

HakuhodoDY holdings

Hakuhodo DY Group Medium-term Business Plan

November 11, 2009

Cautionary statement concerning forward-looking statements, Note concerning audits

This presentation includes forward-looking statements concerning forecasts of operating results, business plans and policies, management strategies, goals, plans, numbers involving the future, views and evaluations of facts, and other items associated with Hakuhodo DY Holdings and its group companies. These and other statements that are not historical facts represent forecasts, expectations, assumptions, plans, views, evaluations and other positions of management based on information available when this presentation was prepared. To prepare figures used for forecasts and predictions, confirmed facts from past activities have been combined with certain assumptions that are essential to formulating forecasts and predictions. Due to the nature of these facts and assumptions, there is no guarantee of their accuracy from an objective viewpoint or any guarantee that future events will occur as presented in these forward-looking statements.

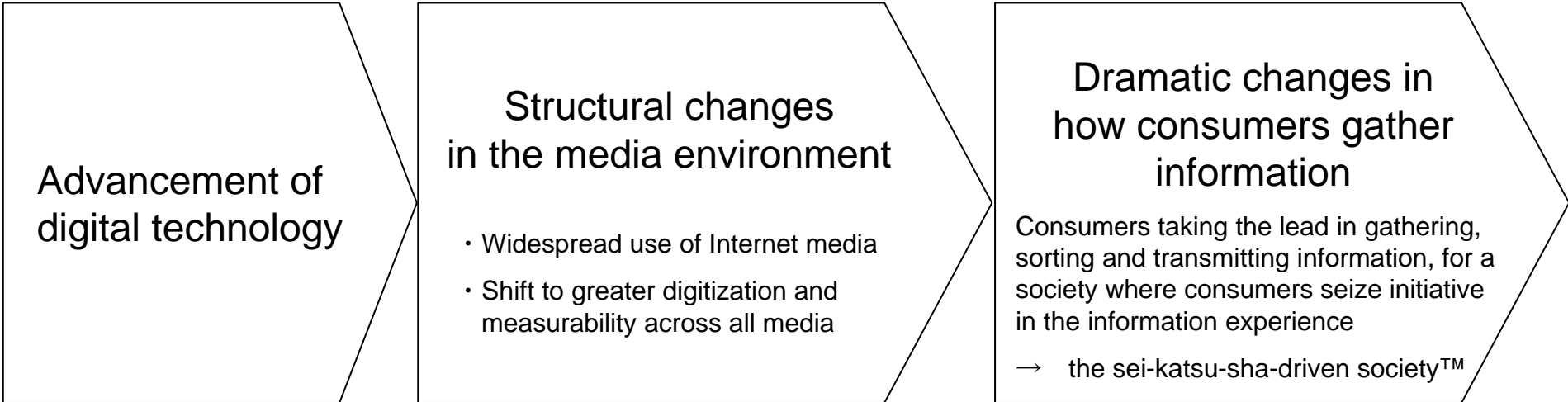
The following is a list of some, but not all, risks and uncertainties that may prevent these facts and assumptions from being accurate from an objective viewpoint or from becoming a reality in the future.

- (1) Risks associated with the advertising industry in general (changes in the advertising industry climate due to fluctuations in the economy, changes in business practices and other events)
- (2) Risks associated with revisions of laws and regulations
- (3) Risks associated with advertisers and media companies (the need to respond accurately to shifts in needs of customers and other entities the company does business with)
- (4) Risks associated with competition (competition with other advertising agencies, companies newly entering the industry and others)
- (5) Risks associated with the expansion of business domains resulting from structural changes in markets
- (6) Risks associated with conducting business on a global scale
- (7) Risks associated with lawsuits and similar actions

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Group Business Environment and
Core Medium-term Strategy

Changes in the Group's Business Environment



Permanent Changes in Corporate Marketing

- ① Overall transformation of marketing activities
- ② Global shift

Advent of Mature Societies

(Declining populations, aging populations, lifestyle diversification, etc)

Core Medium-term Strategy

The Hakuhodo DY Group strives to be a partner responsible for realizing optimized corporate marketing activities across all formats via the pursuit of next-generation, comprehensive marketing solutions.

[Next-generation Comprehensive Marketing Solutions]

Mass Marketing x Relationship Marketing

Brand Marketing x Performance Based Marketing

Paid Media x Owned Media x Social Media

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Overall Corporate Marketing Activities x Diverse Marketing Solutions

Core Engine for Strategy Realization

Marketing
Technology × Creativity
Initiative

Scientific approach and methodology to realizing effective PDCA cycles and speedy circulation across all corporate marketing activities

Not merely develop the creative capabilities of advertising communication but enlarge the design of the entire information experience for consumers to create a social movement

Business Structure Transformation for Strategy Realization



Compatible
Domains

Advertising Market That Focuses
on 4 Mass Media



From Advertising/Domains
Peripheral to Advertising, to All
Corporate Marketing Activities

Framework
Resource
Investment

Mainly Vertical Group Management
Resource Investment
Mainly in Core Domains



Vertical x Horizontal
Group Management
Resource Investment
in Growth Domains

Earnings
Model

Mainly Commissions



<<Earnings Model Diversification>>
Commissions
Fees
Results-based Rewards
Royalties, etc.

Medium-term Business Targets

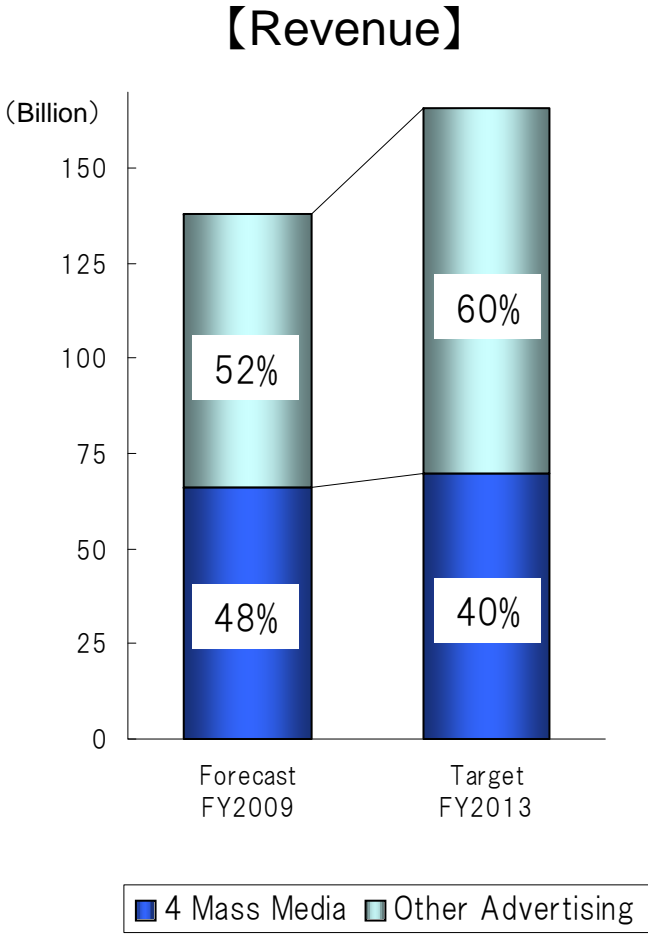
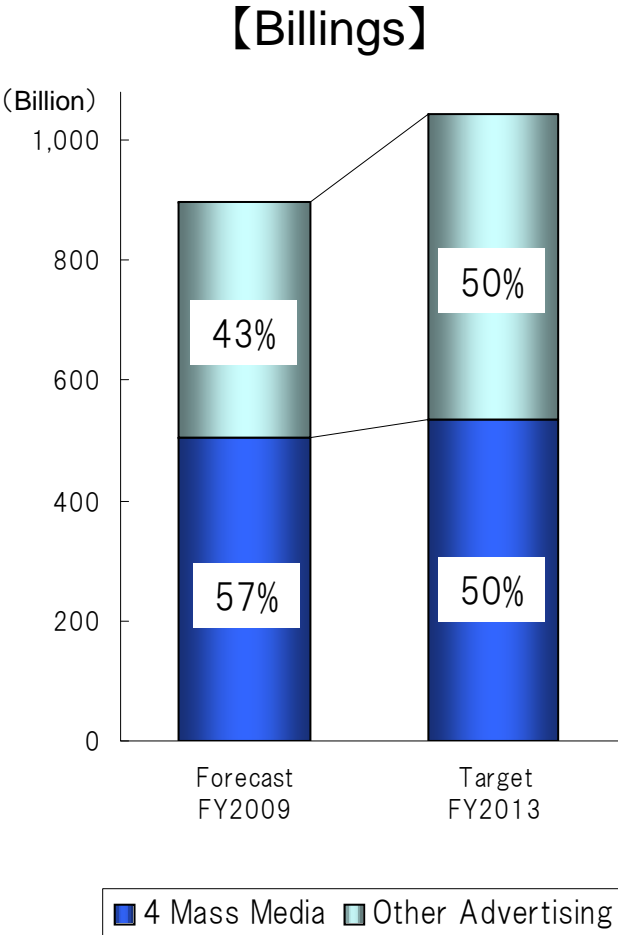
Plan Period	Positioning
Through March 2014 (5-year plan)	Transitional period for realizing business structure transformation

Target Indicators	Target FY2013 (Fiscal year ending March 2014)
Operating Income	¥28.0 billion
Operating Margin	16%
Revenue	¥175.0 billion

* Operating Margin=Operating Income/Revenue

Changes in Category Structure

Billings and Revenue by 4 Mass Media and Other Advertising



**"Other advertising" includes all categories in Japan outside the traditional 4 mass media types, namely Internet media, Outdoor media, Creative, Marketing/Promotion, and Others.

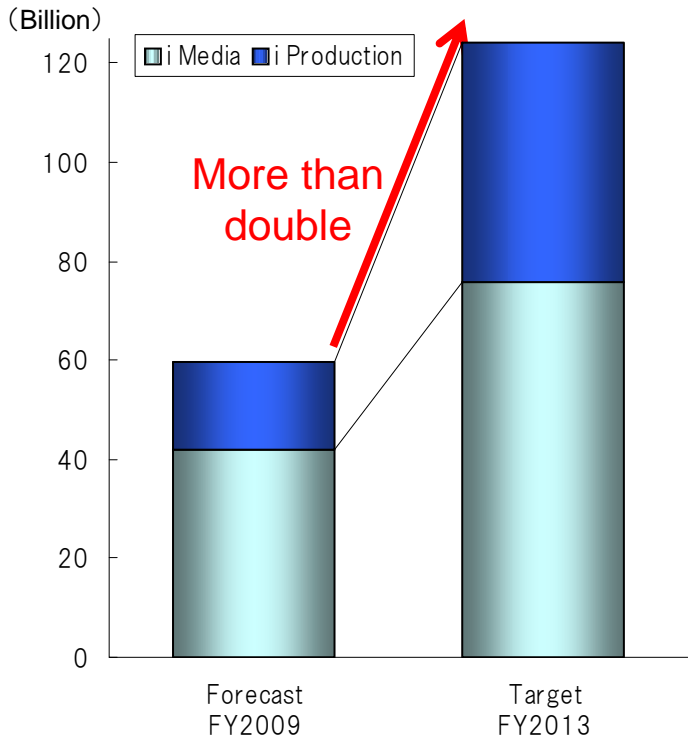
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Priority Strategic Domains

1. Internet Domain

In the Internet domain (=iMedia + iProduction), a growth field, we will further bolster initiatives to expand billings in FY2013(Fiscal year ending March 2014) to more than double our forecasts for FY2009(Fiscal year ending March 2010).

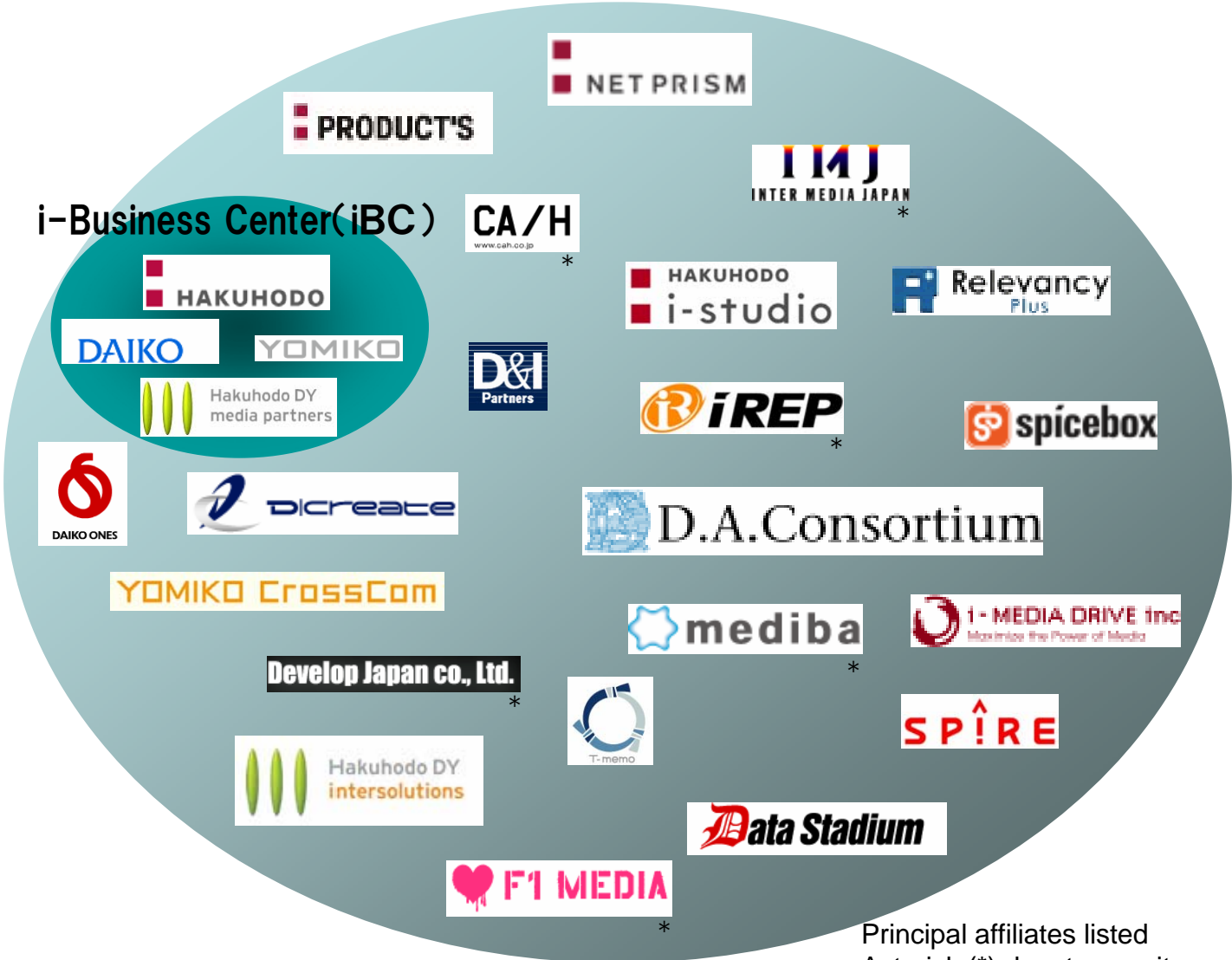
Billings Targets in the Internet Domain



Concrete Measures

- I . Strengthen alliance with DAC
- II . Strategic alliances with external specialist players (incl. M&A)
- III . Cross-media strategy built on response capabilities in the Internet domain ⇔ Contribution to higher mass media share
- IV . Combine and enhance linkages with the capacity to enact direct marketing
- V . Strengthen the development of new clients by developing marketing activities centered on the Internet domain

1. Internet Domain

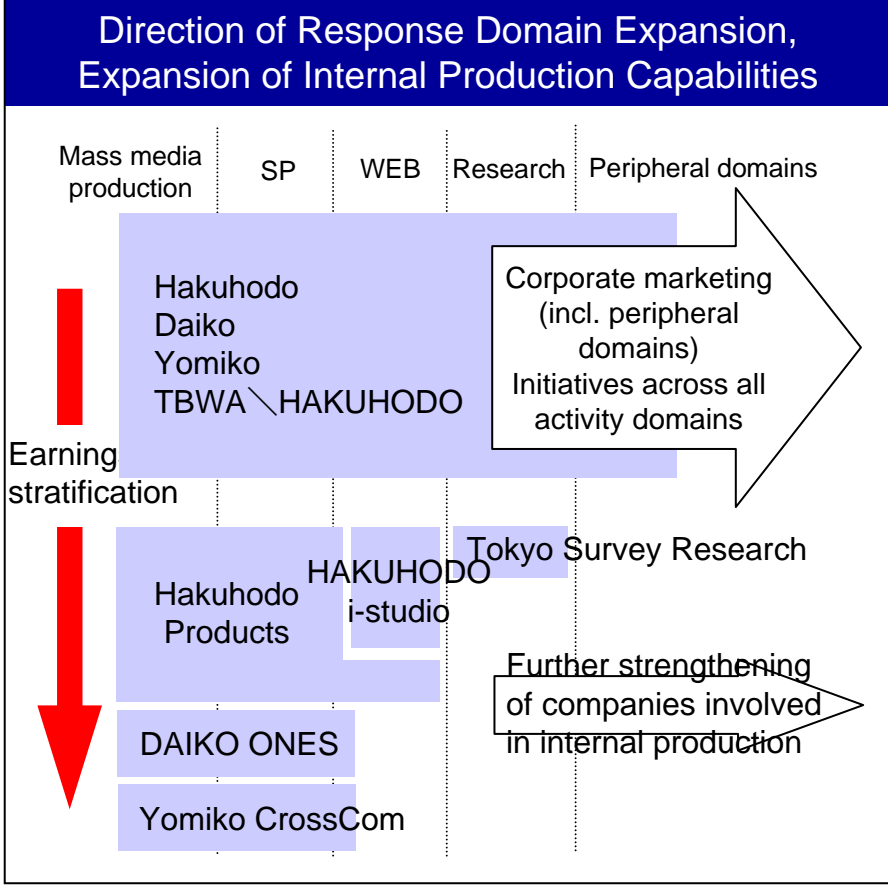
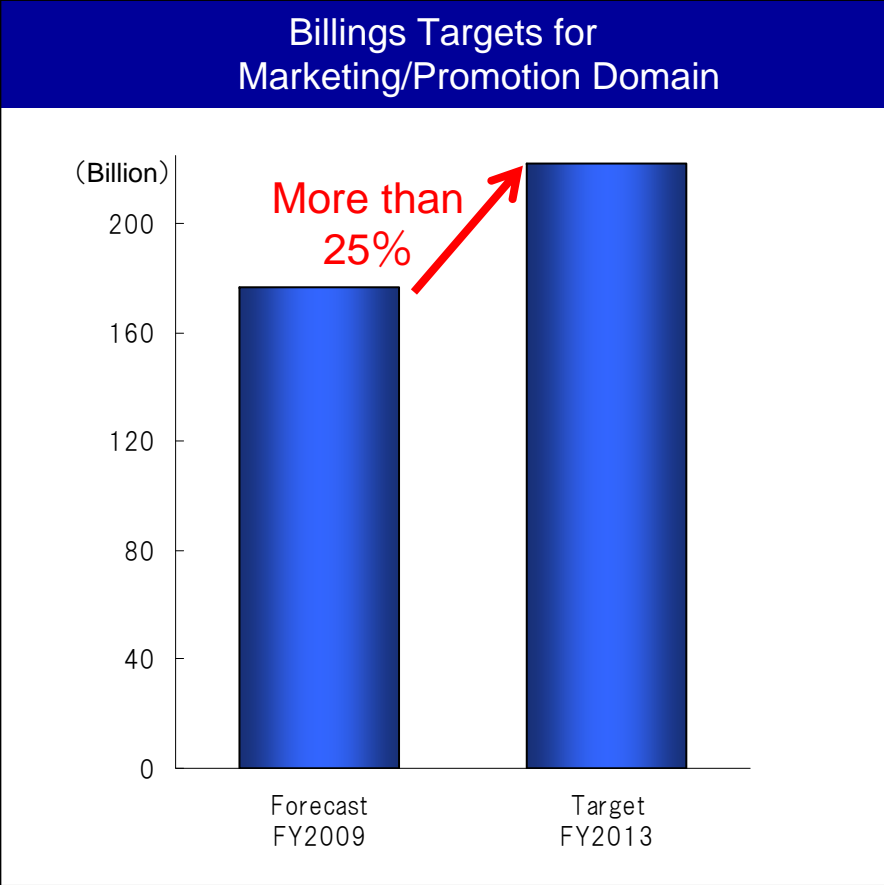


Principal affiliates listed
 Asterisk (*) denotes equity-method affiliates

2. Marketing/Promotion Domain

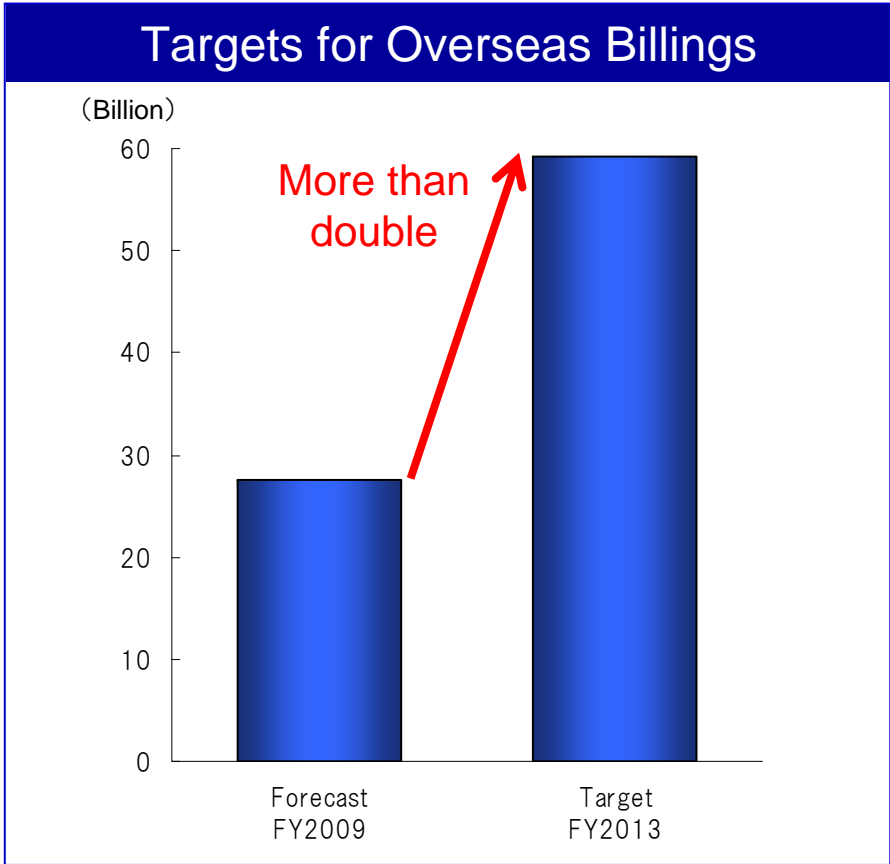
In the field of Marketing/Promotion, where market growth is projected, we seek to expand billings in FY2013(Fiscal year ending March 2014) by more than 25% versus FY2009(Fiscal year ending March 2010).

· Further strengthen structure for greater earnings by expanding domains where we have response capacity and adding to the internal production capabilities that have contributed to Group profit growth.



3. Global Domain

We will double consolidated overseas billings over the next five years by reinforcing efforts in the Asia region, most notably in China, a market where continued high growth is projected.



- #### Direction of Initiatives
- Tackle new growth sectors behind Automobiles/Related products and Home electric appliances/AV equipment
 - Prepare local response capacity (organization, human resources, systems)
 - Vigorously utilize domestic knowledge, expertise and tools
 - Strengthen responsiveness in domains peripheral to advertising
- ▼
- Further solidify client base as a marketing partner for Japanese clients

Approach to Management Resource Allocation and Costs

1. Allocate Management Resources Toward Business Structure Transformation

While aggressively investing management resources in growth domains, especially our three designated priority domains, we will strive for optimal resource allocation in step with business structure transformation in a bid to boost total Group management efficiency. We will also focus on human resource training and skill development to create a workforce capable of responding to diverse businesses.

2. Continue Cost Measures That Assume an Adverse Business Environment

Continue efforts to enhance efficiency around fixed and indirect costs from a Group perspective, assuming that an opaque and uncertain business climate is likely to persist.

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