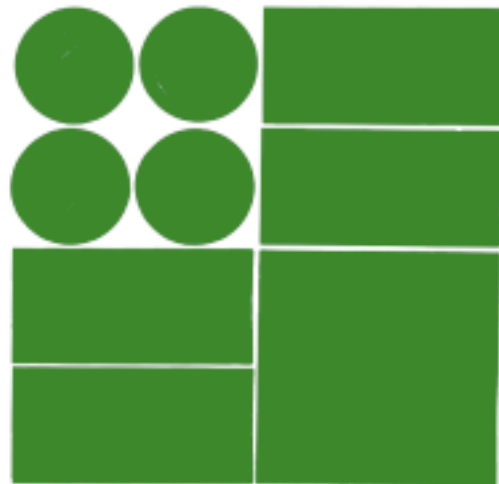


Dentsu Business Developments



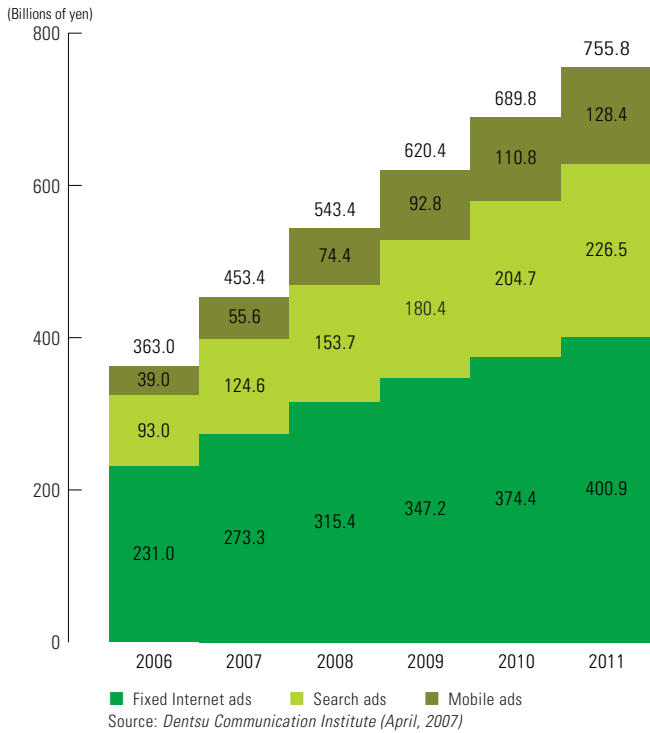
Four Drivers of Growth for the Dentsu Group

Advertising expenditures in Japan are expected to continue growing gradually over the medium to long term, but the share of each media type is likely to change. As the role of web searches increases, we expect search-linked and mobile advertising to enjoy continued rapid growth within the Internet advertising segment. Preliminary calculations by the Dentsu Research Institute forecast that this market will grow in scale to ¥750 billion by 2011. Increasing Internet use and broadband prevalence are prompting changes in the media environment and distribution channels. At the same time, consumption patterns are changing and client marketing issues are growing more sophisticated and complex, and identifying the ContactPoint™, or points of interface between a consumer and a brand, is increasingly critical to the promotion business. Accordingly, clients are calling on their advertising agencies to address these issues and to offer more integrated services.

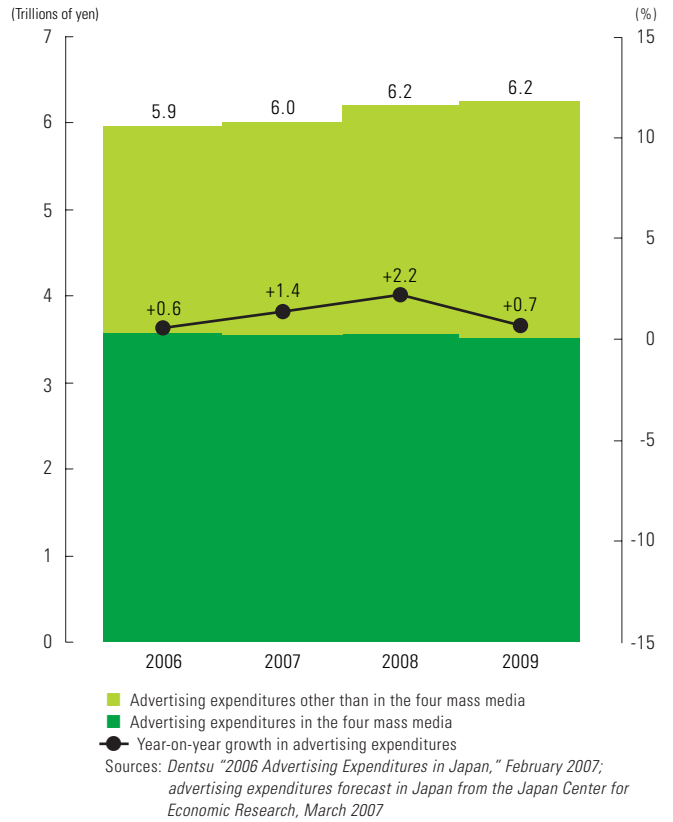
The Dentsu Group divides advertising into four key categories: the domestic advertising market, advertising-related markets, the content market and overseas markets. Each of these markets further comprises a host of specialized services that shift in accordance with the shifting tides of client needs and the media environment. Our Group business model calls for us to provide one-stop services that combine the needs occasioned by multiple markets.

In the midst of the changing business environment, the Dentsu Group must remain the preferred “Partner in Creating Value” in the four advertising areas in order to outpace the rate of market growth. We will expand our business in Internet, sales promotion and other growth-driving domains, while placing specific emphasis on promotion, interactive, sports marketing and overseas businesses within the four key areas. In the case of the four traditional mass media categories—television, newspapers, magazines and radio—we will accentuate cross-media offerings to raise the delivered value and to promote further growth.

Forecast Growth of Internet Advertising Market



Medium-Term Forecast for Advertising Expenditures in Japan



Promotion Business



Development of Proprietary “Power Promotion Design” Method of Integrating Mass Media and Sales Promotion

In advertising-related markets, we provide various marketing services, including promotion, public relations, market research, direct marketing, e-solutions and consulting. The domestic advertising market and these other advertising-related markets have an estimated value of approximately ¥10 trillion.

As they face increasingly severe competition, advertisers in recent years have become more focused on proposals that show direct links between promotional activities and product sales. The role of ContactPoint™, the point of interface between companies and consumers, is growing more diversified and complex. As the conventional promotional methods employed by various specialized companies are proving insufficient, demand has grown for integrated sales promotions that span the entire process, from making the initial consumer media contact and encouraging a store visit to making a purchasing decision.

The Dentsu Group offers clients various campaigns and promotion methods that employ information technologies as well as analyses based on our proprietary databases and survey methods. These capacities are integrated to create influence that extends from the formation of consumers’ brand perception to the encouragement of actual retail purchase. In addition to the specialized fields of e-promotions, retail promotions, customer relationship management (CRM) and direct response, the Group provides clients with sales promotion solutions that combine sales advancement methods and mass advertising with a wealth of high-power content. By integrating mass media and sales promotion, we have created “Power Promotion Design,” a unique method of producing cross-media campaigns that maximize effectiveness and efficiency.

To meet future changes in promotional methods, the Dentsu Group has turned existing promotional activities into value-added propositions by employing various networks through centralized management. At the same time, we continue to pursue the development of methods and expertise centering on improving our ability to provide integrated services through digitization, digital promotion and direct business support.

Dentsu Tec Converted to Wholly Owned Subsidiary, Collaboration on Promotion Projects

To raise our competitiveness in the promotion domain, Dentsu converted Dentsu Tec to a wholly owned subsidiary on April 1, 2006. By integrating the strategies and sharing the personnel expertise of the two companies, as well as by focusing investment, we are creating and expanding new strategies throughout the Dentsu Group. To meet client needs by offering seamless and high-value-added services at all areas of ContactPoint™, we have reconfirmed and reconfigured the Group resources. At the same time, we are investing aggressively and creating cooperative businesses with other companies in order to raise the Group’s profitability.

As part of this effort, we established Dentsu Retail Marketing and formed Dentsu Operations Development during the year.

Establishment of Dentsu Retail Marketing

In November 2006, Dentsu Tec, ARATA CORPORATION (ARATA), NEC Corporation and Dai Nippon Printing Co., Ltd. (DNP), established Dentsu Retail Marketing to provide a broad range of marketing support services at each of the marketing stages in the retail sphere. Such services include business negotiations support between manufacturers and retailers; retail space design; point-of-purchase (POP) promotions; and merchandise management at in-store sites.

The new company’s operational base centers on a D-CRM platform that is to be provided through collaboration between Dentsu Tec and NEC. Dentsu Retail Marketing will create significant synergies by combining the respective competitive advantages of each partner in the joint venture: ARATA’s high-precision merchandise-management capabilities applicable to the retail channels, and its nationwide operational network; NEC’s expertise in developing and executing information technology solutions and systems integration for the retail sector; DNP’s on-demand printing technology; and Dentsu’s capabilities in developing and executing integrated campaigns focusing on mass media advertising. Dentsu Retail Marketing will facilitate the provision of retail marketing services as a one-stop solution covering all areas of consumer ContactPoint™—from mass media advertising campaigns to the final stage of retail level purchase.

Dentsu Operations Development Commences Operations

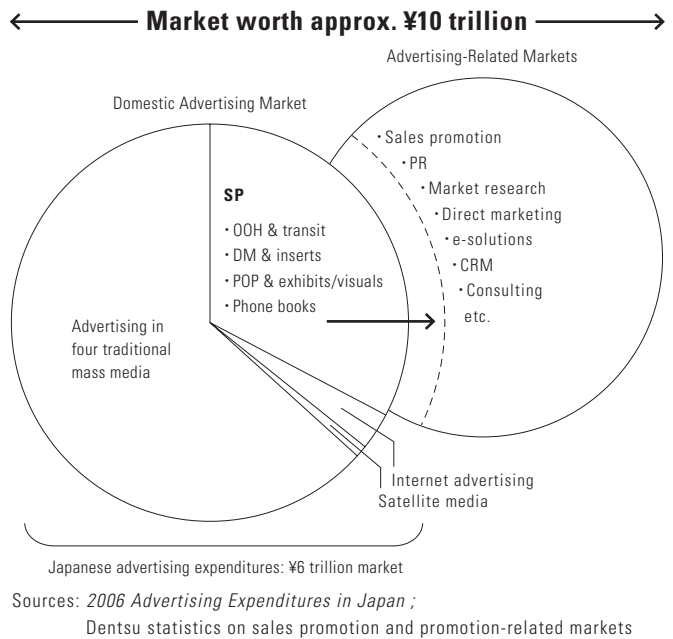
Dentsu Operations Development, a joint venture between Dentsu, Cyber Communications and Dentsu Tec, commenced operations on December 1, 2006. The new company brings together the expertise of Dentsu Group companies in such areas as advertising production, printing, and IT and network technology in order to develop a one-stop system for managing all the tasks relating to the production of sales promotion tools. Such tasks include the production and management of advertising content utilizing digital technology; digital document transmission and digital editing; printing logistics; and secondary usage of advertising content.

Capital and Business Alliance with RECRUIT

In March 2007, Dentsu and RECRUIT CO., LTD., entered a business and capital alliance, with Dentsu acquiring three million outstanding shares of RECRUIT stock. Since the September 2005 establishment of Media Shakers, a joint venture between Dentsu and RECRUIT specializing in the planning and operation of cross-media promotions, the two companies have been collaborating on cross-media promotional activities by jointly developing free magazines such as *R25* and *Hot Pepper*. Dentsu and RECRUIT aim to further strengthen their relationship across a broad array of businesses by combining Dentsu's integrated expertise in marketing communications with RECRUIT's substantial

capabilities in media production. The two companies aim to develop businesses for new target markets, provide marketing services that apply contactless IC card technologies and develop services for specific sectors, such as human resources, real estate and education.

Size of the Domestic Advertising and Advertising-Related Markets



Dentsu Wins Gold Reggie in the National Consumer Promotion Category at the PMA's Reggie Awards

Dentsu won a Gold Reggie at the 2007 Reggie Awards for its



“Enjoy Photo” campaign developed for Canon Marketing Japan Inc. The Reggie Awards are presented by the Promotion Marketing Association, Inc. (PMA), headquartered in New York City. The campaign earned the Gold Reggie in the National Consumer Promotion category (corporate budget over \$5 million).

The PMA has presented the Reggie Awards since 1988. The awards recognize excellence in the promotion marketing field. There are 14 categories, with gold, silver and bronze award winners.

The 2007 Reggie Awards were presented on March 22, 2007 during the PMA Annual Conference (March 21–22) in Chicago. The winners were chosen from more than 400 entries.

This marks the first time a Japanese advertising company has received a Gold Reggie Award.



Aggressively Taking Advantage of New Advertising Communication Activities by Pursuing Cross-Media Proposals

According to Dentsu's *Advertising Expenditures in Japan*, Internet advertising expenditures amounted to ¥363.0 billion in calendar 2006, up 29.3% from the previous year. The Dentsu Communication Institute expects this level to expand to ¥755.8 billion by 2011.

The Dentsu Group is pursuing the interactive business, which consists of the Internet media and solutions businesses, from a variety of angles. In March 2007, Dentsu subsidiary Digital Palette formed a capital and business liaison with a leading interactive advertising company, Avenue A | Razorfish, which subsequently changed its name to Dentsu | Avenue A | Razorfish. The Group undertook various initiatives to raise the value of existing media. We created portal sites for existing media such as DOGATCH, a video content search portal presented by Presentcast, which was formed in cooperation with private-sector broadcasters. We also conducted a beta trial of an easy Internet-based transaction of television ad spots and developed marketing processes involving consumer-generated media, such as blogs, social networking services and virtual communities. In line with the structural changes we expect to see in the advertising market, we are creating integrated communication initiatives designed to expand the

businesses of clients and the media.

Principal measures toward this objective include the promotion of cross-media proposals that combine mass media and Internet aspects and take advantage of diverse new advertising communication opportunities. Furthermore, we will strive to create Groupwide operating measures to implement these measures efficiently and effectively.

Digital Palette Capital and Business Alliance with U.S. Interactive Agency Avenue A | Razorfish

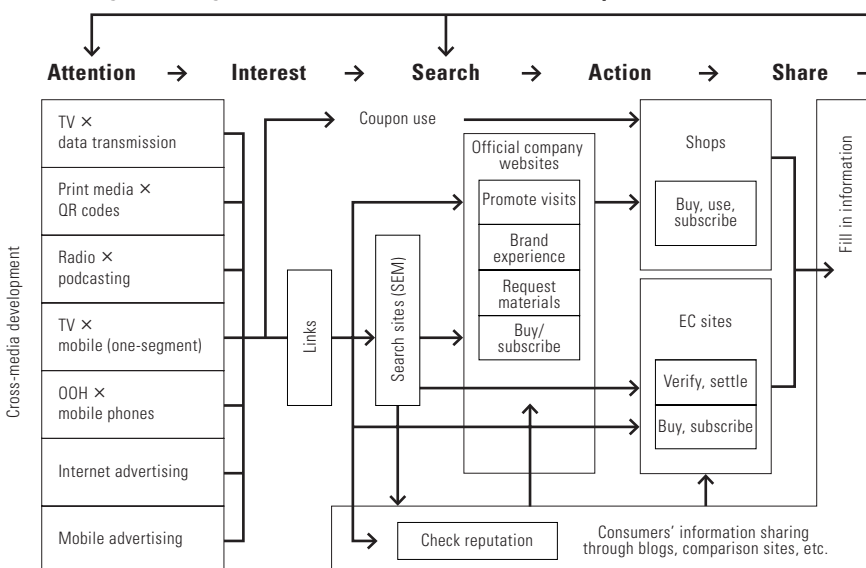
In January 2007, subsidiary Digital Palette formed a capital and business alliance with Avenue A | Razorfish, which subsequently changed its name to Dentsu | Avenue A | Razorfish.

Since its establishment in 2001, Digital Palette has been providing a range of planning, production and consulting services focusing on digital content. Client needs for sophisticated marketing services in the interactive field have continued to increase, driven particularly by the growth of the Internet. Through its business and capital alliance with Avenue A | Razorfish, Digital Palette is expanding its activities and transforming into an interactive advertising company that offers account and media buying services.

Digital Palette and Avenue A | Razorfish will also share expertise and collaborate on competitive business.

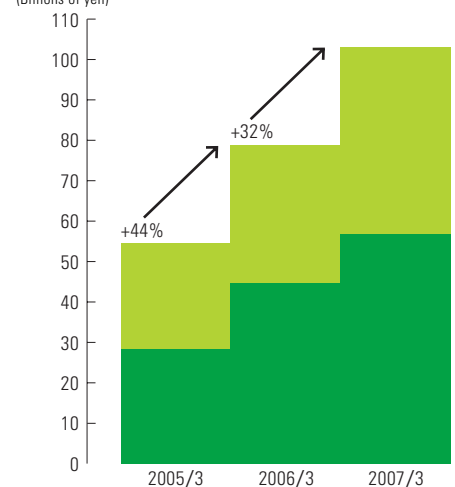
From AIDMA to AISAS® : B2C2C Communication

Offering marketing communications that consolidate multiple ContactPoint™



Group Sales in the Interactive Business

(Billions of yen)



Notes: 1. Figures are simple totals of net sales to external customers of Dentsu Interactive Communication Division and Group companies.
2. Year-on-year changes are rates of growth of combined sales.

Cyber Communications Announces Its Medium-Term Management Plan

In April 2007, cyber communications inc. (cci), which forms the core of the Dentsu Group's interactive business domain, announced its three-year, medium-term management plan. cci's business consists of four domains: media representation, the advertisement marketplace, e-agency and e-promotion.

Media Representative Business

Initiatives in this business include the reinforcement of cross-media services; the development of new advertising products together with new, emerging advertising media, such as video media and consumer-generated media (CGM); and the introduction of new advertising products such as viral advertisements. All of these initiatives will enable us to stay ahead of the rapidly evolving Internet advertising market. At the same time, cci will also strengthen its branded advertising and generate income from mobile advertising and the electric commerce (EC) business.

Advertising Marketplace Business

Going forward, cci will leverage its powerful network to extend its customer base to the so-called long tail sphere by constructing a platform that enables it to be a comprehensive provider of return on investment (ROI)-oriented advertisements, including targeting, listing, affiliate and contextual advertising.

Subsidiary Criteria Communications, Inc., is central to the advertising marketplace business, and cci will partner with leading technology companies to create more advanced advertisement delivery technologies.

e-Agency Business

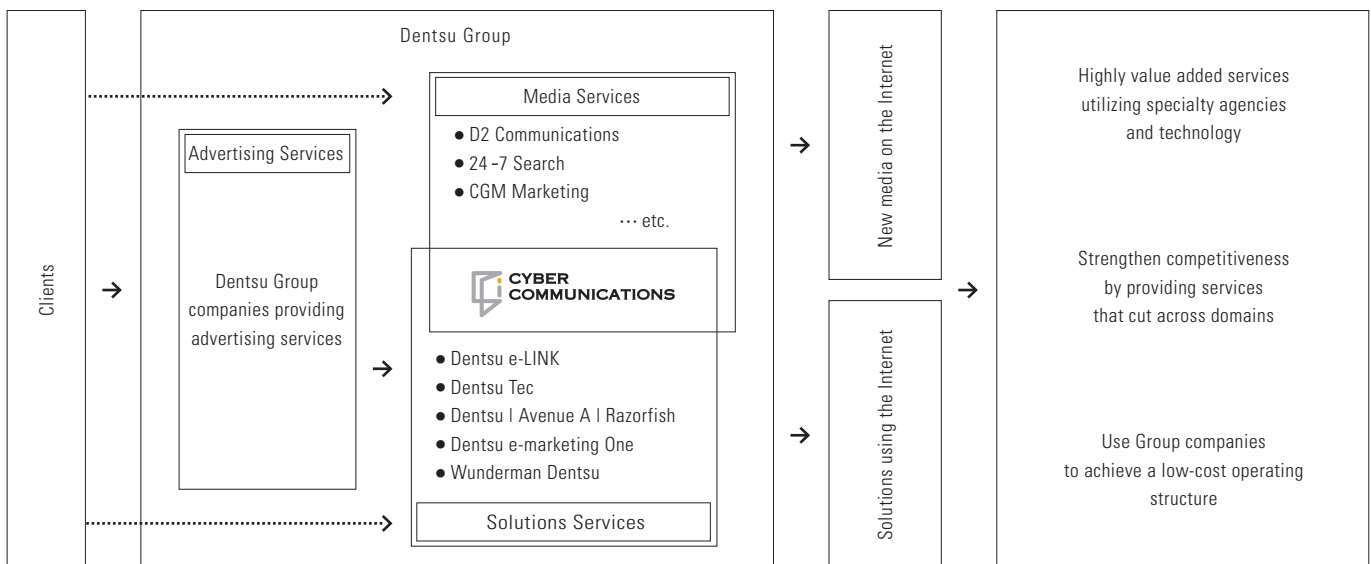
Through subsidiary Dentsu e-LINK, cci will promote branded advertising, develop ROI-oriented advertisers and local client bases with an eye to nationwide operation, and launch a local media business. Notably, cci also aims to provide Internet-oriented agency services to respond with precision to the marketing needs of its clients by providing solutions that combine Internet advertising and sales promotion with offline advertising and sales promotion techniques.

e-Promotion Business

In the e-Promotion business, cci will apply its advertising network model and advertising delivery services to sales promotion through subsidiaries with a strong track record, including In-Store Communications Inc. and 3P Corporation.

In addition to a management system appropriate for a listed company, cci will also endeavor to develop an advertisement technology infrastructure, along with the human resources and financial foundations to support these businesses.

Dentsu Group's Revenue Structure in the Interactive Business





Focusing on Consistent Expansion of Group Revenues and Profits by Acquiring Attractive Sports Content

The Dentsu Group is a pioneer in identifying promising sports content, acquiring broadcasting and content rights from rights holders, developing sports marketing activities that range from the sale of these rights to operating events, and conducting related public relations campaigns. As the content business is relatively impervious to economic conditions and provides synergistic benefits with advertising, advertising-related markets and the overseas business, it has the potential to become a major source of income. Therefore, we have positioned this business as a key driver of future growth for the Group and are investing heavily in obtaining and developing attractive sports content.

In addition to Olympic events sponsored by the International Olympic Committee (IOC), the Dentsu Group played a major role in such international sporting events as the Fédération Internationale de Football Association (FIFA) World Cup™, the International Association of Athletics Federations (IAAF) World Track and Field Championships and La Fédération Internationale de Natation (FINA) World

Swimming Championships. The successes the Dentsu Group has accumulated over the years have earned the Group high accolades from various government bodies and paved the way for long-term agreements with the above entities. We have obtained domestic and Asian broadcast rights for events hosted by FIFA between 2007 and 2014, as well as exclusive global marketing rights for the Asian games hosted by the Olympic Council of Asia (OCA) through 2014. The Dentsu Group also has long-term marketing agreements in place. We acquired marketing and broadcasting rights to IAAF events from 2010 through 2019, and have agreements in place with such international sporting associations as the IOC and FINA.

We are also active in the creation of new sporting content. For example, we were instrumental in the success of the first World Baseball Classic™ in March 2006. Through Dentsu Sports Partners, we play a key role in the detailed operation of events in Japan for various sporting associations.

In the future, we aim to close additional long-term marketing deals with other international sporting organizations. We will also strengthen our involvement in this business in Asia and other overseas locations, creating a

Dentsu's Involvement in Major Sporting Events

	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3
Summer Olympic Games			Aug. 2008 Beijing			
Winter Olympic Games				Feb. 2010 Vancouver		
Asian Games	Dec. 2006 Doha				2010 Guangzhou	
FIFA World Cup™ Soccer	Jun. 2006 Germany				2010 South Africa	
FIFA Club World Cup (Toyota Cup)	Dec. 2006 Japan	Dec. 2007 Japan	Location TBD	Location TBD	Location TBD	TBD
European Soccer Championships (UEFA sponsored)			Jun. 2008 Switzerland & Austria			
East Asian Football Championship		Feb. 2008 China		TBD		TBD
World Athletics Series		Aug. 2007 Osaka		Aug. 2009 Berlin		2011 Daegu (South Korea)
World Swimming	Mar. 2007 Melbourne			Jul. 2009 Rome		2011 Shanghai
World Volleyball Championships	Oct. 2006 Japan					
World Baseball Classic			TBD			

Overseas Markets

Building Our Sales Structure and Operations to be a Partner in Creating Value Overseas

During the fiscal year ended March 31, 2007, iSe (the international sports marketing joint venture formed with the Publicis Groupe) contributed significantly to Dentsu Group revenues and profits through its exclusive operation and sales of hospitality programs during the FIFA World Cup™ Germany, which commenced in June 2006. As a result, overseas business generated ¥211.8 billion in sales for the Dentsu Group during the year, representing a 56.3% increase and 10.1% of net sales.

In order to build our operations in Europe and the United States and to meet the needs of major Japanese clients in those markets, we are enhancing our proprietary networks while reinforcing our alliance with the Publicis Groupe.

We continue to build our own networks in the rapidly growing markets of Brazil, Russia, India and China as well as in other parts of Asia. At the same time, we are endeavoring to reduce risk through such methods as enhancing credit management. By expanding our service offerings and

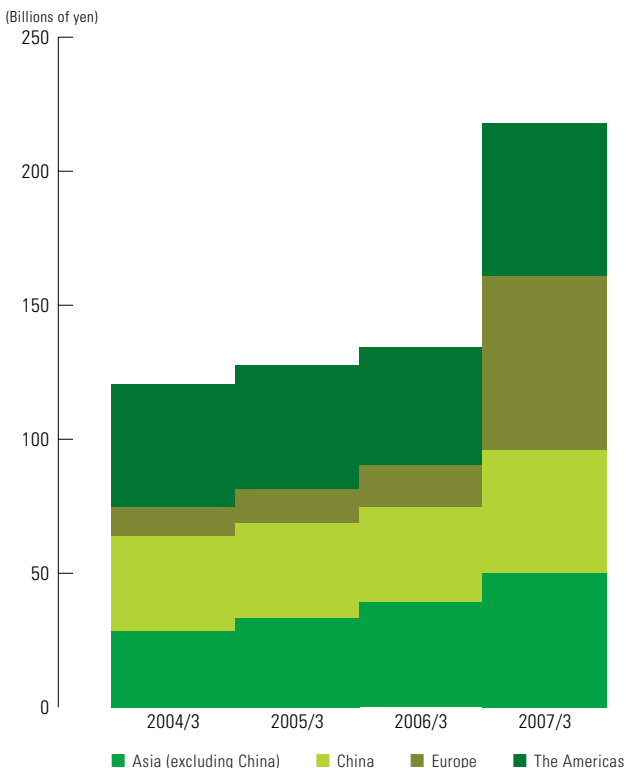
broadening our scope of operations geographically, we continue to enhance and expand business that enables us to strengthen our partnerships with Japanese clients.

According to the 2006 rankings reported by the China Advertising Association, Beijing Dentsu Advertising placed first in terms of revenue for the fourth consecutive year. We continued to increase our presence in preparation for the 2008 Beijing Olympics, which are an opportunity to drive Beijing Dentsu's revenues and profits even higher. During the fiscal year ended March 31, 2007, we established a mobile advertising company as part of our effort to expand our services in response to increasingly sophisticated client needs.

In 1995, the Dentsu Group launched the Dentsu Japan–China Project in cooperation with China's Ministry of Education. We have since endeavored continuously to contribute to the development of advertising education in China. In August 2006, Dentsu received an award from China's Ministry of Education recognizing its contributions to advertising education over the past 10 years.

To meet demand generated by the rapidly developing Brazilian economy, we established Dentsu Latin America in

Overseas Business Sales



China's Top Ten Agency Rankings by Revenue (2006)

Ranking	Company	Revenue in 2006 (100 millions of Yuan)	Revenue in 2005 (100 millions of Yuan)	Ranking in 2005	Change
1	Beijing Dentsu Advertising	7.1	5.7	1	+24.6%
2	Jiangsu Dahe International Advertising Group	5.3	4.7	2	+12.8%
3	Saatchi & Saatchi Great Wall	4.8	4.3	3	+11.6%
4	Leo Burnett Shanghai Advertising	4.3	–	–	–
5	Shanghai Advertising	3.7	3.5	4	+5.7%
6	lintas (Lever International Advertising Services)	2.8	–	–	–
7	framedia	2.7	–	–	–
8	J.Walter Thompson-Bridge Advertising, Shanghai Branch	2.7	–	–	–
9	Beijing Samsung Advertising Co., Ltd.	2.3	–	–	–
10	Beijing Future Advertising Agency	2.2	2.1	8	+4.8%

Source: *Modern Advertising* (China Advertising Association)



structure that will turn the sports marketing business into a steady driver of growth for the Dentsu Group.

Football Media Services Pte. Ltd. Begins Operations

In March 2006, Dentsu and Swiss international sports marketing company Infront Sports & Media AG established Football Media Services to handle the sales of broadcasting rights to FIFA events between 2007 and 2014.

Headquartered in Singapore, the new company will handle the marketing of all television, radio, broadband Internet and mobile broadcasting rights in Asia (excluding Japan) for FIFA events. This includes the 2010 and 2014 FIFA World Cup™ events, the FIFA Confederations Cup, the FIFA Women’s World Cup™, the FIFA U-20 World Cup, the FIFA U-20 Women’s World Cup, the FIFA U-17 World Cup and the FIFA Futsal World Championship.

Exclusive Sales Agent for Major Serie A Football Clubs

In October 2006, Dentsu concluded an exclusive sales agency agreement with Media Partners & Silva Limited, a sports marketing company based in Ireland, for the Italian Serie A

broadcasting rights in Japan and Asia, with the exception of Indonesia and the Middle East.

The agreement covers the television, Internet and mobile broadcasting rights to matches occurring in 2007 through 2009 seasons for 10 top teams, including AC Milan, Inter Milan, Juventus and AS Roma. This agreement marks the first occasion for Dentsu to act as Asian sales agent for the broadcasting rights of an annual overseas soccer league. We intend to further build our broadcasting rights sales business in Asia and other overseas markets.

Contributing to the Success of the Asian Games

Dentsu was the sole marketing and broadcasting rights agent for the 15th Asian Games in Doha, Qatar, in December 2006. Using the Olympic Council of Asia’s high evaluation of our performance during these games as a springboard, the Dentsu Group has also acquired exclusive worldwide marketing and broadcasting rights for the 16th Asian Games in 2010 in Guangzhou, China, and the 17th Asian Games in 2014.



Asian Games opening ceremony

© PHOTO KISHIMOTO

June 2005. Reflecting its aggressive marketing efforts targeting local advertisers and Japanese clients in Brazil, the new company's operations are expanding steadily.

We are developing our business in India through Dentsu Communications, Dentsu Marcom and Dentsu Creative Impact. Also, in August 2005 we reopened the Dentsu Moscow office to meet the growing business need in this market.

The Dentsu Group believes that overseas markets present ample room to expand its operations. Accordingly, we will continue to augment our business systems to ensure that we remain "A Partner in Creating Value" for our clients overseas.

Establishment of Beijing Dianyi Advertising

In October 2006, Dentsu, cci and CA Mobile, Ltd., signed an agreement to establish a joint venture in China to specialize in mobile advertising. A new company, Beijing Dianyi Advertising Co., Ltd., was formed in April 2007.

In China, the number of mobile phones capable of accessing the Internet is growing rapidly. Research firm Analysys International expects this figure to reach 250 million by 2008. Beijing Dianyi Advertising will provide advertising services to

advertisers and advertising companies in a Chinese mobile advertising market that is attracting significant attention. The new company will set up a network linking major mobile media in China and will control this network through the use of sophisticated management systems for ad delivery and sales and marketing, enabling it to offer high-quality, one-stop advertising services. Beijing Dianyi Advertising already has mobile traffic of approximately 400 million page views per day.

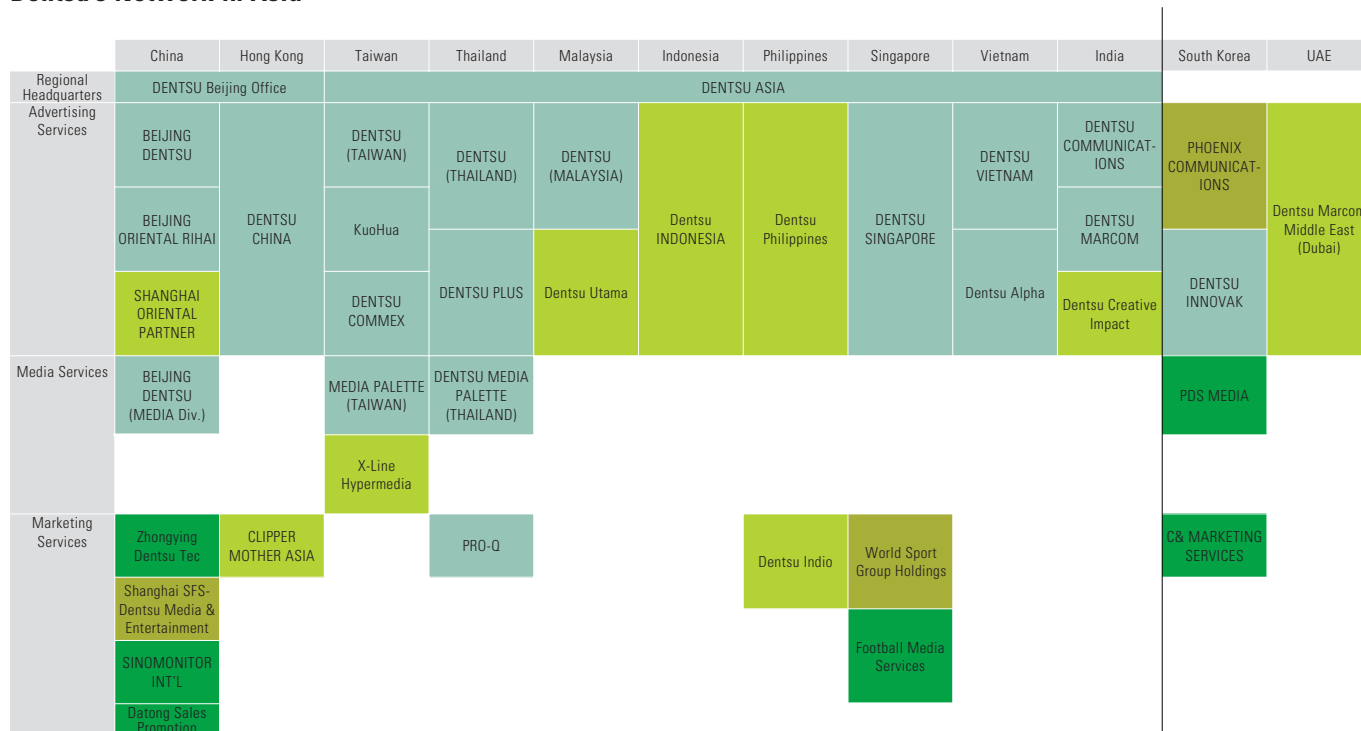
Breakdown by Geographic Segment

(Millions of yen)

	2006/3	2007/3	Change
The Americas	43,667	57,228	+31.1%
Europe	15,878	64,834	+308.3%
China	35,510	45,798	+29.0%
Asia (excluding China)	39,079	50,103	+28.2%
Eliminations	(344)	(131)	—
Total overseas sales	133,790	217,832	+62.8%

Note: These figures are simple totals of sales to external customers of Dentsu Group companies.

Dentsu's Network in Asia



Consolidated subsidiaries Non-consolidated subsidiaries Subsidiaries accounted for by the equity method Non-consolidated subsidiaries without equity method application