

Hakuhodo starts Hakuhodo M&A Branding Program: A strategic branding program for corporate mergers and acquisitions

Tokyo—July 11, 2007—Hakuhodo announced that it has developed a new tool to strategically weave branding and communication into the corporate mergers and acquisitions process. Full-scale operations of the new system, named Hakuhodo M&A Branding Program, will begin in July 2007.

In the traditional M&A process the focus has tended to be on business figures and organizational efficiency relating to the parties' profits. Likewise, the main goal of communication strategies has been to convey the method, objectives and other lesser aspects of the merger or acquisition. However, as the number of mergers and acquisitions surges, some watchers have begun to note that the degree to which a new entity is able to imbue their employees with a sense of solidarity and job satisfaction can make or break a merger and acquisition. The acquisition of new relationships not just with employees, but with customers, shareholders, *sei-katsu-sha*¹ and the broader community as well, is another major factor in M&A success or failure. Branding mechanisms that take these perspectives into consideration have now become necessary. Moreover, it is imperative that branding strategies be implemented early in the M&A process to ensure the smooth implementation of business measures aimed at rejuvenating the brand and maximizing corporate value after the merger.

To respond to these needs, Hakuhodo has developed Hakuhodo M&A Branding Program, a suite of solutions that melds Hakuhodo's wealth of M&A branding and communication knowledge and know-how with newly developed tools for brand due diligence (evaluation of value). The program identifies the environment and problems that the new company or group will face, grasping the values sought by employees, customers, the community and other stakeholders so as to build and manage the new corporate brand.

¹ *Sei-katsu-sha* are more than simply consumers, just as people's lives and lifestyles include more than just shopping. Hakuhodo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumer's lives.

The program is comprised of four steps designed to maximize the effect of the merger or acquisition: (1) Compatibility analysis, an detailed investigation into the values of the companies and brands that will be merged or acquired and the synergies between them (2) Brand development, where brand values and styles are defined and logos and other symbols developed (3) Communication strategy planning, in which information transmission scenarios are generated and (4) Brand implementation, which is carried out by way of internal branding and employee training. Additional support includes PR strategy consultation spanning the entire M&A process, from planning right through to the post-M&A stages, making this a total 360° program for M&A branding.

Hakuhodo M&A Branding Program features

(1) Brand diagnosis from the standpoint of relationships with stakeholders

Diagnostic analysis of the M&A partners' corporate culture synergies and brand values so as to uncover problems and issues in building relationships with the various stakeholders.

(2) Advance support right from the M&A planning stage

The program is equipped with brand due diligence tools, M&A outcome and risk analysis tools and simulation models, in addition to PR strategy advice, enabling support for M&A right from the initial planning stages.

(3) Specialist staff

Hakuhodo recently established a Corporate Design Department to provide fast customized M&A branding solutions. Well versed in the specialist field of mergers and acquisitions, the department's staffers form project teams tailored to the needs of each case, ensuring optimal strategies and solutions for our clients.

With Hakuhodo M&A Branding Program, Hakuhodo can now respond to clients' increasingly sophisticated and complex M&A needs with consistent brand and communication strategies spanning the entire M&A process, from planning to announcement to actual implementation, providing maximum contribution to post-M&A corporate value.

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■About Hakuhold Inc.

Founded in 1895, Hakuhold Inc. (www.hakuhold.jp) is the second largest advertising company in Japan, and the ninth largest core agency in the world according to *Advertising Age's* agency report 2007. Today, innovation and creativity are still at the heart of its operations. Hakuhold shares with its clients an unmatched depth of knowledge about the relationship between people and brands – knowledge that has grown from the concept of *sei-katsu-sha* (“consumers with a heartbeat”) which Hakuhold pioneered in advertising. Through its global network, Hakuhold provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhold has 64 offices in 16 countries/regions, and approximately 5,000 employees.

Sei-katsu-sha insight is the foundation for Hakuhold's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhold introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

Hakuhold is one of three advertising agencies under the umbrella of Hakuhold DY Holdings Inc. (TSE: 2433) (<http://www.hakuholdody-holdings.co.jp/english/index.html>), a holding company which was established in 2003 through the management integration of Hakuhold Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuhold DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.