



[Translation]  
October 2, 2017

To whom it may concern:

Company name: ASATSU-DK INC.  
 Representative: Shinichi Ueno, Representative  
 Director, President & Group CEO  
 (Code: 9747, Listed on First  
 Section of Tokyo Stock Exchange)  
 Contact: Kaori Nakajima, Department  
 Director, Office of Corporate  
 Communications  
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### Notice Regarding Opinion on Tender Offer for Shares of the Company by Bain Capital

The Company hereby announces as follows that it has resolved as its board of directors meeting held on October 2, 2017 to express an opinion endorsing the tender offer (the “Tender Offer”) on the Company’s outstanding common shares and stock acquisition rights (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”); including the Company’s common shares delivered upon exercise of the Stock Acquisition Rights, collectively, the “Company’s Common Shares”) by BCPE Madison Cayman, L.P. (the “Offeror”) and to recommend that the Company’s shareholders tender their shares to the Tender Offer.

The resolution of the Company’s board of directors was adopted on the understanding that the Offeror intends to make the Company its wholly-owned subsidiary through the Tender Offer and a subsequent series of procedures and that the Company’s Common Shares will be delisted as a result.

#### 1. Summary of Tender Offeror

(1) Name	BCPE Madison Cayman, L.P.	
(2) Location	PO Box 309, Uglan House, KY1-1104, Grand Cayman, Cayman Islands	
(3) Basis of incorporation	The Tender Offeror is a limited partnership, formed and registered under the laws of the Cayman Islands.	
(4) Purpose of incorporation	The Tender Offeror was primarily incorporated for the purpose of investing in the Company.	
(5) Incorporation date	July 27, 2017	
(6) Total amount of contribution	0 yen	
(7) Contributors, contribution ratio, and outline of contributors	BCPE Madison Holdings Cayman, L.P. 100% The Tender Offeror’s limited liability partner.	
(8) Outline of operating partner	Name	BCPE Madison GP, LLC
	Location	PO Box 309, Uglan House, KY1-1104, Grand Cayman, Cayman Islands
	Name and position of	(Partner) Bain Capital Investors, LLC

	representative	(Representative) Managing Director: John Connaughton
	Business	Investment
	Total amount of contribution	0 yen
(9) Outline of domestic agent	Name	Anderson Mori & Tomotsune Satoshi Inoue, Attorney-at-Law
	Location	Akasaka K-Tower, 2-7, Motoakasaka 1-Chome, Minato-ku, Tokyo
(10) Relationship between the Company and the Tender Offeror		
	Capital relationship	N/A
	Personnel relationship	N/A
	Business relationship	N/A
	Situation with related parties	N/A

## 2. Purchase price

Common shares:	JPY 3,660 per share
Series 2 Stock Acquisition Rights:	JPY 1 per right
Series 3 Stock Acquisition Rights:	JPY 1 per right
Series 4 Stock Acquisition Rights:	JPY 1 per right
Series 5 Stock Acquisition Rights:	JPY 1 per right
Series 6 Stock Acquisition Rights:	JPY 1 per right
Series 7 Stock Acquisition Rights:	JPY 1 per right
Series 8 Stock Acquisition Rights:	JPY 1 per right
Series 9 Stock Acquisition Rights:	JPY 1 per right
Series 10 Stock Acquisition Rights:	JPY 1 per right
Series 11 Stock Acquisition Rights:	JPY 1 per right

## 3. Details and basis of, and reasons for, the opinion regarding the Tender Offer

### (1) Details of the opinion

On the basis and for the reasons stated below in “(2) Basis of and reasons for the opinion regarding the Tender Offer,” the Company’s board of directors resolved at its meeting held today to express an opinion endorsing the Tender Offer and to recommend that the Company’s shareholders tender their shares to the Tender Offer.

However, as the purchase price for the Share Options is JPY 1 per right, the Company’s board of directors resolved to leave the decision of whether or not to tender the Stock Acquisition Rights in the Tender Offer to the judgment of the Stock Acquisition Right holders.

### (2) Basis of and reasons for the opinion regarding the Tender Offer

Statements relating to the Offeror in regard to the basis of and reasons for the opinion regarding the Tender Offer are based on explanations received from the Offeror.

(i) Overview of the Tender Offer

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 of the date hereof, the Offeror owns 1 common share of the Company.

The Offeror will carry out the Tender Offer as part of the transaction ("Transaction") aiming to make the Company's Common Shares go private by obtaining all the Company's Common Shares (excluding the Company's Common Shares owned by the Offeror and the treasury shares owned by the Company) and all Stock Acquisition Rights.

Bain Capital is an international investment company that manages assets worldwide worth approximately 750 hundred million dollars in total. In Japan, ever since Bain Capital had established the Tokyo office in 2006, approximately 30 professionals are engaged in the business to increase corporate value of its invested firms. It is mainly comprised of professionals who have experiences in business companies and consulting firms, and it has achieved steady growth strategies by providing on-site business operation supports in addition to ordinary capital and financial support services that are generally offered by investment companies, and has a record of successfully achieving various value enhancement measures. In Japan, Bain Capital has invested in 12 companies including Jupiter Shop Channel Co., Ltd., Skylark Co., Ltd., Oedo-Onsen-Monogatari Co., Ltd., Domino's Pizza Japan, Inc., Macromill, Inc., and BELLSYSTEM24, Inc., and on a global basis, it has invested in more than 450 companies since its incorporation in 1984.

In the Tender Offer, the Offeror has set the minimum number of shares tendered to the Tender Offer as 20,785,200 shares, representing 50.10% of the Base Number of Shares for Calculation of Percentage of Voting Rights (as defined below) minus 1 Company's Common Share owned by the Offeror as of the date hereof (shares less than one unit (*tangen miman kabushiki*) (100 shares) will be rounded up) (this corresponds to the majority of the total number of the Company's Common Shares owned by the shareholders of the Company having no interest in the Offeror; in other words, the so-called "majority of minority"), so that the Offeror will hold at least the majority of the voting rights of the Company after completion of the Tender Offer. If the total number of tendered shares fails to reach 20,785,200 shares, the Offeror will not purchase any of the tendered shares. On the other hand, the Offeror has set no maximum number of shares to be purchased in the Tender Offer since the Offeror aims to make the Company's Common Shares go private by acquiring all the Company's Common Shares and all Stock Acquisition Rights. If the total number of tendered shares is equal to or more than the minimum number of shares to be purchased, the Offeror will purchase all tendered shares.

The Company has entered into a Co-operation and Alliance Agreement (as amended, the "CAA") and a Stock Purchase Agreement (as amended, the "SPA") effective August 3, 1998, with WPP International Holding B.V. ("WPP") (percentage of ownership (Note 1): 24.9%), which is the Company's major and largest shareholder, and with a group company of WPP plc, its parent company (WPP GROUP PLC at the time of execution of the agreement; WPP GROUP PLC, WPP plc and WPP collectively, "WPP Group"), and has been in the relationship of capital and business alliance with WPP Group as from the same date (the "Capital and Business Alliance"). The contents of the SPA are generally as described below:

- (i) If the Company gives notice for cancellation of CAA ("cancellation notice") to WPP Group, the Company may notify WPP to sell the Company's Common Shares owned by WPP ("notice of disposal") pursuant to the SPA.
- (ii) If the Company gives a notice of disposal to WPP, the Company and a third party designated by the Company may, for a period of 180 days from the notice of disposal ("Consultation Period"), purchase the Company's Common Shares owned by WPP at the time and at the price agreed upon by WPP.

(iii) If WPP did not agree to sell the Company's Common Shares owned by it when the Consultation Period has elapsed, the Company may, for a period of 185 days from the elapse of the Consultation Period, request WPP to sell the Company's Common Shares owned by WPP to the Company or a third party designated by the Company (Such right of the Company shall be hereinafter referred to as the "Right to Request Sales".) at the sales price which shall be the average closing price on the Tokyo Stock Exchange, Inc. ("TSE") for a period of 30 business days before the second business day prior to the date of sales.

(iv) When 365 days have elapsed from the notice of disposal, if WPP does not sell the Company's Common Shares owned by WPP to the Company or a third party designated by the Company, WPP must promptly sell the Company's Common Shares owned by it in the market on the TSE ("Sales in the Market").

(Note 1) Percentage of ownership means, the percentage of the total issued and outstanding shares as of June 30, 2017 described in the Second Quarterly Securities Report (63rd term) submitted by the Company on August 10, 2017 ("Company's Second Quarterly Securities Report (63rd term)") (i.e. 41,755,400 shares) plus the number of the Company's Common Shares (i.e. 98,100 shares in total) to be issued upon exercise of the stock acquisition rights that the Offeror reasonably deems likely be exercised during the period for purchases, etc. under the Tender Offer ("Tender Offer Period") as of the same day (i.e. the Second Stock Acquisition Rights (77 rights), the Third Stock Acquisition Rights (41 rights), the Fourth Stock Acquisition Rights (264 rights), and the Fifth Stock Acquisition Rights (599 rights); collectively, "Stock Acquisition Rights Included in Minimum Number Calculation") (Note 2) (41,853,500 shares), minus the number of treasury shares owned by the Company as of June 30, 2017 (366,121 shares) as specified in the "Summary of Consolidated Financial Statements for the Second Quarter of the term ending December 2017 [Japanese GAAP]" submitted by the Company on August 10, 2017 (resulting in 41,487,379 shares) ("Base Number of Shares for Calculation of Percentage of Voting Rights"). This will be rounded to first decimal place, and will be the same hereinafter. The numbers of the Second Stock Acquisition Rights (77 rights), the Third Stock Acquisition Rights (41 rights), the Fourth Stock Acquisition Rights (264 rights), and the Fifth Stock Acquisition Rights (599 rights) as of February 28, 2017 as specified in the annual securities report (62nd term) submitted by the Company on March 30, 2017 ("Company's Annual Securities Report (62nd term)") are the same as the foregoing figures as of June 30, 2017.

(Note 2) Of the Stock Acquisition Rights, since the exercise period for stock acquisition rights other than the Stock Acquisition Rights Included in Minimum Number Calculation has not arrived yet, it is assumed that such stock acquisition rights will not be exercised during the Tender Offer Period.

The Company made a notice of disposal to WPP, requesting the sale of the Company's Common Shares to the Offeror, effective today pursuant to the SPA for the purpose of terminating its Capital and Business Alliance with WPP Group together with the cancellation notice of the CAA to WPP Group pursuant to the CAA (the CAA will be terminated 12 months after the arrival of the cancellation notice pursuant to the provisions thereof<sup>1</sup>) (See the Company's press release dated today, "Notification Regarding Termination of Capital and Business Alliance with WPP Group" for further details.). Although the Company owns 31,295,646 WPP's Shares (WPP's Shares) under the SPA, the Company's policy is to sell all such shares in accordance with the provisions of the SPA in connection with the termination of its Capital and Business Alliance with WPP Group.

If the Offeror cannot acquire all the Company's Common Shares (excluding the Company's Common Shares owned by the Offeror and the treasury shares owned by the Company) through the Tender Offer, the Offeror will itself, or

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<sup>1</sup> Mr. Stuart Neish, a director dispatched from WPP Group, questioned the effectiveness of the cancellation notice of the Company at the Company's board of directors' meeting held on the date hereof and thus the Company and the WPP Group may have different opinions on this matter.

request to the Company to, carry out the series of procedures described in "(4) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" below aiming to make the Company go private depending on whether or not WPP tenders its shares to the Tender Offer, the number of shares obtained by the Offeror following completion of the Tender Offer, and so forth.

The Offeror intends to finally make the Company a wholly-owned subsidiary of the Offeror. Therefore, if the Offeror holds 90% or more of the voting rights of all shareholders of the Company following completion of the Tender Offer, the Offeror will, pursuant to Article 179 of the Companies Act, request all shareholders of the Company (excluding the Offeror and the Company) to sell all of the Company's Common Shares owned by them to the Offeror ("Request to Sell Shares"), and request all holders of the Stock Acquisition Rights (excluding the Offeror) to sell all of the Stock Acquisition Rights owned by them to the Offeror ("Request to Sell Stock Acquisition Rights"; together with the Request to Sell Shares, "Sale Requests"). If the Offeror holds less than 90% of the voting rights of all shareholders of the Company following completion of the Tender Offer, the Offeror will request the Company to hold an Extraordinary Shareholders' Meeting (the "Extraordinary Shareholders' Meeting") to approve the share consolidation proposal (the "Share Consolidation Proposal") to approve the consolidation of the Company's Common Shares (the "Share Consolidation") and amendment to its Articles of Incorporation to abolish the provision concerning less than one unit shares conditional upon the Share Consolidation becoming effective, except when it is obvious that one or more shareholders which hold the total of one third or more voting rights of all shareholders of the Company will oppose the Share Consolidation Proposal when Extraordinary Shareholders' Meeting is held.

If the Share Consolidation is not promptly implemented for reasons such as failure to adopt the Share Consolidation Proposal at the Extraordinary Shareholders' Meeting or failure to hold an Extraordinary Shareholders' Meeting, the Offeror may, for the purpose of appropriate distribution of the investments in Bain Capital, in compliance with laws and regulations, transfer or succeed in other manners ("Transfer, etc.") all the Company's Common Shares it owns to a company or the like ("Affiliate") (The specific entity is undetermined as of the date hereof.) 100% of the issued and outstanding shares of which are directly or indirectly owned by the investment fund to which Bain Capital Private Equity, L.P. gives investment advice, by way of negotiated transaction. Specific transfer timing and transfer price are undetermined.

If the Share Consolidation was not eventually implemented for reasons such as that the Share Consolidation is not eventually implemented for reasons such as failure to adopt the Share Consolidation Proposal at the Extraordinary Shareholders' Meeting or failure to hold an Extraordinary Shareholders' Meeting, the listed status of the Company's Common Shares will be maintained for the time being.

However, according to the Offeror, even in such case, since the Offeror aims to acquire all of the Company's Common Shares ultimately, if WPP does not tender all the Company's Common Shares it owns to the Tender Offer, the Offeror intends to take measures to acquire all the Company's Common Shares, in accordance with the SPA, by requesting the Company either or both (a) to sell the Company's Common Shares owned by WPP to the Offeror after the elapse of the Consultation Period based on the Right to Request Sales to be exercised upon designating the Offeror as the purchaser, or/and (b) when 365 days have elapsed from the notice of disposal, to request WPP to conduct Sales in the Market. However, timing of implementation is undetermined, and it is also possible for the Offeror not to take such measures depending on the market value of the Company's Common Shares at that time and its situation of financing.

In addition, if the Transactions cause the Offeror (or if the Transfer, etc. is made, the Offeror and the Affiliate; hereinafter the same in this paragraph) to own all of the Company's Common Shares (excluding the Company's Common Shares owned by the Offeror and the treasury shares owned by the Company), the Offeror will transfer all of the Company's Common Shares owned by it to the Affiliate (The specific entity is undetermined as of the date hereof.)

for the price equivalent to the total amount of cash delivered to the shareholders of the Company (excluding the Offeror and the Company) as a price for the Transactions. Specific transfer timing is undertaken as of the date hereof.

The Offeror will raise the funds required for the settlement of the Tender Offer through loans from The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Bank, Ltd. ("Financial Institutions") ("Bank Loan") and investment from BCPE Madison Holdings Cayman, L.P. ("Investment"). The Offeror will receive the Investment by two business days prior to the commencement date of the settlement of the Tender Offer and the Bank Loan by the business day prior to the commencement date of the settlement of the Tender Offer, respectively, subject to the completion of the Tender Offer and so forth. While the details of the conditions of the Bank Loan will be provided for in the loan agreement concerning the Bank Loan after separate mutual consultation with the Financial Institutions, the Company's Common Shares acquired by the Offeror through the Tender Offer will be pledged as collateral under the loan agreement concerning the Bank Loan, and the Company will be a joint and several guarantor of the Offeror and certain assets of the Company will be pledged as collateral after the Company has become a wholly-owned subsidiary of the Offeror through the procedures described in "(4) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" below. If the Transfer, etc is made, when the Affiliate receives a loan from a financial institution, after the Offeror and the Affiliate become to own all of the Company's Common Shares through a series of the procedures described in "(4) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" below, with regard to such loan, the Company may be appointed as a joint and several guarantor for the Affiliate and certain assets of the Company may be pledged as collateral.

- (ii) Background, reason and the decision-making process to implement the Tender Offer and management policy after completion of the Tender Offer
- (a) Background to the Tender Offer

As of the date hereof, the Company Group is comprised of the Company, 49 subsidiaries, 11 affiliates, and 1 related company (including its subsidiaries). Its major business is any and all businesses related to advertisements including, but not limited to, planning and handling of advertisement services in magazines, newspapers, TV, radios, digital media, OOH (Note 1) media, planning and production of advertisement expressions and contents, sales promotion (Note 2), marketing, public relations (Note 3) and other service activities. The Company was incorporated as Asatsu Inc. in March 1956, and began its operations as an advertising agency that mainly handles magazine advertisements. In October 1987, the Company listed its shares on the second section of the Tokyo Stock Exchange, Inc. ("TSE"), and its shares were designated as first section shares of the TSE in June 1990. Subsequently, when the Company merged with Dai-ichi Kikaku Co., Ltd. in January 1999, the trade name was changed to the current trade name, ASATSU-DK INC. Sustainably continuing its business based on the creation of business in advertisement services, the Company currently ranks third in terms of sales in the domestic advertising agency industry, and celebrated its 60th anniversary of incorporation in 2016.

In the process of establishing its current position in the domestic advertising agency industry, the growth of the Company is driven by the philosophy of "management by all," meaning that every single employee, aligned to an appropriate position, shows his or her originality, and enhances business results on his or her own from the perspective of management, expands the scale and activities of business and shares the profits so obtained according to his or her performance. Based on this unchanging philosophy since incorporation, the Company created new, unprecedented businesses in order to compete with larger competitors, and adapted to trend changes by differentiating itself from larger competitors. As specific examples of this business creation, the Company was engaged in a number of TV animation programs, live-action programs and special effect programs as part of its contents business, and was able to

utilize planning, production of and investment in animation programs and movies to commercialization of characters, adoption to advertisements and promotions, operation of events, musicals and other performances, and adoption to sales promotions. As a result, the Company achieved business growth. The Company also had been focusing on the overseas market from an early stage, and around 1970s to early 1990s, it became one of the first businesses in the Japanese advertising industry to join the Chinese market, and the Company established its independent branches at many locations of Europe and Asia, and collaborated with global advertisement companies to expand its network. In August 1998, for the purpose of sustainable growth and enhancement of corporate value of the Company, the Company entered into an agreement on the Capital and Business Alliance with WPP Group, which ranks first in terms of sales in the global advertising agency industry, to expand a global network in collaboration with affiliated entities of WPP Group, learn the Western agency techniques and internationalize its management. Pursuant to this agreement, each of the Company and WPP Group has owned the shares of the other party and they have established a joint business consultation body in the course of their business alliance, under which they have been collaborating with each other in various ways such as joint customer cultivation, joint ventures to refer their customers to each other. Additionally, a director has been dispatched from WPP Group to the Company. For 19 years since then, the Company has continued the Capital and Business Alliance with WPP Group.

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 the means used to simply increase awareness of products and services, but have substantially changed to the 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 demands from Japanese clients which 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 to achieve our transition to a "Consumer Activation Company (Note 4)." For purpose of transition 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 1st step being the build-up of basis and the structural reforms that will last until December 2016. The build-up of basis means to prepare a management basis to achieve transition to the "Consumer Activation Company." The structural reforms mean to promote reforms for a better profitability and capital efficiency.

As a part of its efforts based on such build-up of basis and structural reforms, in the Company's consolidated sales for 2015, the operating profits was JPY 49 hundred million and the net profit was JPY 53 hundred million as a result of further stringent cost control measures and acquisition of d-rights Inc., a company that is engaged in video (animation and live-action) production, copyright management and overseas sales and greatly excels in content production and overseas network, as its consolidated subsidiary. These results were 2nd best performance after JPY 59 hundred million achieved in 2005. In addition, in 2016, the Company sold the publishing subsidiary NIHONBUNGEISHA Co., Ltd which had been continuously suffered deficits, and made Axival Inc. its consolidated subsidiary, which offers target information collection services, advertisement effect measurement survey services and media investment effect analysis services by using its exclusive data base that integrates each data of consumers' television viewing, web contact, purchase and life consciousness. Recently, the Company also made GONZO K.K. a consolidated subsidiary, which is engaged in animation content planning, development and production, mainly for television broadcasting, and investment business for rights obtained (revenue sharing right and secondary use right) from making capital contributions to its own animation works.

In respect of (i) improvement of profitability, for purpose of transition to a "Consumer Activation Company", the Company has been able to achieve a certain level of results as a result of selection and concentration of its businesses by withdrawing from businesses that did not produce any business synergy while investing its management resources in the development of database for analyzing consumer behavior and the contents business, which has been its strength since its incorporation, and development and reinforcement of its capacity of providing data marketing services in the process of promotion of the build-up of basis and the structural reforms Company. Also, in respect of (ii) further enhancement of various expertise, the Company was able to achieve a certain level of results toward the diversification of revenue models of its contents business and the development and creation of new markets through overseas development.

However, as shown by the fact that the Company had announced the target operating profit for 2016 in "VISION 2020" as of August 2013 to be JPY 70 hundred million, whereas the actual operating profit for 2016 was JPY 56 hundred million, (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 generated urgent need of 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 accelerated growth phase including the development of various commodities, M&A investments and business alliance, investments in management foundations such as personnel and systems, and the selection and concentration of businesses for purpose of significant transition to a "Consumer Activation Company" which provides marketing solutions to its clients beyond the existing business model of advertising agencies and encourages consumer activity.

Specifically, the Company considers that it needs to build a system to comprehensively solve clients' issues by expanding digital and data areas to seek consumer insights (Note 5) from big data analysis and motivate consumers, combining business functions and creative (creation) solution functions, and expanding its contents business, which is already the Company's strength. The Company came to understand that there is a pressing need to build up a basis for business profitability and better management efficiency, and further to differentiate itself from its competitors by shifting from the traditional advertising-agency-type business model, which mainly wholesales mass media ad spots, to advertisement and promotion support business, which supports clients' marketing activities by directly working on consumer behavior. Further, the Company has determined that, if advertisement and promotion support business is refined through acquisition and accumulation of consumer behavioral data or utilization of new technologies such as state-of-the-art promotion using data analysis technology or VR (Virtual Reality), or if the effect of investment in advertisement and promotion is improved, they will contribute to the improvement of the Company's competitiveness. The Company considers that it is essential, for the implementation of radical and wide-spreading reform towards such realization, to promote open innovation through an alliance with an influential business partner. As part of those measures, the Company commenced verification testing jointly with Mitsubishi Corporation, which excels in the retail business, with the aim of developing an integrated marketing solution base starting with consumer, retail, media and other data, and it is promoting joint measures aimed at developing systems and media supporting effective and efficient sales marketing activities in foods and lifestyle-related goods areas utilizing data. As for the realization of long term growth, the Company understands that creation of new services is essential. Such services are, for example, marketing consulting based on data management, new advertisement and promotion, automatic optimization for media buying which integrates advertisement in the mass media with digital advertisement. The Company intends to promote establishment of an integrated marketing service which contributes to the solution of the clients' issues through various partnerships and alliance with various businesses with leading business operators which are capable of collecting, analyzing and utilizing consumer behavioral data that will form the basis of the creation of such new businesses.



Moreover, improvement of earning power through group-wide value chain construction is still midway. While the restructuring is initiated through integration and closure of branches or personnel reduction especially in certain domestic subsidiaries or subsidiaries in China, EU or US, the Company considers that group-wide approaches toward further improvement of earning power are still necessary, such as streamlining customer portfolio and complimenting specialized functions for achieving advertisement and promotion support business. In particular, the Company believes that it is most important to cultivate an environment where prominent employees who are the best resources for realizing the transformation can fully exercise their abilities. Over the coming years, the Company will endeavor to employ personnel who have wide-range of skills and high potential, and will build an environment that urge full application of abilities through acquisition, education and increase of motivation of highly-talented personnel who can create added value through enhancement of education programs. Thus, the Company considers that further structural reforms are required.

The Company has determined that, for purpose of achieving such audacious structural reforms, the following two approaches are essential: (i) to terminate the Capital and Business Alliance with WPP, which is one cause that has led to delays in the business innovations and structural reforms stated above and transition to an open-network type group which collaborates with various business partners in accordance with the characteristics of each business rather than one specific partner and (ii) to accelerate the 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 destinations and to 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. The Company needs to have greater flexibility to pursue its mid-to-long-term management strategy, where decision-making had been previously constrained by a misalignment between the Company and WPP Group with regards to the business model and investment areas. The Company also needs to be able to work with partners outside of the WPP Group, and operate a more open and fair selection process in order to form the most value-enhancing partnerships possible. Thus, the Company came to determine that termination of the Capital and Business Alliance at the current stage and transition to an "open-network" group collaborating with various partners in accordance with the characteristics of each business is essential to further promotion of the build-up of basis and structural reforms for achieving transition to a "Consumer Activation Company" and is the best option from the viewpoint of maximizing the Company's corporate value and general shareholders' interest. Then, 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's Shares owned by the Company and requested for the sales of the Company' Common Shares owned by WPP. For details, see the Company's press release dated October 2, 2017, "Notice of Termination of Capital and Business Alliance with WPP Group".

Further, in order to meet a demand of shareholders seeking stable interest, the Company has been requested to carefully review measures involving taking risks and to obtain shareholders' understanding until now. Meanwhile, for the purpose of achieving mid-and-long-term enhancement of its corporate value in response to the rapidly changing environment in the future, the Company deems it necessary to establish a management system for enabling dynamic and flexible decision-making. In addition, the Company has determined that it is desirable to select a new partner that is suitable for the Company's strategies for further promotion of the build-up of basis and structural reforms and mid-and-long-term growth as the potential purchaser also from the viewpoint of requesting WPP Group

to sell their Company's Common Shares following the termination of the Capital and Business Alliance. The Company has reached a conclusion that Bain Capital is the best partner that can provide management assistance to the Company considering the fact that Bain Capital (i) has abundant investment records and experiences with 450 or more companies worldwide, (ii) excels in business strategy planning and performance assistance for business improvements of invested firms through its management consulting methods, (iii) is a global company having relationships with portfolio companies and (iv) 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 supports, but also by supporting business operation at a field level through the dispatch of a management team having knowledge, active recruitment of human resources, global expansion of growth field to abroad and M&A development, and thereby steadily executing growth strategies, and leading numerous measures for value improvement to a success. Additionally, in the case of privatization where a partner acquiring the Company's Common Shares 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 while Bain Capital is a private equity fund with ample experiences 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 believes that Bain Capital is the best partner.

The Company deems that the above-mentioned approaches will result in the sustainable growth of the Company on a mid-and-long-term. Supposed these measures are delayed, its mid-and-long-term competitiveness and earning power may be weakened given the significant and rapid changes in the environment of the future advertising market as mentioned above. Thus, the Company considers that fast and steady implementation of these measures 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 withdrawal from loss-making customers), or recognition of 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 advertisement and promotion support business, or loss resulting from business structure reforms. Also, the termination of the Capital and Business Alliance significantly changes the capital structure of the Company and also necessarily entails the review of business relations which have been established based on a 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 they may cause adverse effect on the Company's general shareholders such as decrease in the Company's Common Share price if such measures are conducted while the Company remains a listed company.

Therefore, the Company concluded that in order to avoid temporary disadvantages to general shareholders as resulting from the performance of such build-up of basis 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, thereby to provide its shareholders with the opportunity to sell the Company's Common Shares at a price with a reasonable premium.

While discussing the potential new partner for the privatization from the above-mentioned perspective, the Company focused on Bain Capital's wide range of networks and management know-how as well as facilitation of transition to an open-network type group with a private equity fund being its partner and started assessment in detail in late February 2016 considering Bain Capital as one of the potential partners and has continuously held discussions in consideration of the wishes of WPP. Although the Company, Bain Capital and WPP Group continued discussions initially for the purpose of privatizing the Company with a view to gradually terminating the business alliance with WPP Group. However, in early November 2016, the discussions of privatizing the Company ended, because at the

final phase of discussions and negotiations, Bain Capital and WPP Group failed to reach an agreement concerning the terms and conditions such as the tender offer price and governance of the Company.

After that, Bain Capital continued to consider the possibility of alliance with the Company, and commenced considering the acquisition of the Company's Common Shares by Bain Capital without participation of WPP Group, and formally made a primary proposal to the Company on February 15, 2017 concerning the framework and schedule of the Transaction. Following the proposal, the Company and Bain Capital repeatedly continued to discuss the Company's management method after the Transaction and basic policy aiming business growth. On August 10, 2017, Bain Capital made a final proposal to the Company the direction of management and business to be taken by the Company.

Thereafter, from mid-February 2017 to late-September 2017, the Company and Bain Capital repeatedly continued to discuss the basis of 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 reform after the Transaction. With respect to the direction of the management reform after the Transaction, Bain Capital and the Company agree that, in order to adapt to the rapid-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. Specifically, the management reform is purported to be conducted based on the following three pillars:

1. To achieve integrated marketing services and increase added value to existing businesses based on the integrated planning ability and creative ability of the Company. This is achieved by reinforcement of digital marketing function in collaboration with Axival Inc., which assumes the role of optimizing the company advertisements and marketing based on data of consumers' activities and attitude, and companies which excel in technologies, and by reinforcement of planning and production functions by ADK Arts Inc., which plays a central role in realizing consumer activation such as image and graphic production, sales promotion planning and operation, and by linking and optimizing group resources;
2. To restructure the digital and data areas where future growth is expected and the local businesses mainly in Asia including China, Thailand and Indonesia, and to actively invest in business expansion in the contents business having further business growth opportunities which is the Company's strength; and
3. In order to promptly and steadily implement the measures 1 and 2 above, to fully use Bain Capital's business improvement know-how for both domestic and overseas invested firms that was accrued over the years, and to procure human resources that are necessary for the further promotion of the build-up of basis and structural reforms of the Company through Bain Capital's consulting method and network and to promote sophistication of business management systems such as group performance management and risk management.

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, the Bain Capital recognizes all of those measures as being essential to the mid-and-long-term growth of the Company as described above.

Given the results of the above-mentioned discussions with Bain Capital, and after repeating further discussions and negotiations concerning 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 such decision, in late September 2017, the Company determined that Bain Capital shall be its sponsor that will facilitate the Company's strategy toward mid-and-long-term growth in further promotion of the build-up of basis and structural reforms, after comprehensively taking into account the expected effect of further promotion of the build-up of basis and structural reforms in connection with the Transaction, the influence upon 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. Following such decision, the Offeror decided on October 2, 2017, to implement the Tender Offer as part of the Transaction.

- (Note 1) "OOH" stands for Out of Home Media, and collectively refers to transportation media such as posters in trains and buses, outdoor advertisements such as signboards placed on building walls, and newspaper insert advertisements.
- (Note 2) "Sales promotion" means actions generally taken for drawing out consumers' appetite and distributors' motivation to sell by the use of campaigns.
- (Note 3) "Public relations" means activities conducted by organization and companies to circulate and spread their favorable images, measures, business details, principles and causes to many people as possible to seek better understanding and cooperation.
- (Note 4) "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.
- (Note 5) "Consumer insights" means appeal points directly connected to consumer appetite and consumer activity, which are obtained by analyzing and seeing through the background structure of consumer actions or intents.

(b) The decision-making process and reasons for the Company's acceptance of the Tender Offer

On February 15, 2017, Bain Capital submitted a written proposal to the Company with regard to the Transaction.

As described in "(iii) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offer", following the proposal, the Company appointed Mori Hamada & Matsumoto as its legal adviser and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley") as its financial advisor in order to ensure the fairness of the purchase price per the Company's Common Shares in the Tender Offer ("Tender Offer Price") and other fairness of the Transaction including the Tender Offer, and enabled itself to review any proposal from Bain Capital concerning the Transaction. Also, a board of outside directors ("Outside Director Council"), consisting only of the Company's independent outside directors, has been established in order to review any proposal concerning the Transaction based on the inquiry made by the representative director of the Company to the independent outside directors of the Company. For more details concerning the establishment of the Outside Director Council, please refer to "(c) Establishment of, and examination by, the independent Outside Director Council" of "(iii) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offer".

After performing a due diligence from March 2, 2017 to check the feasibility of the Transaction, 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 an interim valuation report on the Company's Common Shares and advice from financial perspective, and the Outside Director Council 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 that could be deemed to give a reasonable opportunity to the shareholders of the Company to sell shares, as described below, and on October 2, 2017, the Offeror and the Company agreed that the Offeror would start the Tender Offer with a Tender Offer Price of JPY 3,660.

After consultation and negotiation between the Offeror and the Company, the board of directors of the Company received a valuation report of the Company’s Common Shares dated October 2, 2017 from Mitsubishi UFJ Morgan Stanley and in addition to an explanation concerning the valuation of the Company’s Common Shares, on the same date, obtained a fairness opinion to the effect that the Tender Offer Price to be applied upon the Transaction is fair from a financial point of view to the holders of the Company’s Common Shares (excluding the Offeror and its affiliates) as well as an explanation of the details thereof. In addition, the Outside Director Council received a valuation report for the Company’s Common Shares dated September 29, 2017 from YAMADA BC and obtained a fairness opinion to the effect that the Tender Offer Price to be applied upon the Transaction is fair from a financial point of view to the holders of the Company’s Common Shares (excluding the Offeror and its affiliates) as well as an explanation of the details thereof (see “(3) Matters Regarding Valuation” below for details). In addition to this, by taking into consideration the legal advice obtained from Mori Hamada & Matsumoto, and by accepting to the most possible extent, the opinion report submitted from the Outside Director Council today (the “Opinion”) (see “(c) Establishment of, and examination by, the independent Outside Director Council” under “(iii) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offer” for details), the Company carefully discussed and examined the terms and conditions of the Transaction.

As a result of the above, as stated in above “(A) Background to the Tender Offer”, the Company determined that terminating the Capital and Business Alliance and privatizing the Company’s Common Shares by executing the Transaction was in the best interests of the Company and the Company’s shareholders. Furthermore, 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 facts 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, 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) sufficient premium (Note1) in light of the premium standards for similar cases to the Transaction (tender offer cases to make the target company 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 fair 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 “(iii) Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure the fairness of the Tender Offer” have been taken, and it has been found that consideration has been given to the interests of minority shareholders (Note 2).

Thus, in the board of directors’ meeting held on October 2, 2017, the Company resolved to express its supportive opinion on the Tender Offer and to recommend the Company’s shareholders to tender their shares to the Tender Offer.

(Note 1) The base price for the Tender Offer Price (JPY 3,660 per Company's Common Share) represents a premium of (i) 15.1% to JPY 3,180, the closing price for the Company's Common Shares traded on the TSE on September 29, 2017, the immediately preceding business day of the day on which the Tender Offer was publicly announced, (ii) 20.7% to 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% to 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% to 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 (Note 3) per share based on the Tender Offer Price, represents a premium of (i) 28.7% to 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 immediately preceding business day of the day on which the Tender Offer was publicly announced, (ii) 41.1% to 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% to 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% to 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).

(Note 2) This refers to shareholders excluding WPP, which is the Company's largest shareholder, hereinafter the same.

(Note 3) Adjusted equity value is calculated by subtracting the after-tax value of WWP plc's shares owned by the Company and the value of excess cash and cash equivalents from the equity value which is calculated by multiplying the Company's share price of by the Company's total issued and outstanding shares less the number of treasury shares owned by the Company. The same shall apply hereinafter.

On the other hand, with respect to the Stock Acquisition Rights, since the purchase price is one yen, it was resolved that whether or not to tender the Stock Acquisition Rights to the Tender Offer would be subject to the decision of the holders of the Stock Acquisition Rights.

(c) Management policy after completion of the Tender Offer

When the Tender Offer is completed, the Offeror plans to request to the Company that a resolution to elect the directors chosen by the Offeror be proposed at the ordinary shareholders' meeting of the Company for the business year ending December 31, 2017, so that the directors nominated by the Offeror will constitute the majority of the Company's directors, but the names of directors to be nominated by the Offeror are not yet determined as of the date hereof. Other management structure and policy of the Company has not been determined as of the date hereof and will be discussed and considered between the Offeror and the Company after the completion of the Tender Offer.

If the common shares of the Company remain listed after the successful completion of the Tender Offer, the Offeror plans to require distributions of surplus in the future if there are any revenues, disposition proceeds of non-business properties and other surplus based on the assumption that the working capital or development strategies of the Company will not be affected, but at present, the specific amounts of such distributions are not known.

- (iii) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offer

The Tender Offer is not a so-called MBO (a tender offer in which the offeror is an officer of the target company, or a tender offer in which the offeror conducts the tender offer based on a request by an officer of the target company and shares interests with such officer of the target company) or a tender offer falling under any of "Significant Transactions, etc. with Controlling Shareholders" as set forth in the TSE's Code of Corporate Conduct.

However, taking into account the Offeror's intention to make itself the only shareholder of the Company through the Transaction, including the Tender Offer, the Offeror and the Company, considering the impact on the Company's shareholders, have taken the following measures 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 and the purchase price per Stock Acquisition Right, eliminating arbitrariness in the decision-making process leading to the decision to implement the Tender Offer and avoiding conflict of interests:

- (a) 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. 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. The overview of these documents is as described in "(i) Overview of Obtained Valuation Report and Fairness Opinion" of "(3) Matters Regarding Valuation" below.

- (b) 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.

- (c) 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 today, 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 above-mentioned 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 with Morgan Stanley & Co. International plc with respect to WPP's Shares in connection with the 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 Financial Pte. Ltd. ("Chatham") (Note 1) 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, 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 the Report to the president and representative director of the Company 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 1) According to the Target, Chatham is not liable in any way for any damage incurred by the Target 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 press release.

(Note 2) The base price for the Tender Offer Price (JPY 3,660 per Company's Common Share) represents a premium of (i) 15.1% to JPY 3,180, the closing price for the Company's Common Shares traded on the TSE on September 29, 2017, the immediately preceding business day of the day on which the Tender Offer was publicly announced, (ii) 20.7% to 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% to 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% to 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, represents a premium of (i) 28.7% to 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 immediately preceding business day of the day on which the Tender Offer was publicly announced, (ii) 41.1% to 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% to JPY 1,437, adjusted equity value per 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% to JPY 1,387, adjusted equity per share value based on from JPY 2,894, a simple average of the closing price for the past six months (from March 30, 2017 to September 29, 2017).

(d) 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 (Note 1) 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 admitted that some measures have been taken to ensure the fairness of the Tender Offer as described in "(3) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offer" 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. Mr. Stuart Neish opposed to the resolution.

On the other hand, with respect to the Stock Acquisition Rights, since the purchase price is one yen, it was resolved that whether or not to tender the Stock Acquisition Rights to the Tender Offer would be subject to the decision of the holders of the Stock Acquisition Rights.

(Note 1) The base price for the Tender Offer Price (JPY 3,660 per Company's Common Share) represents a premium of (i) 15.1% to JPY 3,180, the closing price for the Company's Common Shares traded on the TSE on September 29, 2017, the immediately preceding business day of the day on which the Tender Offer was publicly announced, (ii) 20.7% to 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% to 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% to 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, represents a premium of (i) 28.7% to 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 immediately preceding business day of the day on which the Tender Offer was publicly announced, (ii) 41.1% to 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% to 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% to 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).

(e) Setting of the minimum number of shares to be purchased constituting the majority of minority

In the Tender Offer, the Offeror has set the minimum number of shares to be purchased as 20,785,200 shares, and if the total number of tendered shares fails to reach the minimum number of shares to be purchased (20,785,200 shares), the Offeror will not purchase any of the tendered shares. The minimum number of shares to be purchased (20,785,200 shares) is set as the number of shares representing 50.10% of the Base Number of Shares for Calculation of Percentage of Voting Rights minus 1 Company's Common Share owned by the Offeror as of the date hereof (shares less than one unit (*tangen miman kabushiki*) (100 shares) will be rounded up)), i.e. so-called majority of minority. In this way, the Offeror will not conduct the Transaction including the Tender Offer if it fails to obtain consent of at least

the majority of the Company's shareholders excluding the interested parties to the Tender Offer, meaning that the Offeror placed importance on the intent of all of the Company's shareholders in setting the minimum number of shares to be purchased.

- (f) 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 is set as 30 business days. By setting a relatively long Tender Offer Period, the Offeror intends 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.

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.

### (3) Matters Regarding Valuation

- (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. 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. The overview of these documents is as described in "(ii) Overview of Obtained Valuation Report and Fairness Opinion)" 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 scheduled to be engaged in the Hedging Transaction with the Company in relation to the WPP's Shares 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, 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

With regard to the purchase price per Stock Acquisition Right, the Company has not obtained any valuation report or fairness opinion from Mitsubishi UFJ Morgan Stanley.

With regard to the purchase price per Stock Acquisition Rights, the Company's Outside Director Council has not obtained any valuation report or fairness opinion from YAMADA BC.

(ii) Overview of Obtained Valuation Reports and Fairness Opinions

(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 WPP's Shares's common 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 for the year ending December 2017 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 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 this point 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 is expected to be increased 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 2)

(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 plc shares owned by the Company in that share valuation, the receivable distributions that will arise out of the WPP plc 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 3)

(Note 1) 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 currently available estimates and judgments by the management of the Company of the future financial performance of the Company. 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. Event 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 (A form of offering based on the bookbuilding for specific foreign institutional investors in a short term) 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.

(Note 2) 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) Valuation Method by the Offeror

(a) Company's Common Shares

Considering the fact that the Company's Common Shares are traded on the financial instruments exchange, the closing price (JPY 3,180) for the Company's Common Shares of the TSE as of September 29, 2017, being the business day immediately preceding the date on which the Tender Offer was publicly announced, and simple average of the closing prices for the past one month, three months and six months (JPY 3,033, JPY 2,944 and JPY 2,894) (which has been rounded off to the whole number; the same applies to any calculation of simple average) were used as reference. Furthermore, the actual examples of premiums adopted in the cases similar to the Transaction (tender offer cases to make the target company wholly-owned subsidiary) in the past 5 years, the probability that the Company would approve the Tender Offer, and the prospects of the completion of the Tender Offer were considered comprehensively. After discussions and negotiations with the Company, the Offeror determined on October 2, 2017 that the Tender Offer Price would be JPY 3,660. The Offeror has determined the Tender Offer Price by considering the above various factors and through discussions and negotiations with the Company, and has not obtained any valuation report from a third party valuator.

JPY 3,660, being the Tender Offer Price, represents a premium of (i) 15.1% to JPY 3,180, being the closing price for the Company's Common Shares that are traded on the TSE on September 29, 2017, being the business day immediately preceding the date on which the Tender Offer was publicly announced, (ii) 20.7% to JPY 3,033, being a simple average of the closing prices for the Company's Common Shares for the past one month (from August 30, 2017 to September 29, 2017), (iii) 24.3% to JPY 2,944, being 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% to JPY 2,894, being 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).

On September 28, 2017, the Offeror acquired 1 Company's Common Share for JPY 3,115, the closing price of the Company's Common Shares on the TSE as of September 22, 2017, through a negotiated transaction with Mr. Noriyuki Nakai, Executive Managing Director of the Offeror. There arises a difference of JPY 545 between the Tender Offer Price (JPY 3,660 per share) and such acquisition price (JPY 3,115 per share). Such difference is due to the premium placed on the Tender Offer Price as described above, as well as the trend of Company's Common Share price at the time of and after such share acquisition.

(b) Stock Acquisition Rights

All Stock Acquisition Rights were issued as stock options to the Company's directors and executive officers, so the Offeror would be unable to exercise these Stock Acquisition Rights even if they are acquired. Accordingly, the purchase price of the Stock Acquisition Rights is set as JPY 1 per one Stock Acquisition Right. The Offeror has not obtained any valuation report from a third party valuator upon determining the purchase price of the Stock Acquisition Rights.

(4) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")

If the Offeror cannot acquire all the Company's Common Shares (excluding the Company's Common Shares owned by the Offeror and treasury shares owned by the Company) through the Tender Offer, the Offeror will itself, or request the Company to, carry out the following procedures aiming to make the Company go private in consideration of the disposal procedures for the Company's Common Shares owned by WPP under the SPA as described in "(1) Overview of the Tender Offer" above, depending on whether or not WPP tenders its shares to the Tender Offer and the number of shares obtained by the Offeror following completion of the Tender Offer. The Offeror will not obtain the prior consent of WPP for tendering of WPP's shares to the Tender Offer or for carrying out by itself, or requesting the Company to carry out, the following procedures aiming to make the Company go private:

- (i) If the Offeror becomes a holder of 90% or more of the voting rights of all shareholders of the Company following completion of the Tender Offer, the Offeror (or if the Transfer, etc. is made, the Affiliate; the same applies hereinafter in this section (i)) will, promptly after the settlement of the Tender Offer (or when the Consultation Period has elapsed after requesting the Company to exercise the Right to Request Sales with the Offeror as the designated purchaser, if WPP does not tender all of the Company's Common Shares it owns to the Tender Offer), and pursuant to Article 179 of the Companies Act, demand all Company's shareholders (excluding the Offeror) to make Demand for Share Cash-Out, and will also demand all holders of the Stock Acquisition Rights to make Demand for Stock Acquisition Right Cash-Out. For the Demand for Share Cash-Out, in exchange for each Company's Common Share, an amount of cash equal to the Tender Offer Price will be delivered to the Company's shareholders (excluding the Offeror and the Company). For the Demand for Stock Acquisition Right Cash-Out, in exchange for each Stock Acquisition Right, an amount of cash equal to the purchase price of the Stock Acquisition Rights in the Tender Offer will be delivered to the holders of the Stock Acquisition Rights (excluding the Offeror). In such case, the Offeror will notify thereof to the Company and seek the Company's approval on the Demand for Share, etc. Cash-Out. If the resolution of the Company's board of directors approves such Demand for Share, etc. Cash-Out and makes it effective, in accordance with the procedures under the relevant laws and regulations and without obtaining individual consent of the Company's shareholders and the holders of the Stock Acquisition Rights, the Offeror will acquire (i) all the Company's Common Shares owned by all Company's shareholders (excluding the Offeror and the Company), and (ii) all Stock Acquisition Rights owned by the holders of the Stock Acquisition Rights (excluding the Offeror) as of the date of purchase prescribed in the Demand for Share, etc. Cash-Out. The Company will approve the Demand for Share, etc. Cash-Out in the Company's board of directors' meeting if the Offeror makes the above-mentioned Demand for Share, etc. Cash-Out.
- (ii) On the other hand, if the Offeror fails to hold 90% or more of the voting rights of all shareholders of the Company following completion of the Tender Offer, except when it is obvious that one or more shareholders which hold the total of one third or more voting rights of all shareholders of the Company will oppose the Share Consolidation Proposal when Extraordinary Shareholders' Meeting is held, the following are intended to be carried out:
  - (a) If WPP did not tender all the Company's Common Shares it owns to the Tender Offer, the Offeror intends to: (i) hold the Extraordinary Shareholders' Meeting to approve the Share Consolidation Proposal to approve the Share Consolidation and to amend its Articles of Incorporation to abolish the provision concerning less than one unit shares subject to the Share Consolidation becoming effective and also (ii) request the Company to exercise the Right to Request Sales with the Offeror as the designated purchaser after the elapse of the Consultation Period. Although the date of the Extraordinary Shareholders' Meeting and the day the Share Consolidation concerning the Share Consolidation Proposal will become effective in this case (the "Effective Date") are yet to be determined as of the date hereof, the Offeror intends to request the Company to hold the

Extraordinary Shareholders' Meeting before the elapse of the Consultation Period and specify a day after the elapse of the Consultation Period as the Effective Date.

- (b) If WPP tendered all the Company's Common Shares it owns to the Tender Offer, the Offeror intends to request the Company to hold the Extraordinary Shareholders' Meeting to approve the Share Consolidation Proposal promptly after the settlement of the Tender Offer.

The Offeror (or if the Transfer, etc. is made, the Affiliate) intends to approve the Share Consolidation Proposal at the Extraordinary Shareholders' Meeting. If the Share Consolidation Proposal is approved at the Extraordinary Shareholders' Meeting and the Share Consolidation concerning the Share Consolidation Proposal is implemented, the Company's shareholders will own the number of the Company's Common Shares in proportion to the share consolidation ratio as approved in the Extraordinary Shareholders' Meeting as of the Effective Date. In addition, although the share consolidation ratio for the Company's Common Shares under the Share Consolidation Proposal is undetermined as of the date hereof, the Offeror intends to request the Company to determine the share consolidation ratio so that the number of shares of the Company's Common Shares owned by the Company's shareholders (excluding the Offeror (or if the Transfer, etc. is made, the Offeror and Affiliate) and the Company) who did not tender their shares to the Tender Offer will be a fractional number of less than one share, and thus, to enable the Offeror (or if the Transfer, etc. is made, the Offeror and Affiliate) to hold all the Company's Common Shares (excluding treasury shares owned by the Company).

If there are any fractional shares upon the Share Consolidation, the amount of cash corresponding to the amount obtained by selling the Company's Common Shares equivalent to the total number of fractional shares (if the aggregated number of entitlements to fractional shares includes a fractional number, such fractional number will be rounded down) to the Offeror will be delivered to the shareholder who is entitled to such fractional shares in accordance with the procedures under Article 235 of the Companies Act and other relevant laws and regulations. Concerning the sales price of the Company's Common Shares corresponding to the aggregated number of fractional shares, a petition for voluntary disposal permission will be filed with the court after calculating that the amount of cash to be delivered to each Company's shareholders (excluding the Offeror (or if the Transfer, etc. is made, the Offeror and Affiliate) and the Company) who did not tender his/her shares to the Tender Offer will be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Company's Common Shares owned by such shareholder.

In addition, if the Offeror (or if the Transfer, etc. is made, the Affiliate) fails to hold 90% or more of the voting rights of all shareholders of the Company following completion of the Tender Offer, and fails to acquire all Stock Acquisition Rights by the Tender Offer (excluding treasury stock acquisition rights owned by the Company), the Offeror will request the Company to acquire and cancel the Stock Acquisition Rights or to conduct any other procedures that are reasonably necessary to perform the Transaction, or the Offeror will implement the same.

- (iii) If the Share Consolidation set forth in (ii) above is not eventually implemented because the Share Consolidation Proposal is not passed at the Extraordinary Shareholders' Meeting, the Extraordinary Shareholders' Meeting is not held or for other reasons, the listed status of the Company's Common Shares will be maintained for the time being.

However, according to the Offeror, even in such case, since the Offeror aims to acquire all the Company's Common Shares ultimately, if WPP does not tender all the Company's Common Shares it owns to the

Tender Offer, the Offeror intends to take measures to acquire all the Company's Common Shares, in accordance with the SPA, by requesting the Company either or both (a) to sell the Company's Common Shares owned by WPP to the Offeror after the elapse of the Consultation Period based on the Right to Request Sales to be exercised upon designating the Offeror as the purchaser, or/and (b) when 365 days have elapsed from the notice of disposal, to request WPP to conduct Sales in the Market. However, the timing of implementation is undetermined, and it is also possible for the Offeror not to take such measures depending on the market value of the Company's Common Shares at that time and its situation of financing.

In accordance with the provisions under the Companies Act aimed at protecting minority shareholders' interests in relation to the procedures described in (i) and (ii) above, if the Demand for Share, etc. Cash-Out is made, the Company's shareholders and stock acquisition right holders will have the right to file a petition to the court to determine the sales or purchase price of such Company's Common Shares and the Stock Acquisition Rights that they hold in accordance with the provisions of Article 179-8 of the Companies Act and other relevant laws and regulations. Also, in accordance with the Companies Act, if there are any fractional shares when the Share Consolidation is conducted, the Company's shareholders may, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, demand the Company to purchase all fractional shares of the Company's Common Shares that the relevant shareholders hold at a fair price, and may file a petition to determine the purchasing price under appraisal rights of such Company's Common Shares. Any sales and purchase price and the purchasing price under appraisal rights if these petitions are filed will be ultimately determined by the court.

Regarding the Demand for Share, etc. Cash-Out and the Share Consolidation concerning the Share Consolidation Proposal, depending on any revisions to and enforcement of the relevant laws and regulations, interpretation thereof by authorities, the Offeror's percentage of ownership of share certificates after the Tender Offer and the status of ownership of the Company's Common Shares by any shareholder other than the Offeror, there is a possibility that it may take time to implement it or that another method which has substantially the same effect may be applied. In such case, however, except for the cases where the listed status of the Company's Common Shares described above is maintained, the Offeror plans to adopt such method that enables each Company's shareholders (excluding the Offeror (or if the Transfer, etc. is made, the Offeror and Affiliate) as well as the Company) not having tendered his/her shares to the Tender Offer to ultimately receive cash. If such method is adopted, it is intended that the amount of such cash to be delivered to each of the relevant shareholders of the Company will be calculated not to fall below the price produced by multiplying the Tender Offer Price by the number of the Company's Common Shares owned by such shareholder. If any cash is delivered to the holders of the Stock Acquisition Rights not having tendered their stock acquisition rights to the Tender Offer, it is intended that the amount of such cash will be calculated not to fall below the price produced by multiplying the purchase price of the Stock Acquisition Rights in the Tender Offer by the number of the Stock Acquisition Rights owned by such holder.

There is a possibility that the procedures described in (i) through (iii) above may not be implemented as planned due to commencement of court proceedings or arbitration proceedings instituted by the Company's shareholders or other third parties.

As of the date hereof, the Offeror has no intention to acquire additional shares of the Company's Common Shares in the market as necessary after the completion of the Tender Offer. Following completion of the Tender Offer, the Offeror may acquire additional shares of the Company's Common Shares on the market to the extent permitted by laws and regulations, with a view to increase the percentage of its voting rights in the Company, by taking into account circumstances such as the number of the Company's Common Shares acquired by the Offeror in the Tender Offer and the share price of the

Company's Common Shares in the market at that point. However, details are undetermined as of the date hereof.

The Tender Offer is not intended to solicit the votes of the Company' shareholders in favor of the resolutions to be proposed at the Extraordinary Shareholders' Meeting. Each shareholder and stock acquisition right holder should consult with his or her tax advisor regarding the tax treatment relating to the receipt of cash by the Tender Offer or under the above procedures, and the purchase by the exercise of appraisal rights.

(5) Prospects for delisting and its reasons

The Company's Common Shares are currently listed on the First Section of the TSE. Because the Offeror has not set a maximum number of shares to be purchased in the Tender Offer, the Company's Common Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria established by the TSE, depending on the results of the Tender Offer. Also, even in the case where the Company's Common Shares do not fall under that criteria as of the completion of the Tender Offer, the Offeror will itself, or request the Company to, carry out the procedures set out in "(4) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" above. If a Demand for Share, etc. Cash-Out as described in "(4) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" above is made, or a Share Consolidation related to the Share Consolidation Proposal or any other procedure having generally similar effect as such procedures are taken, the Company's Common Shares will fall under the criteria and will therefore be delisted through the prescribed procedures in accordance with the stock delisting criteria established by the TSE. After delisting, the Company's Common Shares can no longer be traded on the TSE.

On the other hand, if such procedures are not carried out promptly, it is expected that the Company's Common Shares will continue to be listed on the First Section of the TSE for the time being. In this case, the Offeror is considering acquiring additional shares of the Company's Common Shares on the market as needed with the purpose of ultimately acquiring all of the Company's Common Shares, by taking into account circumstances such as the number of the Company's Common Shares acquired by the Offeror in the Tender Offer and the share price of the Company's Common Shares in the market at that point.

**4. Matters regarding material agreements between the Offeror and shareholders of the Company concerning the acceptance of the Tender Offer**

N/A

**5. Matters regarding material agreements between the Offeror and the Company**

N/A

**6. Details of benefits received from the Offeror or its special related parties**

N/A

**7. Response policy regarding basic policies relating to control of the company**

N/A

**8. Questions to Offeror**

N/A

**9. Request for extension of tender offer period**

N/A

**10. Future outlook**

Please refer to “3. Details and basis of, and reasons for, the opinion regarding the Tender Offer” above.