares (voting rights holding ratio to the number of voting rights of all of the shareholders of the Company: 87.53% (rounded to two decimal places)) with the settlement commencement date of December 13, 2017. In addition, as stated in the Company's press release dated December 13, 2017 titled "Agreement on Termination of the Capital and Business Alliance with the WPP Group and Withdrawal of the Petition for Arbitration and the Petition for an Order for Provisional Disposition by the WPP Group," the Company agreed with the WPP Group on December 13, 2017, which is the settlement commencement date of the Tender Offer, that as of that date, the existing agreements between the WPP Group and the Company regarding the Capital and Business Alliance would terminate. The Capital and Business Alliance was terminated that same date in accordance with that agreement.

Agenda Item No. 2

Amendments to Articles of Incorporation

1. Reasons for proposal

If Agenda Item No. 1 is approved as proposed and the Share Consolidation is effective, the total number of issuable shares of the Company's Common Shares will be reduced to 28 shares in accordance with Article 182, Paragraph 2 of the Companies Act. In order to clarify that point, Article 6 of the current Articles of Incorporation (Total Number of Shares Issuable) will be amended on the condition that the Share Consolidation is effective.

If the Share Consolidation is effective, the Company's total number of issued shares will be 7 shares, and there will be no need to set out the number of unit shares. Accordingly, on the condition that the Share Consolidation is effective, entire provisions from Article 7 (Number of Unit Shares (*Tangen-Kabushiki*)) to Article 9 (Buying to Make Up for Shares Less Than a Unit) of the current Articles of Incorporation will be deleted in order to abolish the provision for the number of unit shares of the Company's Common Shares, which is currently 100 shares per unit.

Further, if the Share Consolidation is effective, only the Offeror will hold one or more shares of the Company's Common Shares, and there will be no need to set out the record date for the voting rights at the ordinary shareholders' general meeting. Accordingly, the entire provision of Article 12 (Record Date) of the current Articles of Incorporation will be deleted on the condition that the Share Consolidation is effective.

In addition, the article numbers following the above changes will be updated.

2. Details of Amendments to Articles of Incorporation

The details of the amendments are as follows. On the condition that Agenda Item No. 1 is approved as proposed at the Extraordinary Shareholders' Meeting and the Share Consolidation is effective, the amendments to the Articles of Incorporation in this Agenda Item will be effective on March 22, 2018, which is the effective date of the Share Consolidation.

(Underlines denote the amended sections.)

Current Articles of Incorporation	Proposed Amendments
(Total Number of Shares Issuable) Article 6 The total number of shares issuable by the Company shall be <u>two hundred</u>	(Total Number of Shares Issuable) Article 6 The total number of shares issuable by the Company shall be <u>twenty eight</u>

<p><u>and six million (206,000,000).</u></p>	<p><u>(28).</u></p>
<p><u>(Number of Unit Shares (Tangen-Kabushiki))</u> <u>Article 7 The number of unit shares (Tangen-Kabushiki) of stock of the Company shall be one hundred (100).</u></p>	<p>[Deleted]</p>
<p><u>(Rights Regarding Shares Less Than a Unit)</u> <u>Article 8 The Company's shareholders having shares less than a unit may not exercise the rights with respect to the shares less than a unit owned by them, except for the following rights and the rights set forth in the Articles of Incorporation:</u></p> <ol style="list-style-type: none"> <u>(1) rights listed in each item of Article 189, paragraph 2 of the Corporation Law;</u> <u>(2) the right to make a demand pursuant to Article 166, paragraph 1 of the Corporation Law;</u> <u>(3) the right to receive an allotment of subscription shares and subscription share purchase warrants in proportion to the number of shares owned by a shareholder;</u> <u>(4) the right to make a demand as provided in the following article.</u> 	<p>[Deleted]</p>
<p><u>(Buying to Make Up for Shares Less Than a Unit)</u> <u>Article 9 Shareholders of the Company may request the Company to sell to the shareholders additional shares to numerically make a share unit</u></p>	<p>[Deleted]</p>

together with their own shares in accordance with the Rules for Handling Shares.

Article 10 – Article 11 (Clauses omitted)
(Record Date)

Article 12The Company shall deem those shareholders having voting rights entered or recorded on the final register of shareholders as of the end of December every year to be shareholders who are entitled to exercise their rights at the ordinary shareholders' general meeting for that business year.

2. In addition to the preceding paragraph, whenever necessary, upon prior public notice, the Company may set an extraordinary record date subject to a resolution of the Board of Directors.

Article 13 – Article 35 (Clauses omitted)

Article 7 – Article 8 (As per current AOI)
[Deleted]

Article 9 – Article 31 (As per current AOI)

-End-