

FOR IMMEDIATE RELEASE

February 19, 2019

Notice regarding Company Split and Amendment to Articles of Incorporation (amendment to the trade name and the business purpose) for Shifting to Holding Company Structure

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Toshihiro Yamamoto; Head Office: Tokyo; Capital: 74,609.81 million yen, hereinafter referred to as "the Company") today convened a meeting of its Board of Directors at its Head Office in Tokyo and resolved that, by means of a company split, any and all businesses that are being operated by the Company (except for the business pertaining to the governance of the business activities of the companies whose shares are owned by the Company and pertaining to the management of the Dentsu Group; hereinafter referred to as "the Business") will be succeeded to by its wholly-owned subsidiary DENTSU SUCCESSOR PREPARATORY CORPORATION INC. (incorporated on February 12, 2019, and its trade name is scheduled to be changed to "DENTSU INC." as of January 1, 2020; hereinafter referred to as the "Successor Company"), and certain absorption-type company split agreement (hereinafter referred to as the "Absorption-type Company Split Agreement") was executed between the Company and the Successor Company on the same date (hereinafter the company split being referred to as the "Absorption-type Split").

The implementation of the Absorption-type Split and the amendment to the Articles of Incorporation (amendment to the trade name and the business purpose) require the approval for the relevant proposals at the 170th Ordinary General Meeting of Shareholders scheduled to be held on March 28, 2019.

It is being scheduled that, following the Absorption-type Split, effective as of January 1, 2020, the Company's trade name will be changed to DENTSU GROUP INC., and its business purpose will also be changed in accordance with the business to be conducted subsequent to the shifting to the holding company structure.

- I. Company split for the purpose of shifting to a holding company structure
1. Circumstances surrounding the Absorption-type Split and its objectives

The business and the operating environment of the Company and its Group have been changing radically. In order to respond appropriately and promptly to this series of changes and to achieve the sustainable growth of the Group going forward, there is an urgent need to realize the acquisition and allocation of internal and external management resources on a timely basis from a Group-wide and global perspective, to further promote the management of richly diverse human resources and foster an open organizational culture, and to establish the most appropriate group governance structure.

In recognizing the above, the Company has decided to shift to a pure holding

company structure in order to drive sustainable growth for the Dentsu Group as a whole, including promotion of business transformation in Japan, and maintenance and further development of the growth momentum of the overseas business headed by its headquarters, Dentsu Aegis Network Ltd.

2. Summary of the Absorption-type Split

(1) Timeline of the Absorption-type Split

Date of resolution of the Board of Directors on the approval of the Absorption-type Company	February 19, 2019
Split Agreement Date of execution of the Absorption-type Company Split Agreement	February 19, 2019
General meeting of shareholders to approve the Absorption-type Split	March 28, 2019 (planned)
Effective date of the Absorption-type Split	January 1, 2020 (planned)

(2) Method of the Absorption-type Split

This will be done in the form of an absorption-type company split in which the Company becomes the splitting company and the Company's wholly-owned subsidiary, DENTSU SUCCESSOR PREPARATORY CORPORATION INC., becomes the successor company.

(3) Allocations of shares in respect of the Absorption-type Split

Upon the Absorption-type Split, the Successor Company will issue 248,000 ordinary shares, and allocate and deliver all of them to the Company.

(4) Handling of the share option and the bond with share option issued by the splitting company

The Company has not issued any share option or bond with share option.

(5) The amount of stated capital, etc. to be reduced as a result of the Absorption-type Split

There will be no change to the Company's stated capital.

(6) The rights and obligations to be assumed by the Successor Company

As a result of the Absorption-type Split, the Successor Company will assume, to the extent provided in the Absorption-type Company Split Agreement, the assets, liabilities, employment contracts, and other rights and obligations that pertain to the Business and belong to the Company as of the effective date. The liabilities to be succeeded by the Successor Company shall be jointly and severally assumed by the Company as well.

(7) Prospects of performance of obligations

In light of the fact that, in respect of both of the Company and the Successor Company, no event which may adversely affect performance of the obligations following the Absorption-type Split is, as of today, expected to

occur, the Company has determined that there is no issue concerning the prospects of performance of obligations by the Company and the Successor Company following the Absorption-type Split.

3. Synopses of the parties to the Absorption-type Split

	Splitting Company (as of December 31, 2018)	Successor Company (incorporated on February 12, 2019)
(1) Trade name ^{*1, 2}	DENTSU INC.	DENTSU SUCCESSOR PREPARATORY CORPORATION INC.
(2) Head Office location	1-8-1 Higashi-Shimbashi, Minato-ku, Tokyo	1-8-1 Higashi-Shimbashi, Minato-ku, Tokyo
(3) Representative	President & CEO Toshihiro Yamamoto	Representative Director Tadashi Nagae
(4) Business	Advertising and advertising-related businesses	No business is conducted before the Absorption-type Split
(5) Stated capital	74,609 million yen	50 million yen
(6) Incorporation date	July 1, 1901	February 12, 2019
(7) Number of shares issued	288,410,000 shares	2,000 shares
(8) Business year end	December 31	December 31
(9) Major shareholder and shareholding ratio	The Master Trust Bank of Japan, Ltd. (trust account) 13.96%	DENTSU INC. 100%
(10) Financial conditions and business performance of the immediately preceding business year (JGAAP)		
	Fiscal Year ended / as of December 31, 2018	/
Net Assets	991,086 million yen	
Total Assets	1,838,638 million yen	
Sales	1,539,962 million yen	
Operating Income	48,604 million yen	
Ordinary Profit	75,414 million yen	
Current Net Profits	94,841 million yen	
Shareholder's Net Assets per Share	3,515.78 yen	
Current Net Profits per Share	336.44 yen	

*1 The trade name of the splitting company is scheduled to be changed to "DENTSU GROUP INC." as of January 1, 2020.

*2 The trade name of the Successor Company is scheduled to be changed to "DENTSU INC." as of January 1, 2020.

4. Outline of the business of the section to be split off

(1) Substance of the business of the section to be split off

The Business (advertising and advertising-related businesses, etc.)

(2) Business performance of the section to be split off (fiscal year ended December 31, 2018) (JGAAP)

	Performance of the business to be split off (a)	The Company's performance in isolation (b)	Ratio (a/b)
Sales	1,539,962 million yen	1,539,962 million yen	100%

(3) Items and amounts of the assets and liabilities to be split off (as of December 31, 2018) (JGAAP)

Assets		Liabilities	
Item	Amount (million yen)	Item	Amount (million yen)
Current Assets	426,517	Current Liabilities	450,935
Fixed Assets	44,019	Fixed Liabilities	21,723
Total	470,537	Total	472,659

(Note) Because the items and amounts of the assets and liabilities to be split off pertaining to the above-mentioned business were calculated based on the balance sheet as of December 31, 2018 and on other current calculation on the same date, and will be determined after adding or subtracting the increments or reductions recognized by the effective date of the Absorption-type Split, the actual amounts of the assets and liabilities to be split off will be different from above ones. The amount of assets is expected to exceed the amount of liabilities as of December 31, 2019.

5. The Company's situation after the Absorption-type Split (as of January 1, 2020 (planned))

	Splitting Company
(1) Trade name	DENTSU GROUP INC. Note: It is scheduled that the trade name will be changed, as of January 1, 2020, from the current "DENTSU INC." to "DENTSU GROUP INC."
(2) Business	Businesses related to the management of the Dentsu Group.
(3) Representative	President & CEO: Toshihiro Yamamoto
(4) Head Office location	1-8-1 Higashi-Shimbashi, Minato-ku, Tokyo
(5) Stated capital	74,609 million yen
(6) Business year end	December 31

6. The Successor Company's situation after the Absorption-type Split (as of January 1, 2020 (planned))

	Successor Company
(1) Trade name	DENTSU INC. Note: It is scheduled that the trade name will be changed, as of January 1, 2020, from the current "DENTSU SUCCESSOR PREPARATORY CORPORATION INC." to "DENTSU INC."
(2) Business	Advertising and advertising-related businesses
(3) Representative	To be decided
(4) Head Office location	1-8-1 Higashi-Shimbashi, Minato-ku, Tokyo
(5) Stated capital	10,000 million yen
(6) Business year end	December 31

7. Future outlook

The effects of the Absorption-type Split on the Company's consolidated performance will be very small. It is being planned that, as a result of the Absorption-type Split, the Company's income will be primarily comprised of the dividend income received from the Dentsu Group companies and the income received from rental real properties, and the Company's expenses will be primarily comprised of the operating expenses as the holding company and the miscellaneous expenses pertaining to the management of real properties.

II. Amendment to the Articles of Incorporation

1. Objective of amending the Articles of Incorporation

The objective is to change the Company's trade name to "DENTSU GROUP INC." and to change its purpose of business to the business management as the holding company, in accordance with the shifting to the holding company structure. The amendment to the Articles of Incorporation will take effect on the effective date of the Absorption-type Split (scheduled to be January 1, 2020), on condition that the Absorption-type Split takes effect.

2. Details of the amendment to the Articles of Incorporation

(Portions to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
ARTICLE 1 COMPANY NAME	ARTICLE 1 COMPANY NAME
The name of the Company shall be Kabushiki Kaisha <u>Dentsu</u> , and it shall be referred to in English as <u>DENTSU INC.</u>	The name of the Company shall be Kabushiki Kaisha <u>Dentsu Group</u> , and it shall be referred to in English as <u>DENTSU GROUP INC.</u>
ARTICLE 2 PURPOSES	ARTICLE 2 PURPOSES

The business purposes of the Company shall be as follows:	The business purposes of the Company shall be as follows <u>as well as control and management of companies engaged in the following activities through shareholdings of such companies.</u>
1. to 36. (Omitted)	1. to 36. (Unchanged)
<u>37. control and management of companies engaged in the following activities through shareholdings of such companies</u> <u>(1) planning and production of advertising;</u>	(Deleted)
<u>(2) to (65) (Omitted)</u>	<u>37. to 100. (Unchanged)</u>
<u>(66) consulting services incidental or related to sub-items (1) to (65) above (except for the cases in which consulting services are defined in sub-items (1) to (65) above);</u>	(Deleted)
<u>38. to 40. (Omitted)</u>	<u>101. to 103. (Unchanged)</u>

3. Timeline of the amendment to the Articles of Incorporation

Holding Ordinary General Meeting of Shareholders for amending the Articles of Incorporation	March 28, 2019
Effective date of the amendment to the Articles of Incorporation	January 1, 2020 (planned)

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