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Shinichi Ueno
President and Group CEO
ASATSU-DK INC.
Securities code: 9747

Statement regarding tender offer for ADK shares

Asatsu-DK (ADK) wishes to respond to statements that have been made regarding the tender offer for ADK shares.¹

ADK's alliance with WPP was formed in 1998, and both parties have now tried for almost 20 years to make it work to their mutual benefit. Unfortunately, expected synergies never fully materialized, and the industry has changed significantly since the alliance was formed. ADK's management made the painful but necessary decision to unwind a capital and business alliance that simply no longer makes sense. The tender offer by Bain Capital Private Equity (Bain Capital) is the result of a process that ADK undertook to benefit all shareholders by providing an exit opportunity at a financial premium in connection with ADK's transition to a company independent from WPP.

ADK approached multiple potential financial and strategic partners to find the best outcome for the company and its shareholders. Through this process, it was determined that Bain Capital presented the most credible proposal, and one that would offer the most price maximization for shareholders. None of ADK's directors and management team has any agreement with Bain Capital, including any agreement regarding continuing appointment, employment or remuneration.

Bain Capital's offer price was heavily scrutinized. ADK obtained a valuation report and fairness opinion from two independent advisors, and ADK's independent directors were actively involved in examining the price and participating in a number of rounds of negotiations between ADK and Bain Capital, which resulted in a meaningful price increase. Furthermore, ADK has not agreed to any deal protection mechanism in favor of Bain Capital.

ADK's independent directors evaluated this transaction process and unanimously determined that it has been fair and rigorous, and ADK's Board voted in favor of the tender offer on October 2, 2017, with only one dissenting vote by a director nominated by WPP.

¹ Please also see our press releases dated October 2, 2017 (“Notice Regarding Opinion on Tender Offer for Shares of the Company by Bain Capital” and “Notice of Termination of Capital and Business Alliance with WPP Group”).

ADK's agreements with WPP regarding the capital and business alliance are governed by Japanese law and provide a specific mechanism for termination by either party at any time by giving not less than 12 months' written notice. This right of termination has been scrutinized by the attorney involved in negotiating the agreements, as well by multiple major Japanese law firms, all of whom confirm its validity. ADK has confidence that the termination right will stand. ADK will require WPP to fulfill its contractual obligations to sell its shares in ADK. It should also be noted that the tender offer by Bain Capital will move forward for the benefit of all shareholders regardless of any objections by WPP to the termination or termination rights of the alliance.

The WPP shares held by ADK have resulted in low return on equity and a problematic capital structure that is disproportionate to ADK's core operations. The fact that this asset makes up a large portion of ADK's market value means that the company is unnecessarily exposed to WPP's share performance and currency exchange rates. To continue to hold the WPP shares would cause ADK to continue to face significant financial uncertainties in the future.

The decisions to unwind the alliance with WPP and take ADK private were not entered into lightly. We are grateful for the support of our shareholders over the years, and hope they recognize this as a good opportunity to monetize their shares with a premium.

This material summarizes a part of the contents of ADK's press releases, "Notice Regarding Opinion on Tender Offer for Shares of the Company by Bain Capital" and "Notice of Termination of Capital and Business Alliance with WPP Group" dated October 2, 2017 and "FAQ Regarding Tender Offer for Shares of the Company" dated October 10, 2017. Please see the above press releases for the details.