

FOR IMMEDIATE RELEASE

November 14, 2018

Dentsu Announces Revision of Compensation System for Directors and Executive Officers

Dentsu Inc. (President & CEO: Toshihiro Yamamoto; Headquarters: Minato-ku; Tokyo; Capital: 74,609.81 million yen; hereinafter: Dentsu) hereby announces that, at the meeting of the Board of Directors held on November 14, 2018, Dentsu resolved to revise its compensation system for Directors and Executive Officers (collectively "Officers") as follows. As a major measure for this revision, Dentsu plans to introduce a new Performance-Based Stock Compensation Plan called the Board Benefit Trust (the "BBT"). Necessary proposals required to apply the BBT to Directors will be submitted to the 170th Ordinary General Meeting of Shareholders to be held in March 2019.

1. Purpose of Revision of Compensation System for Officers

For the purpose of sustainable growth and enhancing the corporate value of the Dentsu Group over the medium-to long-term, Dentsu will revise its compensation system for Officers as part of the following basic policies.

[Basic Policies]

(1) Clarification of mission

The mission of Officers who execute operations is "to execute strategy from a medium-to long-term perspective while ensuring that the performance targets for the term of the office (i.e., one fiscal year) are achieved."

Each Officer determines a mission at the time of appointment as an officer and reviews the status of the achievement of such mission at the end of his or her term of office for the area in charge with his or her senior officer, and such senior officer evaluates the results. The evaluation will be a factor for appointment or dismissal in the next term as well as a factor in determining the mission at the time of reappointment.

(2) Clarification of process for appointment/dismissal and determination of compensation

In order to achieve objectivity and transparency in the procedures for (i) the appointment/dismissal of Officers and (ii) the determination of compensation for Officers, the Board of Directors will consult with Independent Outside Directors with respect to such appointment/dismissal and determination of

compensation from fiscal year 2019.

In addition, in conjunction with the analysis of potential changes in the Group holding structure recently announced*, the establishment of a Nominating and Compensation Committee by around fiscal year 2020 will be considered.

*Refer to Dentsu's news release "Commencement of Analysis of Potential Changes in Group Holding Structure" (August 9, 2018)

(3) Revision of compensation system

The BBT will be introduced as a medium-to long-term bonus to further enhance the motivation for the "execution of strategy from a medium- to long-term perspective," which is the mission of Officers. With the introduction of the BBT, by clarifying the link between Officers' compensation, on the one hand, and the company's business performance and corporate value, on the other hand, and by promoting the sharing of interests with shareholders and other stakeholders, Dentsu will be able to raise the awareness of Officers toward contribution to sustainable growth and the enhancement of corporate value of the Dentsu Group over the medium to long term. In addition, the basic annual compensation (monthly payments) and annual bonus will be reviewed in conjunction with the introduction of the BBT as a medium-to long-term bonus.

2. Details of Revision of Compensation System for Officers

(1) Level of compensation

Based on market research data on compensation conducted by an external expert organization, appropriate compensation levels are set in light of Dentsu's business environment and other factors and based on other companies' compensation levels as benchmarks that take company size, financial scale and other factors into account.

(2) Compensation composition

The BBT, as a medium-to long-term bonus, consists of three components: basic annual compensation, an annual bonus, and a medium-to long-term bonus.

<Compensation Composition>

Fixed compensation	Variable compensation	
Monetary compensation	Stock compensation	
Basic annual compensation (monthly payments)	Annual bonus	Mid- and long-term bonus (BBT)

[Basic annual compensation (monthly payments)]

Compensation levels are set according to each Officer's mission grade based on market research data on compensation conducted by an external expert organization.

[Annual bonus]

Annual bonuses are determined according to the consolidated performance of the company for each fiscal year.

[Medium-to long-term bonus (BBT)]

The BBT, to be introduced as a medium- to long-term bonus, is a performance-based stock compensation plan; Dentsu shares are acquired through a trust (the "BBT Trust") using money that Dentsu contributes to the trust, and Dentsu shares and the amount of money equivalent to the value of Dentsu shares calculated based on the market price are distributed through the BBT Trust to Officers as compensation in accordance with the company's business performance under the Officers stock benefit regulations to be provided by the company.

The voting rights attached to Dentsu shares, which belong to the trust estate of the BBT Trust, will not be exercised.

[Overview of BBT]

(i) Name	Board Benefit Trust (BBT)
(ii) Trustor	DENTSU INC.
(iii) Trustee	Mizuho Trust & Banking Co., Ltd. (Re-Trustee: Trust & Custody Services Bank, Ltd.)
(iv) Beneficiary	Officers satisfying the beneficiary requirements set forth in the Officers stock benefit regulations.
(v) Trust Administrator	Third party with no interest in Dentsu (planned)
(vi) Type of trust	Trusts of money other than money trusts (third-party-benefit trust)
(vii) Date of conclusion of the BBT trust agreement	May 2019 (planned)
(viii) Date of entrustment of money	May 2019 (planned)
(ix) Period of trust	From May 2019 (planned) until termination of the trust (The trust will continue as long as the BBT continues, with no specific date of termination.)

For further details regarding the BBT, we will make an announcement in conjunction with resolutions of the Board of Directors (to be held in February 2019) to be made to decide on proposals for the 170th Ordinary General Meeting of Shareholders (to be held in March 2019).

(3) Percentage of compensation

As with the current compensation system for Officers, the ratio of fixed to variable

compensation at the time of achievement of the performance targets is approximately 60:40.

(4) Range of compensation

The variable compensation ranges from 0% to 150% of fixed compensation (basic annual compensation). The maximum amount of the variable compensation is set above the amount of the fixed compensation, and the ratio of stock payments is increased to promote the sharing of interests with shareholders and other stakeholders. This will further strengthen the motivation of Officers for sustainable growth and enhancing the corporate value of the Dentsu Group over the medium-to long-term.

(5) Performance targets

Performance targets for determining the variable compensation are set appropriately for each fiscal year based on macro- and micro-economic conditions and the company's business environment.

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