

Highlights for 1H FY2006 and Progress of Dentsu Group Growth Strategies

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Cautionary Statement

This document contains forward-looking statements regarding the intent, belief or current expectations of Dentsu Inc. or its management with respect to the results of operations and financial condition of the Dentsu Group. Such forward-looking statements, based on information known to management as of November 16, 2006, are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors. Unless otherwise stated, the following discussion is based on the Dentsu Group's consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles in Japan.

Review of 1H FY2006

- **Leveraging the FIFA World Cup to Raise Sales and Profits**

- **Taking on New Business**

- **Cross-Media Method Development and HR Development**

- **Aggressive Investment Based on the “4-2-2 Strategy”**

Strengthening Operations in Four Strategic Markets

Domestic Advertising Market

Converted Meitetsu Agency to consolidated subsidiary

Established Senior Direct (Development of senior-focused media)

Established CMGOGO (Promoting easy Internet-based sales of television spot ads)

Conducted trials linking television commercials with one-segment data broadcasts

Commenced advertising service employing podcasting (audio ad distribution service)

Developed IMC ver.2.0 and d-engine (next-generation communications planning systems)

Launched abic; area brand incubation core (regional brand development)

With cci, established CROSS WIND (cross-media content production)

Established CGM Marketing (configuration of CGM ad distribution networks)

Inaugurated drams Center (direct marketing)

Established TSD Wellness (solution service related to foods for specified health use and health foods)

Inaugurated magabon (a comprehensive magazine information site) and *Zenkoku Shimbun Net* (a portal site for news and lifestyle information)

PRESENTCAST launched DOGATCH (a video content search portal)

Advertising-Related Markets

Made DENTSU TEC wholly-owned subsidiary

Opened the Heijokyo 1300th Anniversary Office

With OPT, jointly established the mobile marketplace

Established F2M (e-marketing business)

Established Dentsu Netyear ABeam (marketing strategy development business)

Established the Promotion Business Deliberation Committee (Dentsu and DENTSU TEC)

New Markets

Entered capital and operational alliance with Sony Creative Products

Established a business alliance with Mitsubishi Corporation involving the production, sale and rights management of Japanese animation

Formed joint business with Yahoo! Inc. involving the Internet rights for Major League Baseball content

Acquired naming rights to the Shibuya Kokaido Public Hall

Concluded an exclusive marketing contract with the Japan Rugby Football Union, and the Japan Skating Federation

Commenced operation of Football Media Services (sale of broadcasting rights to FIFA-organized competitions in Asia)

Overseas Markets

Established X-Line Hypermedia, a transit advertising media agency for Taiwan High-Speed Rail

Prepared for the establishment of Beijing Dianyi Advertising (mobile advertising company)

Established the China Business Promotion Office (Dentsu)

Current Situation and Medium-Term Ad Expenditures Forecast

- As the economy returns to cruising speed, advertising expenditures in Japan should gradually pick up

Current Situation

◆ Strong corporate performance not being reflected in household spending

◆ Advertisers cautious with their advertising spending due to economic uncertainties

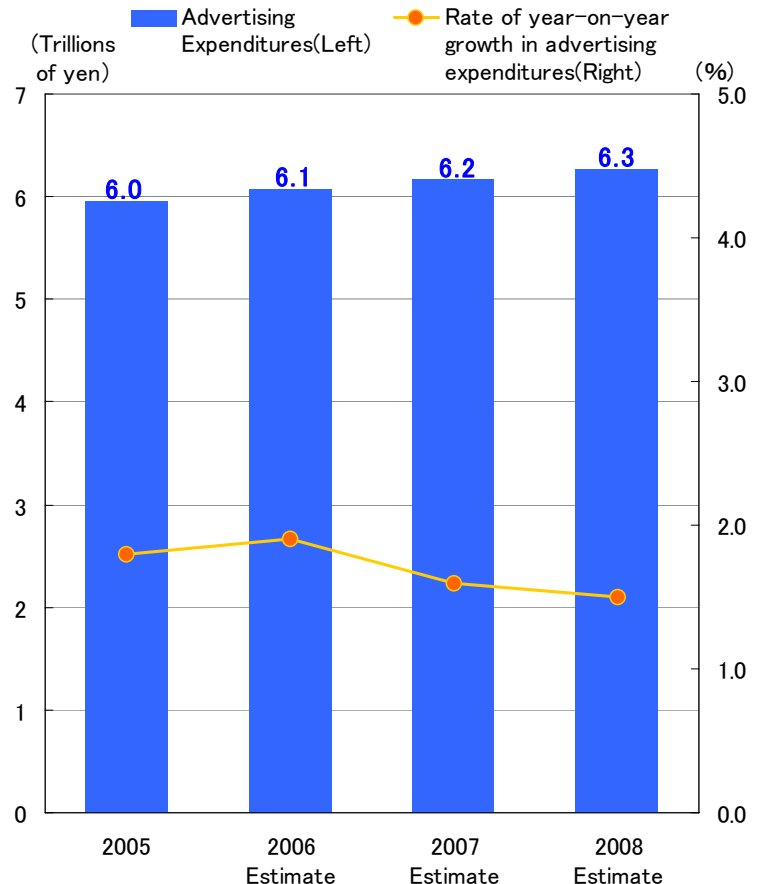
Second-Half Forecast for Advertising Expenditures in Japan

Expected Rate of Growth in Advertising Expenditures in Japan

2H FY2006 : 1.7%
Full FY2006: 2.4%

(Announced by Nikkei Advertising Research Institute in August 2006)

Medium-Term Forecast for Japanese Advertising Expenditures

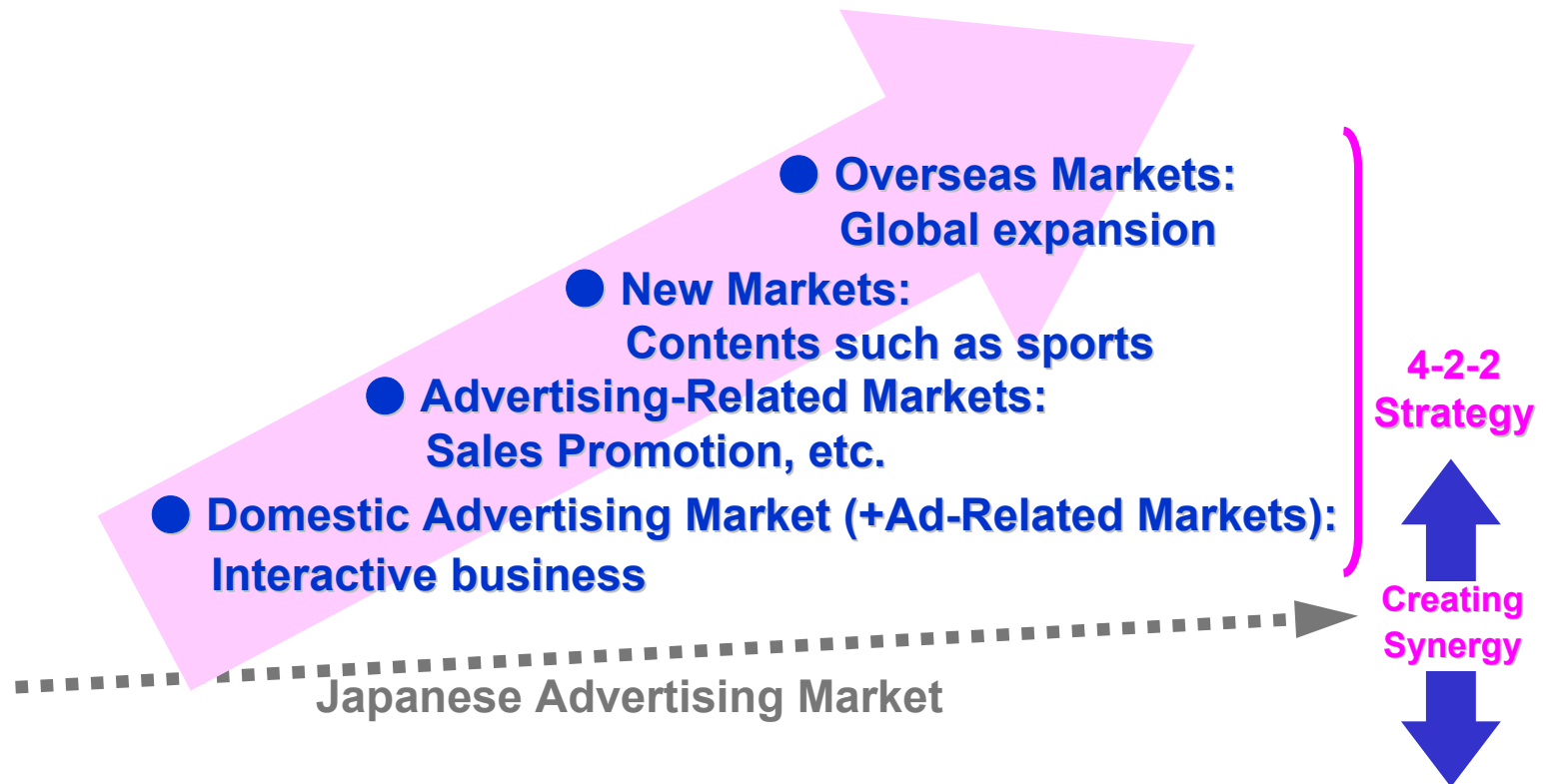


Sources: 2005 Advertising Expenditures in Japan, Dentsu (February 2006); Forecast advertising expenditures in Japan from the Japan Center for Economic Research (September 2006)
Note: The prediction of advertising expenditures in Japan excludes the demand that could be generated if consumption tax is increased.

Aim to Exceed the Market with Four Drivers of Growth

- Growing out of Boundary of Traditional Advertising Agency by “4-2-2 Strategy”

Image of Dentsu Group's Growth



Strengthening and Expanding the Ad-related Business

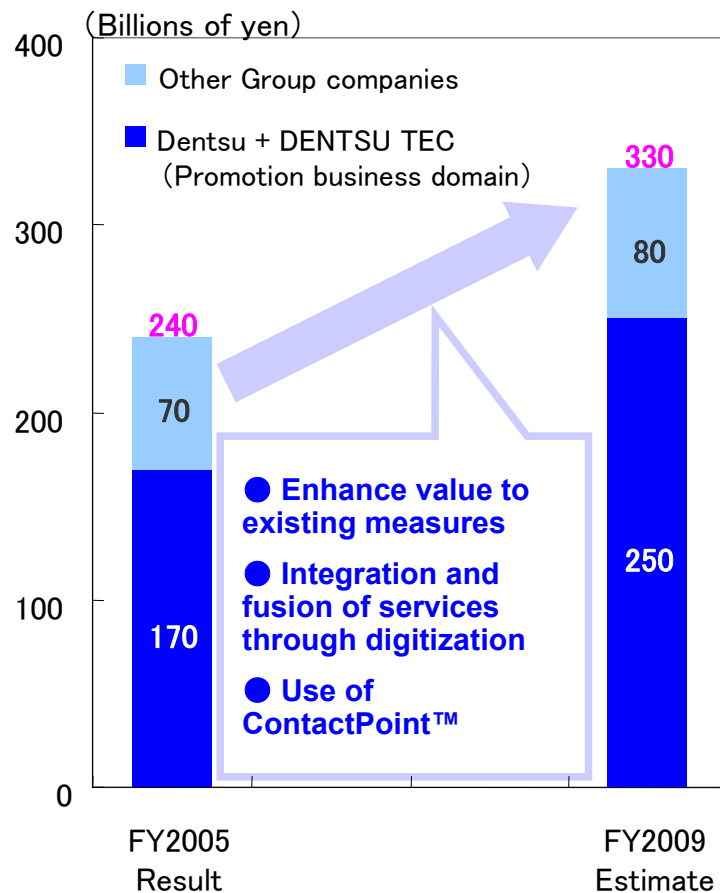
- Aim to have ¥330 billion in sales as Dentsu Group by FY2009 (Including possible M&As and other investments)

Expanding Advertising-Related Markets



Source: Dentsu, 2005 Advertising Expenditures in Japan, Dentsu statistics on scale of SP and promotion-related markets

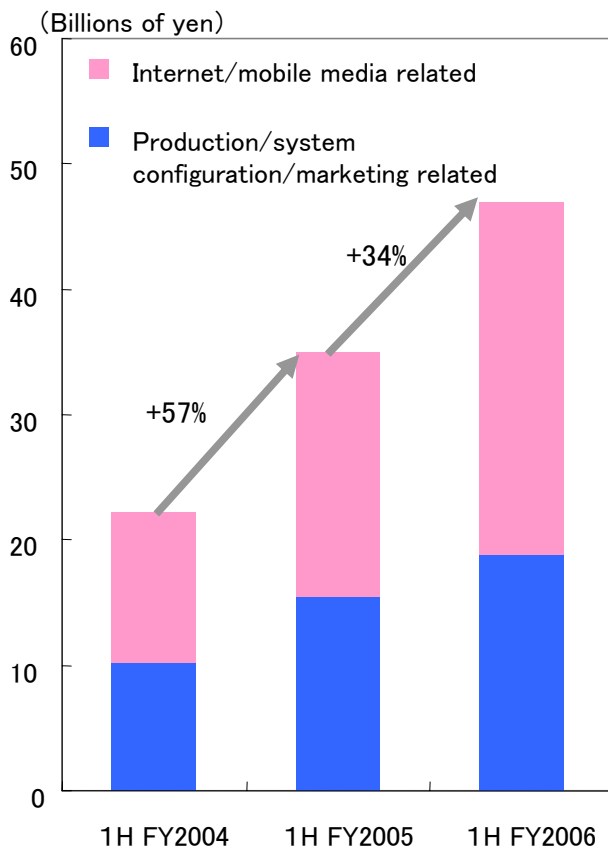
Estimated Growth in Sales of Dentsu Group



Strengthening and Enhancing the Interactive Business

- Aim for a 20% share of the Internet advertising market by FY2009

Group Sales in the Interactive Business Domain



Notes: These figures represent the simple total of net sales from external customers of the Dentsu Interactive Communications Division and Dentsu Group companies. The rate of growth is in comparison with the previous term or the corresponding period of the previous year.

Concept of Group Growth in Internet Advertising and Principal Measures

Growth Concept

| | 2005 | 2009 |
|---|----------------|----------------|
| ◆ Internet advertising expenditures | ¥280.8 billion | ¥566.0 billion |
| ◆ Target Dentsu share of markets related to Internet and mobile media | 15% | 20% |

Source: Internet advertising expenditures forecasts from Dentsu Communication Institute, July 2005

Principal Measures

Promote cross-media proposals

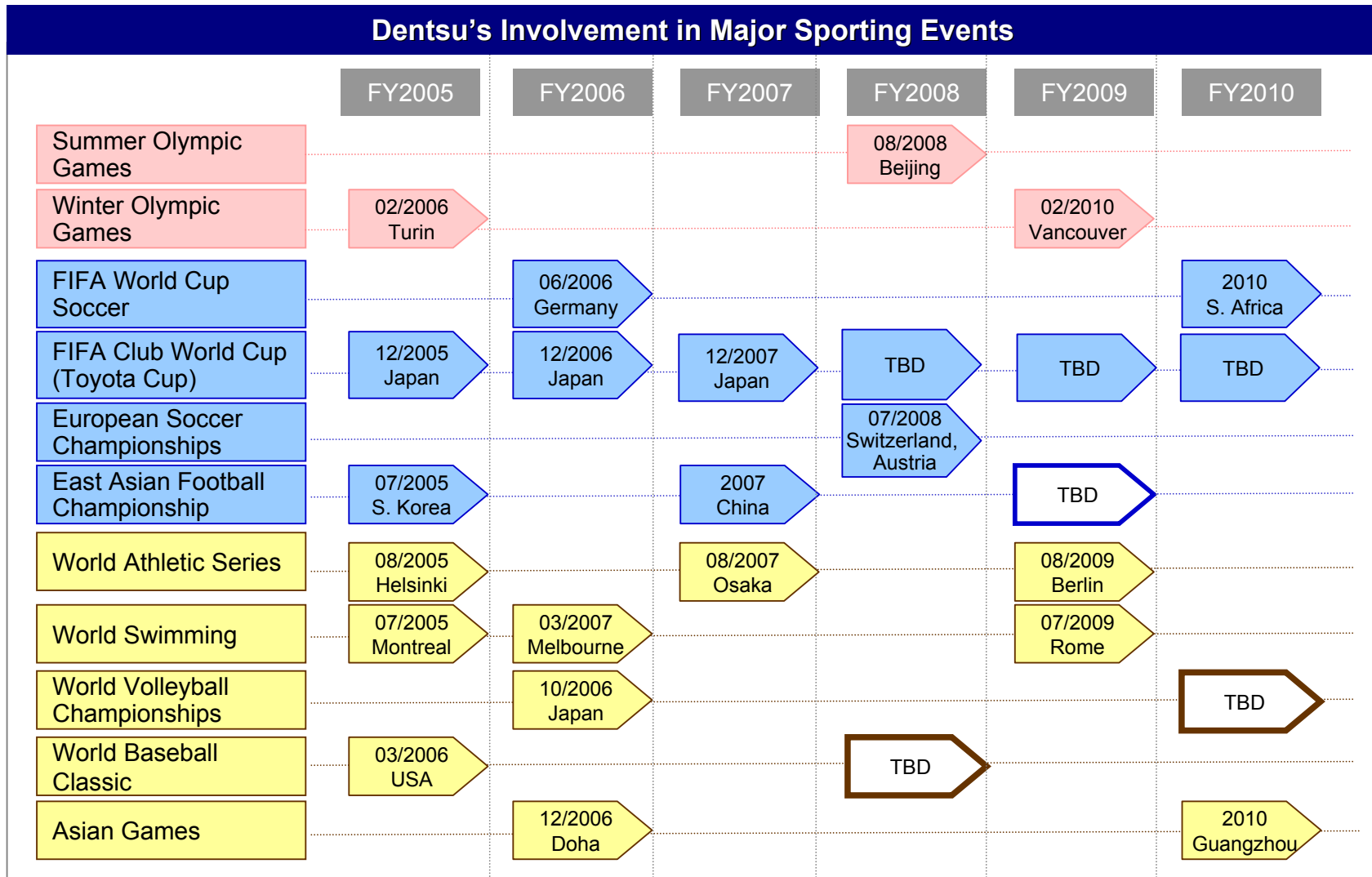
Take advantage of new Internet advertising communication opportunities

Create an efficient and effective system of operation

Creating Demand through Sports Marketing

- Leverage superior content to generate steady marketing opportunities

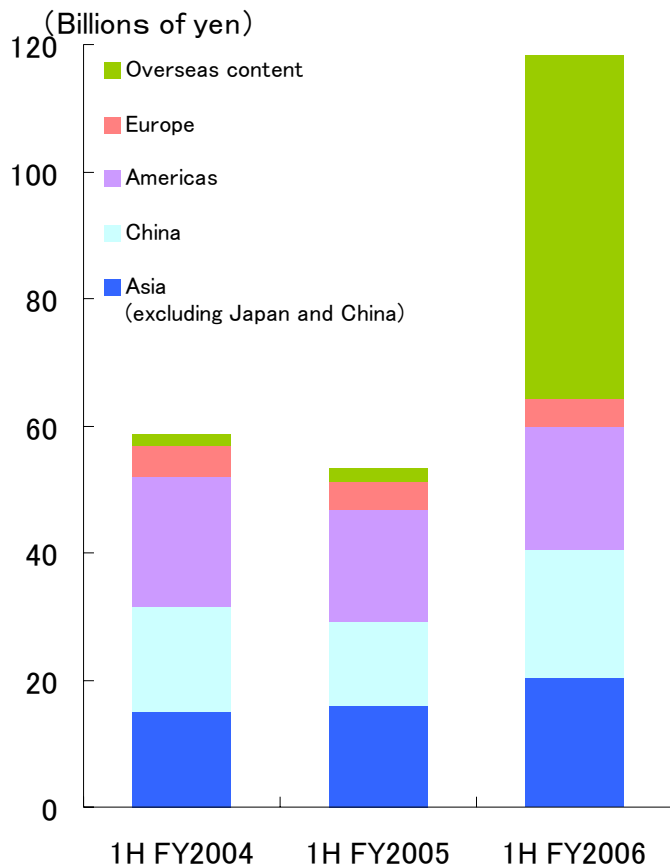
Dentsu's Involvement in Major Sporting Events



Strengthening and Expanding Overseas Business

● Continue to expand global networks

Sales and Progress in Overseas Business



Note: Figures represent the simple total of each Group company's sales to external customers.

Overseas content

- Effective sales of hospitality programs via iSe

Europe

- Lackluster growth as principal clients reduce spending
- Responding to expanding client needs in Russia and Eastern Europe

Americas

- Net growth through consolidation of Dentsu Latin America
- Through enhanced sales structure, aiming to cultivate Japanese clients

China

- Promoting thorough receivables controls and management reform
- Acquiring new clients
- Creating systems to provide "Total Communications Services"

Asia (excl. Japan, China)

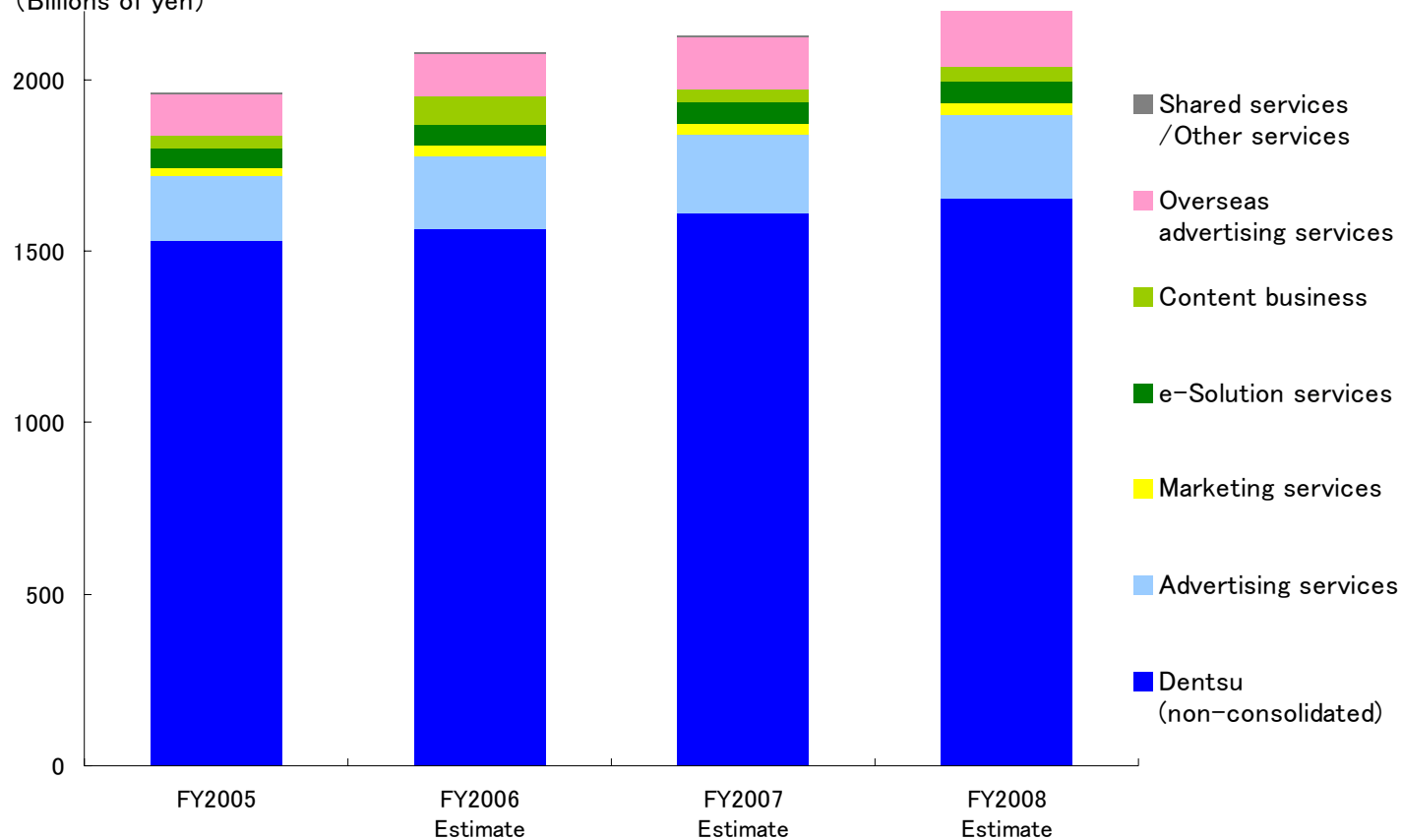
- Steadily increasing operating performance
- Concentrating on the Indian market
- Creating structure to enable handling of competing clients

Becoming a ¥2 Trillion Group and Moving toward Future Growth

- FY2008 targets: Net sales over ¥2.2 trillion, gross profit over ¥370 billion, operating income over ¥70 billion

Projected Net Sales by Service Categories (Based on Medium-Term Management Plan)

(Billions of yen)



Note: Projections are based on sales by Dentsu Group companies to external customers.