What is “Benesse”?

The heart of “Benesse” is enjoying the process of moving forward step by step, with resolve, toward the realization of your dreams and aspirations.

Benesse empowers people to solve issues for themselves and to enjoy life to the full at every stage by offering them the tools and support they need to create well-being.

We aim to be a globally respected corporate group that is both supported by and indispensable to its customers, communities, and society in general.

**Corporate Philosophy**

“**Well-Being**”

bene  
[well]

+  

esse  
[being]

=  

Benesse
Message from the Chairman

Global playing fields have leveled as the barriers once separating us come tumbling down. In this environment, the Benesse Group has seen business opportunities expand as people look increasingly to education as a stepping stone to a brighter future. Collectively, the experience and intellectual property we have accumulated in Benesse Corporation’s Education Business in Japan, Berlitz Corporation’s educational assets including its international network, and the Group’s initiatives in China and East Asia have the potential to yield a rich harvest.

On the other hand, rapid changes in education brought about by globalization and digital technology leave little room for complacency. We, too, need to put our past successes behind us, and start to develop entirely new business models from the ground up if we are to seize the opportunities ahead of us and remain successful. Corporations must continue to evolve in step with society and the world. As such, the Benesse Group’s growth story has always been one of dramatic self-transformation. And I have a powerful premonition that our Group is once again entering a stage of innovation and evolution.

Under these conditions, we will take steps to achieve further growth. We will redouble our efforts to ensure the quality of our products and services throughout the Group. We will also promote the holding company structure even further, and allocate our management resources appropriately. At the same time, we will focus on our employees, who are the Group’s ultimate asset, giving them education and training as we work to strengthen corporate governance.

Benesse will mark the 60th anniversary of its founding in 2015. The Group will unite to make this 60th anniversary the starting point for a bold new step forward.

As always, I ask all our stakeholders for their ongoing support and cooperation, which is vital to the Benesse Group’s ongoing journey.

SOICHIRO FUKUTAKE
Director and Chairman
The Benesse Group publishes a range of communication tools optimized for various stakeholders.

*The online version of the Benesse ONE Report includes the full content.

### Editing Policy

Starting this fiscal year, Benesse Holdings, Inc. began publishing an Integrated Report. Previously, Benesse has published an Annual Report, focused on business strategies and financial information, and a separate CSR & Sustainability Report, focused on the Group’s CSR initiatives. This year, with the Benesse ONE Report we have integrated these two aspects of the Group’s activities in a single report. Our vision for the Benesse ONE Report is to provide stakeholders with a unique, single source of information that gives them an overall picture of our history, our business challenges, our strategies for the future, and many other aspects of how we create value as a corporation.

We have also endeavored to make the report succinct and easy to read by focusing on information that is of high relevance to company employees and other stakeholders. Furthermore, we have prepared an online version of the Benesse ONE Report featuring videos and other content. We hope you will make use of this, and other communication tools to gain a deeper understanding of Benesse’s management and business operations.

### Benesse ONE Report 2013 (Full version)

The Benesse Group publishes a range of communication tools optimized for various stakeholders.

<table>
<thead>
<tr>
<th>Contents</th>
<th>Book</th>
<th>PDF</th>
<th>Movie</th>
<th>HTML</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benesse ONE Report 2013 On the book</td>
<td>☐ A</td>
<td>☐</td>
<td>☐ D</td>
<td></td>
</tr>
<tr>
<td>Original Web Content (Management Message, etc.)</td>
<td></td>
<td>☐</td>
<td>☐ D</td>
<td></td>
</tr>
<tr>
<td>Data Book for Investors</td>
<td>☐ B</td>
<td>☐</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Financial Statements</td>
<td>☐ C</td>
<td>☐</td>
<td>☐</td>
<td></td>
</tr>
</tbody>
</table>

### For Comprehensive Information

**CORPORATE AND GROUP INFORMATION**

www.benesse-hd.co.jp/en/
- Main Contents
  - Corporate Brochure
  - Company Profile Video

**INVESTOR RELATIONS**

www.benesse-hd.co.jp/en/ir/
- Main Contents
  - Financial Report
  - Business Results

**CORPORATE SOCIAL RESPONSIBILITY**

www.benesse-hd.co.jp/en/CSR/
- Main Contents
  - Activity Report
Benesse was founded in 1955 as an education company called Fukutake Publishing Co., Ltd. Since then, the Benesse Group has pioneered new markets and expanded its business domains in an ongoing effort to provide solutions for societal issues. Looking ahead, we will continue to grow steadily and with integrity, guided by our commitment to helping all our stakeholders achieve “well-being” in their lives.

Company Policies and Precepts, and the Corporate Philosophy
The predecessor of the Benesse Holdings, Inc., Fukutake Publishing, was founded in 1955 by Tetsuhiko Fukutake, an elementary school teacher. His previous attempt to build a company had ended with the bankruptcy of Fuji Publishing the year before. Fukutake Publishing was born as an attempt to start again. Mr. Fukutake used his own name for the company to show his determination to start again in Okayama Prefecture, without trying to escape or hide from his failure. The new company started by publishing student pocket books and proceeded to expand its education-centered business with the development of Shinken Simulated Exams and Shinkenzemi.

Since our operations were in the field of education, with its important social mission, the Company Policies and Precepts were established as the starting point for all corporate activities, and we worked to instill them as our corporate philosophy. The Company Policies that were set out in the 70s and 80s touched on the themes of social justice and social contribution.

In 1990 we adopted the concept of “Benesse” both as a philosophy and as a brand. This reflected our expansion from education and publishing into new business domains such as senior/nursing care and language/global leadership training. However, it also became our unchanging corporate philosophy—to help people around the world to achieve “Well-Being” in their lives. This philosophy is the driving force behind the Benesse Group.

Corporate Policies and Precepts

**Policies**
We will take pride in contributing to society through our work in education and culture, and work with a strong sense of purpose and mission to further this work.

We pledge ourselves to social justice; with imagination, youthfulness, and love as our watchwords, we will always be seeking something better and will devote ourselves to developing the company.

**Company Precepts**
1. Customers foremost, reputability first.
   Our customers’ trust in us is most precious, an irreplaceable resource. We must always consider the customer and work sincerely.

2. Act as picked elite, be intent on your task.
   Treating our staff as picked elite and respecting them as individuals is our basic management posture. In your work, think it through thoroughly and deeply, remaining intent upon the task before you.

3. Stress intellectual productivity.
   Always have an inquiring mind and intellectual curiosity. Bear in mind the need for research and development, sharpen your perceptiveness, and work creatively.

4. Be rational, forthright, amiable, and cooperative.
   All employees should be linked by ties of trust and friendship and should strive to fill their places of work with a cheerful, forthright, energetic air.

5. Be positive and resolute, indomitable and tenacious.
   With energy and strength of will, open up new paths resolutely, tenaciously turn disaster into good fortune.

(1981 version)
THE EARLY YEARS

Fukutake Publishing was established in 1955. The predecessor company had collapsed the previous year, despite making a profit. Determined not to fail again, Benesse’s founder developed the business model that continues to this day: cash-driven enterprise, inventory-free management and business based on ongoing relationships.

The Secret of Success is at the Frontline

The predecessor to the Shinken Simulated Exams was the Kansai Simulated Exams. This product was modeled on the first combined high schools simulated test held at high schools in Okayama City. Founder Tetsuhiko Fukutake launched the simulated exam business after a great deal of intense, thorough and deep consideration. Some two years before the Kansai Simulated Exams were implemented, he had prepared the following policy to ensure the success of the simulate exams: “1) Target top level senior high schools. 2) Focus on data, and distinguish the product through superior planning. 3) Promote a front-line focused approach and aim to create the most trusted and useful simulated tests.”

1950s–60s

Benesse starts out as a publishing company

1955
Fukutake Publishing Co., Ltd. founded in Okayama Prefecture
Began publishing junior high school texts and student pocket books

1962
Kansai Simulated Exams (now Shinken Simulated Exams) for senior high school students launched

1969
Correspondence Education Seminar (now Shinkenzemi Senior High School Courses) for senior high school students launched

1970s–80s

Expansion of Shinkenzemi correspondence courses

1972
Correspondence Education Seminar Junior (now Shinkenzemi Junior High School Courses) for junior high school students launched

1980
Shinkenzemi Elementary School Courses launched

1988
Shinkenzemi Preschool Courses (now Kodomo Challenge) launched

1989
Correspondence courses for preschool children launched in Taiwan

SHINKENZEMI EXPANSION PHASE

Benesse launched correspondence courses for high school students, followed by those for junior high school and elementary school students and preschoolers. With correspondence education still in its infancy, Benesse cultivated a market based on this new product concept, leading to significant growth in the enrollment in its courses. Building on this success, it took correspondence courses into the Taiwanese market in 1989.

Enjoying Study Like Sports or a Game

In 1972 we began correspondence courses for junior high school students, with the launch of our Correspondence Education Seminar Junior (currently Shinkenzemi Senior High School Course). There was no existing market for correspondence courses for junior high school students at the time, and the initiative had a tough start. In the following years, we hit upon a product concept of making studying enjoyable like sports or a game. The resulting approach was tailored more closely to the sensibilities of junior high school students. The product garnered a strong following among the students, and enrollments soared.
Guided by its corporate philosophy of “Benesse (Well-Being),” we moved into new business domains to tap into major trends such as globalization and aging societies. This period saw the company transform itself from Fukutake Publishing focused on the education field into a company involved with fundamental human activities.

Prior to the 1990 introduction of the Benesse brand, President Soichiro Fukutake (currently chairman) led a project to promote corporate identity activities. Pursuing significance in our business fields and operations eventually led to an examination of the Company’s purpose in the wider scheme of society. This process gave birth to the primary concept that underpins Benesse today: “provide services that we desire for ourselves and our own families.”

Fiscal 2012 was the first year of our current medium-term management plan. Our stated goals in this plan are to 1) become the world’s No. 1 company in the education field, supporting childcare, education and human resource development globally and 2) position senior/nursing care business as an important growth field and propel growth further, as a means of dealing with the issue of population aging.

Prior to the 1990 introduction of the Benesse brand, President Soichiro Fukutake (currently chairman) led a project to promote corporate identity activities. Pursuing significance in our business fields and operations eventually led to an examination of the Company’s purpose in the wider scheme of society. This process gave birth to the primary concept that underpins Benesse today: “provide services that we desire for ourselves and our own families.”

With the launch of new medium-term management plan for fiscal 2012 to 2016, Benesse will keep trying to expand further growth in the domains of Education and Childcare, Language/Global Leadership Training, and Senior/Nursing Care.

Entry into new business domains guided by the “Benesse” corporate philosophy

1990
New “Benesse” corporate identity announced

1993
Benesse moves into the language education business
Berlitz International, Inc. (now Berlitz Corporation) becomes a subsidiary

New pregnancy, childbirth and childcare magazines, Tamago Club and Hiyoko Club published

1995
Company name changed to Benesse Corporation
Benesse lists on the Second Section of the Osaka Securities Exchange

1997
Nursing care business launched
Benesse Home Clara Okayama (now Clara Kadotayashiki) opened

2000s
Evolution into next-generation educational materials and stepping up global expansion

2006
Preschool correspondence courses introduced into China and South Korea

Prep school business launched
Ochanomizu Seminar Co., Ltd. becomes a subsidiary

2008
Introduction of next-generation Shinkenzemi correspondence courses gets underway
Shinkenzemi Junior High School Courses + i launched

2009
Benesse adopts a holding company structure; company name changed to Benesse Holdings, Inc.

2012
U.S. subsidiary established
Representative office opened in Indonesia
Connections With Customers and Society

Ever since its founding, Benesse has played a part in the lives of many different people, including customers, employees and external staff, and has grown with their support.

These human connections are Benesse’s greatest asset and a source of competitiveness.

- Connections with customers
- Connections with staff and supporters
- Connections with society

CUSTOMER FEEDBACK
Benesse rapidly responds to inquiries as well as opinions, proposals and other communications from customers, and puts this feedback to use in improving products and services. A single inquiry can sometimes lead to product and service improvements.
* Communications from customers received via telephone, e-mail, and fax by Benesse Corporation in fiscal 2012.

ENROLLMENT IN SHINKENZEMI AND KODOMO CHALLENGE CORRESPONDENCE COURSES
Around 1 in 5 Japanese children aged 0 to 18 years old is enrolled in the Shinkenzemi and Kodomo Challenge correspondence courses. Besides providing carefully designed services to each and every member, we are modernizing and upgrading our courses by incorporating the latest developments in digital education tools. In doing so, our goal is to further enhance children’s motivation to learn, as well as learning outcomes.
* As of April 2013

NUMBER OF SHINKENZEMI SUPPORTERS
Even after completing the Shinkenzemi correspondence course and advancing to university and other higher education, both male and female correspondence course graduates have registered as Shinkenzemi supporters in the hope of assisting current correspondence course members. They help to further motivate current members to study by sharing accounts of their own experiences, communicating with members using the Web, and through other means.
* Fiscal 2013

NUMBER OF RED PEN TEACHERS
Around 15,000 Red Pen Teachers review and correct the work of Shinkenzemi members every month. In the Shinkenzemi Elementary School Courses, Benesse assigns a specific Red Pen Teacher to each student in an effort to provide advice tailored to the academic progress of every student.
* In the Shinkenzemi Junior High School courses, Benesse assigns a specific Red Pen Teacher to each subject, according to the grade level and subject matter.
* March 31, 2013

3.85 million

22,000

15,000
Since its establishment in 1980, the Benesse Educational Research and Development Institute has conducted over 400 research surveys, and has disclosed the content of these surveys to the general public. The Institute strives to give back to society by sharing Benesse’s knowledge in areas such as issues and the actual conditions surrounding pregnancy, childbirth, parenting, education and learning.

More than 400

**NUMBER OF RESEARCH SURVEYS**

**NUMBER OF STUDENTS WHO TOOK SHINKEN SIMULATED EXAMS**

Shiken Simulated Exams are one of Japan’s largest mock university entrance examinations taken by senior high school students nationwide. Because these exams are backed by such a large statistical population, the company is able to accurately measure academic performance at a nationwide level, and this helps students to devise specific study strategies to prepare for exams.

* Written tests implemented in July for first-year senior high school students in fiscal 2012.

8,300

**NUMBER OF SEMINARS AND TRAINING SESSIONS AT SENIOR HIGH SCHOOLS**

Benesse conducts seminars on educational planning and advancement for students and their guardians at senior high schools throughout Japan. Each assigned employee seeks to raise children’s motivation to learn by speaking about study approaches and other topics in their own words. Additionally, Benesse holds training sessions for school teachers on how to provide students guidance based on the results of the Shiken Simulated Exams.

* Number of seminars and training sessions held by the Senior High School Education Support Department of Benesse Corporation in fiscal 2012.

310,000

**NUMBER OF CHINESE MEMBERS**

Based on expertise derived from the Kodomo Challenge preschool correspondence course established in Japan, Benesse launched a Chinese version of Kodomo Challenge under a Chinese brand name for the local market in 2006. By continuously developing educational materials locally in line with Chinese culture, customs and local needs, Benesse has become a trusted parenting partner in China.

* As of April 2013

485,000

**SENIOR HIGH SCHOOL ADOPTION RATE**

Benesse does business, primarily in Shiken Simulated Exams, with approximately 4,500 senior high schools (approximately 90% of all senior high schools in Japan). Sales representatives have built long-term relationships of trust with each community and school by addressing the issues faced by school teachers and students.

* Fiscal 2012
11,640
NUMBER OF NURSING HOME RESIDENTS
11,640 people live in nursing homes for seniors that are managed by Benesse. Almost all of these nursing homes are located in urban residential neighborhoods that residents have long lived in and are familiar with. The nursing homes are open to visits by family members anytime, 24 hours a day.
* As of March 31, 2013

12,105
NUMBER OF BENESSE STYLE CARE EMPLOYEES
The standard of conduct for nursing home staff is to offer services that staff themselves or their family members would like to receive, in aiming to build nursing homes and childcare centers that customers trust and choose.
* No. of Benesse Style Care Co., Ltd. employees as of March 31, 2013
* Number of contracted employees

14,000
More than
NUMBER OF SURVEY RESPONSES
Benesse conducts an annual survey of residents of its nursing homes for seniors and their guarantors. The survey results are reported to the customers of each home, and improvements are made in response to the requests and suggestions, to ensure reliable and safe nursing home management.
* Fiscal 2012

12,000
NUMBER OF CORPORATE CLIENTS WORLDWIDE
Berlitz Corporation provides services from 555 locations in 72 countries and regions around the world. Berlitz proposes optimal solutions ranging from language training to human resource development programs.

9,700
NUMBER OF BERLITZ INSTRUCTORS
Instructors who have met rigorous selection standards strive to efficiently develop their students’ language skills. Assigned to various locations worldwide, these instructors provide a uniform level of service in each region by following Berlitz’s curriculum and training methods.

We are Benesse. Business and sustainability accomplishments and results. Additional leadership, Governance and evaluations.
Interview with the President

Seizing Change as an

With our corporate philosophy of “Benesse = Well-Being,” the Benesse Group has grown by facing social issues head-on as they have changed with the times, working to resolve them through our core education and nursing businesses.

In fiscal 2013, changing conditions surrounding our education business have brought a drop in enrollment in our main correspondence courses. This presents a challenging situation, but through drastic reforms to our products and services, we will overcome the current crisis, turning the shifting environment into an opportunity.

By continuing to generate new value in keeping with societal changes, our goal is to achieve continued growth while maintaining a balance between our philosophy and profits.

July 2013

T. FUKUSHIMA
Representative Director and President
Opportunity

The video message can be viewed on our website.
Interview with the President

**QUESTION 1**
Please provide an overview of the fiscal 2012 results and the immediate issues confronting Benesse.

**ANSWER 1**
- The Company achieved record net sales and a double-digit increase in earnings.
- On the other hand, enrollment in Shinkenzemi had fallen as of April 2013. We will quickly initiate reforms in Shinkenzemi to turn enrollment around.

Performance was solid in fiscal 2012, the first year of our new medium-term management plan, centered on our Domestic Education and Senior/Nursing Care Business domains, with record net sales and a two-digit increase in income.

At the same time, in the Domestic Education Business Domain, enrollment in Shinkenzemi and Kodomo Challenge fell by 240,000 members year-on-year, to 3.85 million as of April 2013. We believe major changes in the environment surrounding the domestic education market, including the rapid spread of digital learning and increased competition with prep schools, are factors behind this drop.

The falling enrollment in Shinkenzemi, our core business, is something I take very seriously, and to generate further growth, the Group will unite to quickly initiate reforms.

**QUESTION 2**
What specifics will the reform of Shinkenzemi entail?

**ANSWER 2**
- Next-generation products and services will be introduced across all grade levels in the elementary and junior high school courses at once in fiscal 2014.
- Benesse’s strengths and assets will be combined with digital technology to establish new styles of home study.

We first rolled out a next-generation service combining paper-based materials with digital aids in fiscal 2008, and have continued to expand that service since. Still, with business conditions continuing to change so dramatically, we determined that we need to further accelerate that
expansion, and thus have decided to deploy our next-generation products and services in courses across all elementary and junior high school grade levels in fiscal 2014.

In addition to its expertise in developing paper-based materials, Shinkenzemi has enormous strengths in terms of human resources to support its students, including approximately 15,000 Red Pen Teachers and an organization of former Shinkenzemi graduates. The Benesse Group has many other assets in addition to its correspondence courses, including the school and teacher support business, prep schools, and its Berlitz language education business. By combining these strengths and assets with the unique characteristics of digital learning, we will work to stimulate children’s motivation to learn, establishing a new approach to home study that only Benesse can provide. Through this, we hope to quickly rebuild enrollment numbers.

In April 2013, the Group introduced the Challenge Tablet as an option for Shinkenzemi Junior High School Course first graders. Results significantly exceeded initial expectations, with 60% of enrollees choosing to use the tablet PC. High login rates also tell us that the children are making proactive use of the tool, another indication of a strong response. This gives us confidence in pushing ahead with a concerted shift to the next-generation products.

Innovations are needed on the marketing side, as well. Given the changes in our business environment, we will be shifting from the direct mail-oriented methods we have used to date, to a media mix that also incorporates the Web.

**REVAMP SHINKENZEMI**

Establishing a new approach to home study

<table>
<thead>
<tr>
<th>Human support</th>
<th>Group assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spark motivation to study</td>
<td>Introduce next-generation products in elementary and junior high school courses in fiscal 2014</td>
</tr>
<tr>
<td>Paper-based materials</td>
<td>Digital aids</td>
</tr>
</tbody>
</table>

**QUESTION 3**

What are the Benesse Group’s growth strategies?

**ANSWER 3**

- We aim for further growth by drawing on all Group assets in the pursuit of synergies.
- In addition to reforming Shinkenzemi, the Group will globalize the education business and expand new fields, while bolstering the senior/nursing care business and Berlitz Corporation.

With increased economic globalization and greater expectations for a more globally competent workforce, the need for English-language education and study abroad support services is growing, both domestically and overseas. In Japan, as the population continues to age, social expectations have increased for the provision of a wide range of services for the elderly, including senior nursing care.

The Benesse Group has undertaken a broad business expansion in education, through the Benesse Corporation; in Senior/Nursing Care through Benesse Style Care Co., Ltd.; in language learning with Berlitz Corporation; and through the Group’s prep schools and other services. Today, this gives us considerable expertise and a number of strong brands. By combining these assets, we
believe we can generate new value, unique to Benesse, that takes into account our changing society. Our goal is to achieve further growth by strengthening our functions as a holding company, and drawing on all of our assets in the pursuit of synergies.

**THE BENESSE GROUP’S GROWTH STRATEGY**

1. **Revamp Shinkenzemi**
   - Introduce next-generation products in all grade levels of elementary and junior high school courses in fiscal 2014
   - Reform marketing

2. **Globalization and expansion of new fields in the education business**
   - Leverage Group assets to strengthen and expand businesses
     - Study abroad support and English language education businesses
     - Prep school business
   - Grow the correspondence course business steadily in China and launch it promptly in other countries

3. **Strengthen the senior/nursing care business and Berlitz Corporation**
   - Grow the existing business steadily and develop new businesses in Senior/Nursing Care
   - Strengthen Berlitz Corporation’s language education service business and ELS business (study abroad support). Business enhancement and cost structure reforms.

**QUESTION 4**

How does CSR fit in with management at Benesse?

**ANSWER 4**

- We define CSR as a way of creating new social value, one that starts with the Group’s corporate philosophy: “Benesse = Well-Being”
- CSR and our growth strategy are interconnected in that our strategy of finding growth involves confronting and pointing to solutions for social issues.

At the Benesse Group, we have defined CSR as a way of creating new value for society as a whole, one that starts with the Group’s corporate philosophy that “Benesse = Well-Being.” Benesse’s growth to date has been based on its ability to confront social issues and point to potential solutions, by providing support for fundamental human activities in the fields of education, child care, and senior/nursing care. For us, CSR coincides with this growth strategy of ours.

In fiscal 2011, we formulated a new five-year medium-term management plan and established our CSR Achievement Targets, which together set forth the goals for the Benesse Group for the medium and long term. The CSR Achievement Targets are built around five key areas—our core
Based on our corporate philosophy of "well-being," the Benesse Group will continue to deal faithfully with its diverse stakeholders, and work to resolve society’s issues. Further, by striking a balance between this philosophy and profit, and by expanding our business in a way that balances social, environmental, and economic factors, we aim to achieve continuous growth.

We will meet the expectations of our customers by continuing to generate true value that leads to real solutions, and those of our investors by enhancing corporate value and providing continued shareholder returns.

The Benesse Group’s greatest asset is human talent. Our business is built on the cooperation of our partners and supporters, and on the strength of each of our employees, for which we are grateful.

We look forward to your continued support.
For me and my family, Benesse is an extremely familiar presence in our lives. My wife started reading Benesse’s magazines as an expectant mother, and my son is now studying through the Shinkenzemi correspondence course. I had the chance to take a look at the corrections and guidance provided by the Red Pen Teacher (correspondence course instructor). I saw that the instructor’s changes and comments were neatly and carefully handwritten on the page. This reminded me that the essence of education lies in learning through interactions between people. In this modern digital age, when we tend to lose touch with our personal sensibilities, I had the impression that Benesse is an enterprise that adheres to a well-grounded educational philosophy. Furthermore, I was delighted to see Benesse’s fabulous Art Museum and architecture on my visit to Naoshima. Benesse is reaffirming Japan’s unique culture and fostering respect for its traditional values, both of which are being forgotten by modern society. In this sense, Benesse stands tall among the multitude of companies in Japan as a unique presence. I believe that another defining feature of Benesse is its robust corporate policies, which look beyond business considerations.

I have long aspired to contribute to the globalization of Japanese companies, given that I have worked at foreign-affiliated companies throughout my career. That was when I received this offer to serve as independent director of Benesse. Foreign-based global companies adhere to a business common sense that is not found in Japanese companies. Although I will not be directly involved in business execution, I hope to express my opinions on management, including my experience in global business and my views on human resources that succeed in this field.

I believe that Benesse and McDonald’s both share in common the fact that they are “people businesses.” In these businesses, people make products carefully by hand and offer them to customers with hospitality. The human touch is of paramount importance in “people businesses.” Even amid the digitization of education, I believe that it is crucial to maintain and enhance the unique qualities that Benesse currently possesses. For example, one key point may be the extent to which Benesse is able to develop the spirit of Red Pen Teachers in a manner befitting the company. Recently in the field of corporate management, the times dictate that management must consider strategies for generating strong leverage by forming alliances with various companies. In the education business, Benesse must inevitably consider alliances with content providers and telecommunications infrastructure companies. In the process, Benesse’s business opportunities should expand measurably depending on how the company shifts its business paradigm going forward.

Furthermore, Japan’s growth strategies are now a topic of intensive debate. Japan’s ability to develop human resources that will underpin this growth holds the key to unlocking the country’s international competitiveness. This will require not only education in school, but also education in terms of comprehensive lifestyle, including values. In these settings too, Benesse is an enterprise that has made an immense contribution, and I believe the company can take pride in this fact. Japan’s development is not possible without an emphasis on education. Accordingly, I intend to actively voice my opinions at meetings of the Board of Directors.

* This message is compiled from excerpts of a previous interview conducted before Mr. Harada’s appointment as an independent director.
I Look Forward to Offering Input on Digitalization and Globalization as Benesse Strives to Become a Global Leader in Education.

DAISUKE IWASE
Independent Director
President & COO
LIFENET INSURANCE COMPANY

I had three differing impressions of Benesse. The first was of a national brand grounded in everyday life, exemplified by Shimajiro and Shinkenzemi. The second was of the company’s innovative initiatives such as the art projects in Naoshima. The third was of the global expansion of the company’s education business. I was impressed that both Chinese and American friends engaged in the education sector coincidentally spoke of Benesse not knowing my assuming the new role of independent director. With regards to the nursing care business, I had limited knowledge prior to my engagement with the company, but as I learned more about Benesse I have found that with its multiple different faces and its engagement in a broad range of business, the company is providing endlessly interesting.

My understanding is that as I assume the post of independent director, I will be expected to provide expertise in the area of digitalization. The Internet-based life insurance company I lead targets the same population in their child-rearing years, and since we work closely with our customers on a daily basis, I look forward to discussing our viewpoints, digitalization trends, and other information at meetings of Benesse Holdings’ Board of Directors. While I believe that, by its nature, education requires a degree of human warmth, the integration of digital and analog is also important. Technology is only a means to an end, and I hope that Benesse will carry on the sense of hand-made warmth it has brought to its products and services over the years, without being swayed solely by technology. Having being educated outside of Japan, I also think I can contribute in the area of globalization. Benesse’s well-developed education business, although largely domestic, is an asset that can be leveraged amply overseas, and gives me the confidence that I can contribute to the Benesse Group becoming a world leader in education.

As social structures continue to shift, the education and nursing care business Benesse is developing can serve as a strong complement in filling those gaps that government alone can no longer cover. The business itself is the company’s social responsibility. And by welcoming a young entrepreneur such as myself to the position of independent director, I think Benesse has demonstrated that it is at the forefront of corporate governance as well. Benesse has a wonderful philosophy as a company, and I look forward to fulfilling my responsibility as an independent director and in spreading that message out to the broader public.

* This message is compiled from excerpts of a previous interview conducted before Mr. Iwase’s appointment as an independent director.
Consolidated net sales in fiscal 2012 reached a record high, and profits increased for the first time in two fiscal years. In fiscal 2013, the Overseas Education, Senior/Nursing Care, and Language/Global Leadership Training Business domains should see an increase in net sales and profits, but overall net sales are expected to increase year on year while profits decline, due to the impact of a drop in enrollment in the main domestic correspondence course business.

KENICHI FUKUHARA
Representative Director, Executive Vice President and CFO

Business Performance

Operating Results for Fiscal 2012

Net Sales Rose to Record Numbers Along with an Increase in Profits

Consolidated net sales rose 6.2% year on year to ¥450,182 million. The main factors behind this increase, by business domain were as follows. In the Domestic Education Business Domain, sales were boosted by the conversion of UP Inc. into a consolidated subsidiary in March 2012. Other positive factors were growth in enrollment in our mainstay Shinkenzemi correspondence course, and steady sales growth in the school and teacher support business reflecting a solid performance. In the Senior/Nursing Care Business Domain, factors increasing sales included an expansion in the number of nursing homes for seniors and growth in the number of residents. Meanwhile, the Overseas Education Business Domain saw an increase in correspondence course enrollment in China. In the Language/Global Leadership Training Business Domain, the main factors supporting the increase in sales were a strong performance in the ELS business (overseas study support) of Berlitz Corporation, and the contribution of a full year’s worth of sales from Telelangue SA from the beginning of fiscal 2012. Telelangue SA became a wholly owned subsidiary of Berlitz Corporation in August 2011. Consolidated operating income rose 12.9% year on year to ¥38,145 million. The increase was mainly attributable to higher earnings on the back of sales.

CONSOLIDATED RESULTS BY SEGMENT
(Millions of Yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2011</th>
<th>FY2012</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Education</td>
<td>240,178</td>
<td>253,902</td>
<td>13,723</td>
<td>5.7</td>
</tr>
<tr>
<td>Overseas Education</td>
<td>10,830</td>
<td>13,041</td>
<td>2,211</td>
<td>20.4</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>25,337</td>
<td>25,269</td>
<td>(68)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Senior/Nursing Care</td>
<td>66,539</td>
<td>73,907</td>
<td>7,367</td>
<td>11.1</td>
</tr>
<tr>
<td>Language/Global Leadership Training</td>
<td>59,427</td>
<td>61,547</td>
<td>2,119</td>
<td>3.6</td>
</tr>
<tr>
<td>Others</td>
<td>21,392</td>
<td>22,515</td>
<td>1,122</td>
<td>5.2</td>
</tr>
<tr>
<td>Net Sales Total</td>
<td>423,706</td>
<td>450,182</td>
<td>26,476</td>
<td>6.2</td>
</tr>
<tr>
<td>Domestic Education</td>
<td>32,857</td>
<td>36,287</td>
<td>3,429</td>
<td>10.4</td>
</tr>
<tr>
<td>Overseas Education</td>
<td>(1,343)</td>
<td>(1,361)</td>
<td>(18)</td>
<td>—</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>(1,277)</td>
<td>(1,253)</td>
<td>23</td>
<td>—</td>
</tr>
<tr>
<td>Senior/Nursing Care</td>
<td>4,668</td>
<td>4,897</td>
<td>228</td>
<td>4.9</td>
</tr>
<tr>
<td>Language/Global Leadership Training</td>
<td>543</td>
<td>568</td>
<td>25</td>
<td>4.6</td>
</tr>
<tr>
<td>Others/Adjustments</td>
<td>(1,651)</td>
<td>(992)</td>
<td>658</td>
<td>—</td>
</tr>
<tr>
<td>Operating Income Total</td>
<td>33,797</td>
<td>38,145</td>
<td>4,347</td>
<td>12.9</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>34,698</td>
<td>38,995</td>
<td>4,296</td>
<td>12.4</td>
</tr>
<tr>
<td>Net Income</td>
<td>16,369</td>
<td>21,147</td>
<td>4,778</td>
<td>29.2</td>
</tr>
</tbody>
</table>

Note: Segment sales are based on outside sales and intersegment sales are not included.
growth, despite higher costs primarily reflecting the supply of the Pocket Challenge digital study device to fourth-grade children in Shinkenzemi Elementary School Courses in the Domestic Education Business Domain.

Consolidated ordinary income was up 12.4% year on year to ¥38,995 million.

Consolidated net income rose 29.2% year on year to ¥21,147 million. In addition to the rise in ordinary income, the bottom line was also boosted by a decrease in income taxes following changes in the corporate tax rate that apply to fiscal years beginning on or after April 1, 2012.

Financial Outlook for the Fiscal Year 2013
Increase in Sales and Decrease in Profits Forecast
For fiscal 2013, the Company is projecting consolidated net sales to rise 4.4% year on year to ¥470,000 million. The main factors in this forecast are the positive impact of the yen’s depreciation at Berlitz Corporation and continued growth in net sales in the senior/nursing care business, the school and teacher support business, and the correspondence course business in China. However, the projection also reflects the decline in enrollment for the mainstay domestic correspondence course business to 3,850,000 as of April 2013, down approximately 240,000 year on year.

Meanwhile, operating income is projected to decline 5.6% year on year to ¥36,000 million, ordinary income to decline 9.2% to ¥35,400 million, and net income to decline 10.2% to ¥19,000 million. Negative factors in this forecast include a drop in revenues from the domestic correspondence course business and a rise in costs associated with product enhancements. These are projected to outweigh the effect of higher net sales in the school and teacher support business, the correspondence course business in China, and the senior/nursing care business.

### FY2013 ESTIMATES

<table>
<thead>
<tr>
<th>(Billions of Yen)</th>
<th>FY2013 (Estimates)</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>450,182</td>
<td>470,000</td>
<td>4.4</td>
</tr>
<tr>
<td>Operating Income</td>
<td>38,145</td>
<td>36,000</td>
<td>(5.6)</td>
</tr>
<tr>
<td>Operating Income Ratio (%)</td>
<td>8.5</td>
<td>7.7</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>38,995</td>
<td>19,000</td>
<td>(54.8)</td>
</tr>
<tr>
<td>Net Income</td>
<td>21,147</td>
<td>19,818</td>
<td>(6.3)</td>
</tr>
</tbody>
</table>

Capital Policy

Capital policy is a key management priority for the Benesse Group. In order to preserve financial health, the Group will pursue management policies that put an emphasis on continuous generation of cash flow, while also investing in a shift to next-generation products and services in its domestic education business, and in an expansion of its overseas education business. Cash will also be used effectively for M&A activities and to drive medium- and long-term growth, and to provide shareholder returns.

Shareholder Returns

Repurchase of Up to ¥10,000 Million in Own Shares

In fiscal 2013, Benesse Holdings plans to repurchase up to 2.7 million of its own shares for a total purchase price of up to ¥10,000 million. The Company’s policy on treasury stock ownership is to hold around 5% of all issued Benesse Holdings shares, including treasury stock. Any treasury stock exceeding this shareholding will, in principle, be cancelled each fiscal year. Based on this policy, 1,700,000 shares were cancelled on June 29, 2012.

Active Provide Shareholders Dividends Based on a Stated Payout Target of at Least 35%

Benesse Holdings has a stated consolidated dividend payout ratio target of at least 35%. For fiscal 2013, the Company plans to pay the same annual dividend of ¥95.0 yen per common share as in the previous year, for an expected consolidated payout ratio of 48.6%. The dividend on equity (DOE) ratio for fiscal 2012 was 4.7%.

Business Investment and M&A Strategy

Proactively Seek M&A Opportunities for Longer-Term Growth

The Benesse Group will invest aggressively in medium- and long-term growth, centered primarily around a shift to next-generation products and services for Shinkenzemi, and in expansion of its overseas education business.

The Group also hopes to move ahead with proactive M&A deals, at an annual level of about ¥10,000 to ¥15,000 million, targeting growth areas in the education, senior/nursing care, and language/global leadership training fields.

### Repurchase of Own Shares

- **(Billions of Shares)**
  - 2009: 9
  - 2010: 10
  - 2011: 10
  - 2012: 15
  - 2013: 15

### Dividend per Share/Payout Ratio (Consolidated)

- **(Yen)**
  - 2010: 95
  - 2011: 95
  - 2012: 95
  - 2013: 95

- **(%)**
  - 2010: 95
  - 2011: 95
  - 2012: 95
  - 2013: 95

- **(Years ended March 31)**
  - 2010: 95
  - 2011: 95
  - 2012: 95
  - 2013: 95
## Financial Statements (Consolidated)

### For the Year:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong> (Billions of Yen)</td>
<td>¥412,711</td>
<td>¥406,602</td>
<td>¥412,828</td>
<td>¥423,706</td>
<td>¥450,182</td>
</tr>
<tr>
<td><strong>Overseas sales ratio (%)</strong></td>
<td>13.9</td>
<td>11.5</td>
<td>11.7</td>
<td>12.8</td>
<td>13.0</td>
</tr>
<tr>
<td><strong>Operating income</strong> (Billions of Yen)</td>
<td>39,125</td>
<td>37,889</td>
<td>42,867</td>
<td>33,797</td>
<td>38,145</td>
</tr>
<tr>
<td><strong>Ordinary income</strong> (Billions of Yen)</td>
<td>39,276</td>
<td>39,165</td>
<td>44,703</td>
<td>34,698</td>
<td>38,995</td>
</tr>
<tr>
<td><strong>Income before income taxes and minority interests</strong> (Billions of Yen)</td>
<td>29,983</td>
<td>38,615</td>
<td>36,669</td>
<td>34,055</td>
<td>38,245</td>
</tr>
<tr>
<td><strong>Net income</strong> (Billions of Yen)</td>
<td>10,678</td>
<td>21,874</td>
<td>20,586</td>
<td>16,369</td>
<td>21,147</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPEX</strong> (Billions of Yen)</td>
<td>¥18,051</td>
<td>¥27,042</td>
<td>¥21,938</td>
<td>¥44,610</td>
<td>¥23,796</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong> (Billions of Yen)</td>
<td>13,456</td>
<td>13,028</td>
<td>13,738</td>
<td>14,183</td>
<td>16,957</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash provided by operating activities</strong> (Billions of Yen)</td>
<td>¥38,664</td>
<td>¥30,310</td>
<td>¥44,937</td>
<td>¥40,631</td>
<td>¥33,709</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong> (Billions of Yen)</td>
<td>(5,217)</td>
<td>(36,449)</td>
<td>(14,632)</td>
<td>(33,524)</td>
<td>(23,012)</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by financing activities</strong> (Billions of Yen)</td>
<td>(23,261)</td>
<td>(11,711)</td>
<td>12,923</td>
<td>(11,254)</td>
<td>(11,270)</td>
</tr>
</tbody>
</table>

### Per Share of Common Stock:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong> (Billions of Yen)</td>
<td>¥107.0</td>
<td>¥221.7</td>
<td>¥208.5</td>
<td>¥167.8</td>
<td>¥217.5</td>
</tr>
<tr>
<td><strong>Cash dividends</strong> (Yen)</td>
<td>90</td>
<td>90</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td><strong>Dividend payout ratio (%)</strong></td>
<td>84.1</td>
<td>40.6</td>
<td>45.6</td>
<td>56.6</td>
<td>43.7</td>
</tr>
</tbody>
</table>

*Note: The computation of net income per share of common stock is based on the weighted average number of shares of common stock outstanding during each year.*

### NET SALES

(Billions of Yen)

```
<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>412.7</td>
</tr>
<tr>
<td>2010</td>
<td>406.6</td>
</tr>
<tr>
<td>2011</td>
<td>412.8</td>
</tr>
<tr>
<td>2012</td>
<td>423.7</td>
</tr>
<tr>
<td>2013</td>
<td>450.1</td>
</tr>
</tbody>
</table>

*Increase: +26.4 (Billions of yen)*
```

### OPERATING INCOME/OPERATING INCOME RATIO

(Billions of Yen)

```
<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income (Billions of Yen)</th>
<th>Operating Income Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>39.1</td>
<td>9.5</td>
</tr>
<tr>
<td>2010</td>
<td>37.8</td>
<td>9.3</td>
</tr>
<tr>
<td>2011</td>
<td>42.8</td>
<td>10.4</td>
</tr>
<tr>
<td>2012</td>
<td>33.7</td>
<td>8.5</td>
</tr>
<tr>
<td>2013</td>
<td>38.1</td>
<td>8.5</td>
</tr>
</tbody>
</table>

*Increase: +4.3 (Billions of yen) +0.5 (%)*
```

---

*Yen*
<table>
<thead>
<tr>
<th>Years ended March 31</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Year-End:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets (Yen)</td>
<td>¥343,128</td>
<td>¥356,153</td>
<td>¥405,119</td>
<td>¥432,080</td>
<td>¥460,259</td>
</tr>
<tr>
<td>Total equity</td>
<td>168,497</td>
<td>183,169</td>
<td>192,793</td>
<td>194,189</td>
<td>207,479</td>
</tr>
<tr>
<td>Total equity per share of common stock (Yen)</td>
<td>1,646.8</td>
<td>1,792.8</td>
<td>1,893.7</td>
<td>1,933.5</td>
<td>2,071.2</td>
</tr>
<tr>
<td>Number of shares of common stock issued (in thousands)</td>
<td>106,353</td>
<td>106,353</td>
<td>106,353</td>
<td>104,153</td>
<td>102,453</td>
</tr>
<tr>
<td>Treasury share (in thousands)</td>
<td>7,444</td>
<td>7,717</td>
<td>7,583</td>
<td>6,941</td>
<td>5,241</td>
</tr>
<tr>
<td><strong>Indicators (Profitability):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income ratio</td>
<td>9.5</td>
<td>9.3</td>
<td>10.4</td>
<td>8.0</td>
<td>8.5</td>
</tr>
<tr>
<td>Ordinary income ratio</td>
<td>9.5</td>
<td>9.6</td>
<td>10.8</td>
<td>8.2</td>
<td>8.7</td>
</tr>
<tr>
<td>Net income ratio</td>
<td>2.6</td>
<td>5.4</td>
<td>5.0</td>
<td>3.9</td>
<td>4.7</td>
</tr>
<tr>
<td>Return on equity (ROE)*1</td>
<td>5.9</td>
<td>12.9</td>
<td>11.3</td>
<td>8.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Return on assets (ROA)*1</td>
<td>3.0</td>
<td>6.3</td>
<td>5.4</td>
<td>3.9</td>
<td>4.7</td>
</tr>
<tr>
<td><strong>Indicators (Stability):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity ratio</td>
<td>47.5</td>
<td>49.7</td>
<td>46.2</td>
<td>43.5</td>
<td>43.7</td>
</tr>
<tr>
<td>Debt-to-equity ratio*2</td>
<td>1.6</td>
<td>2.4</td>
<td>9.0</td>
<td>19.7</td>
<td>25.0</td>
</tr>
<tr>
<td>Interest coverage (times)*3</td>
<td>697.5</td>
<td>597.2</td>
<td>504.4</td>
<td>118.0</td>
<td>44.5</td>
</tr>
</tbody>
</table>

**Notes:**
1. ROE and ROA are calculated using the average amounts of total equity and total assets at the beginning and end of each fiscal year.
2. Debt-to-equity ratio = Interest-bearing liabilities (yearly average) / total equity (yearly average) x 100
3. Interest coverage = (Operating income + interest and dividend income) / interest expense

---

**NET INCOME/NET INCOME PER SHARE**

<table>
<thead>
<tr>
<th>(Billions of Yen)</th>
<th>(Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>+4.7</td>
<td>+49</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>10.6</td>
</tr>
</tbody>
</table>

**ROE**

<table>
<thead>
<tr>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>+2.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

---

Benesse ONE Report 2013 21
## Non-Financial Statements

### Years ended March 31

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education and Childcare:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shinkenzemi Enrollments as of April (Domestic + Overseas)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Enrollments</td>
<td>4,470</td>
<td>4,600</td>
<td>4,680</td>
<td>4,870</td>
<td>4,670</td>
</tr>
<tr>
<td>Senior High School Courses</td>
<td>340</td>
<td>340</td>
<td>300</td>
<td>320</td>
<td>310</td>
</tr>
<tr>
<td>Junior High School Courses</td>
<td>770</td>
<td>760</td>
<td>740</td>
<td>780</td>
<td>730</td>
</tr>
<tr>
<td>Elementary School Courses</td>
<td>1,710</td>
<td>1,770</td>
<td>1,800</td>
<td>1,840</td>
<td>1,760</td>
</tr>
<tr>
<td>Kodomo Challenge (Preschool courses)</td>
<td>1,220</td>
<td>1,210</td>
<td>1,180</td>
<td>1,150</td>
<td>1,050</td>
</tr>
<tr>
<td>Overseas Enrollments</td>
<td>430</td>
<td>520</td>
<td>650</td>
<td>780</td>
<td>820</td>
</tr>
</tbody>
</table>

### Cumulative Domestic Enrollments in Shinkenzemi Over a Full Year*1

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior High School Courses</td>
<td>3,279</td>
<td>3,418</td>
<td>3,428</td>
<td>3,150</td>
<td>3,188</td>
</tr>
<tr>
<td>Junior High School Courses</td>
<td>7,967</td>
<td>8,113</td>
<td>7,923</td>
<td>7,925</td>
<td>8,058</td>
</tr>
<tr>
<td>Elementary School Courses</td>
<td>18,395</td>
<td>18,911</td>
<td>19,540</td>
<td>19,906</td>
<td>20,092</td>
</tr>
<tr>
<td>Kodomo Challenge (Preschool courses)*2</td>
<td>14,257</td>
<td>15,068</td>
<td>15,042</td>
<td>14,608</td>
<td>13,931</td>
</tr>
</tbody>
</table>

### Number of Students Taking ShikiSimulated Exams and Other Exams

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Students Taking Shinken Simulated Exams and Other Exams</td>
<td>6,650</td>
<td>6,900</td>
<td>7,170</td>
<td>7,350</td>
</tr>
</tbody>
</table>

### As of December 31

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Berlitz Lessons (Thousands of lessons)</td>
<td>7,256</td>
<td>6,216</td>
<td>6,038</td>
<td>6,506</td>
<td>7,007</td>
</tr>
<tr>
<td>Berlitz Language Centers and Franchises</td>
<td>561</td>
<td>567</td>
<td>570</td>
<td>563</td>
<td>555</td>
</tr>
</tbody>
</table>

**Notes:**
1. Cumulative enrollment is the sum of enrollment for each month from April to March of each year.
2. From the fiscal year ended March 31, 2011, cumulative enrollment for Kodomo Challenge baby is included in cumulative enrollment for Kodomo Challenge. Therefore, the cumulative enrollment figures for Kodomo Challenge in the year ended March 31, 2010 have also been stated including cumulative enrollment for Kodomo Challenge baby. The cumulative enrollment for Kodomo Challenge baby for the fiscal year ended March 31, 2011 was 1.33 million, and for the fiscal year ended March 31, 2010 it was 1.25 million.

### DOMESTIC ENROLLMENTS (BY COURSES)

(Thousands of Students)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior High School Courses</td>
<td>4,040</td>
<td>4,080</td>
<td>4,030</td>
<td>4,090</td>
<td>3,850</td>
</tr>
<tr>
<td>Junior High School Courses</td>
<td>4,040</td>
<td>4,080</td>
<td>4,030</td>
<td>4,090</td>
<td>3,850</td>
</tr>
<tr>
<td>Elementary School Courses</td>
<td>4,040</td>
<td>4,080</td>
<td>4,030</td>
<td>4,090</td>
<td>3,850</td>
</tr>
</tbody>
</table>

### OVERSEAS ENROLLMENTS (BY COUNTRIES AND REGION)

(Thousands of Students)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>430</td>
<td>520</td>
<td>650</td>
<td>780</td>
<td>820</td>
</tr>
<tr>
<td>South Korea</td>
<td>520</td>
<td>650</td>
<td>780</td>
<td>820</td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Senior/Nursing Care:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of nursing homes (fiscal-year-end)</td>
<td>139</td>
<td>172</td>
<td>204</td>
<td>224</td>
<td>238</td>
</tr>
<tr>
<td>Number of new nursing homes</td>
<td>10</td>
<td>12</td>
<td>25</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>Number of acquired nursing homes</td>
<td></td>
<td></td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupancy rate (%)*1</td>
<td>96</td>
<td>94</td>
<td>93(87)</td>
<td>94(90)</td>
<td>93</td>
</tr>
</tbody>
</table>

### Human Resources:*2

<table>
<thead>
<tr>
<th>Number of Employees (Consolidated)</th>
<th>14,726</th>
<th>15,353</th>
<th>16,888</th>
<th>18,941</th>
<th>19,739</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of female management</td>
<td>40</td>
<td>33</td>
<td>34</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td>Number of directors*3</td>
<td>10(4)</td>
<td>7(3)</td>
<td>7(3)</td>
<td>8(3)</td>
<td>10(4)</td>
</tr>
<tr>
<td>Number of female directors</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Number of Audit &amp; Supervisory Board members*3</td>
<td>4(2)</td>
<td>4(2)</td>
<td>4(2)</td>
<td>4(2)</td>
<td>4(2)</td>
</tr>
</tbody>
</table>

### Environment:*4

<table>
<thead>
<tr>
<th>Electricity Consumption (million kWh)</th>
<th>15.90</th>
<th>15.94</th>
<th>10.01</th>
<th>8.40</th>
<th>8.66</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper Consumption (t)</td>
<td>102,000</td>
<td>103,000</td>
<td>99,000</td>
<td>97,000</td>
<td>94,334</td>
</tr>
<tr>
<td>Water Consumption (m³)</td>
<td>82,000</td>
<td>81,834</td>
<td>73,274</td>
<td>60,963</td>
<td>59,110</td>
</tr>
<tr>
<td>CO₂ emissions (t)</td>
<td>6,758</td>
<td>6,775</td>
<td>4,280</td>
<td>3,595</td>
<td>4,202</td>
</tr>
<tr>
<td>Waste materials (paper) (t)</td>
<td>2,400</td>
<td>1,973</td>
<td>2,083</td>
<td>2,272</td>
<td>2,268</td>
</tr>
<tr>
<td>Waste materials (industrial waste) (t)</td>
<td>891</td>
<td>812</td>
<td>708</td>
<td>1,083</td>
<td>1,002</td>
</tr>
</tbody>
</table>

**Notes:**
1. The occupancy rates in parenthesis are for Bon Sejour Corporation.
2. The number of employees is as of March 31, the ratio of female management is as of April 1, and the number of directors and Audit & Supervisory Board members is as of June 30 each year.
3. The number of directors and Audit & Supervisory Board members in parenthesis is for independent directors and outside Audit & Supervisory Board members each.
4. Environmental data are for the principal subsidiary, Benesse Corporation. Please see page 56 for detailed definitions of these figures.
### Review of Operations/At a Glance

#### DOMESTIC EDUCATION BUSINESS DOMAIN

The Domestic Education Business Domain is a core business of the Benesse Group. Our mainstay products in this segment are the Kodomo Challenge and Shinkenzemi correspondence courses for students aged preschool through to senior high school.

**MAJOR BUSINESS**
- Shinkenzemi and Kodomo Challenge correspondence courses
- School and teacher support business, centered on Shinken Simulated Exams (mock university entrance exams)
- Cram schools/prep schools
- English-language teaching business for preschool children and elementary school students

**MAJOR GROUP COMPANIES**
- Benesse Corporation
- UP Inc.
- Tokyo Individualized Educational Institute, Inc.
- Ochanomizu Seminar Co., Ltd.

**MAIN PRODUCTS AND SERVICES**
- Kodomo Challenge
- Shinkenzemi Elementary School Courses
- Shinken Simulated Exams
- Preschool Courses in China

#### OVERSEAS EDUCATION BUSINESS DOMAIN

In the Overseas Education Business Domain, we operate correspondence course businesses mainly focused on preschool students in China, South Korea, and Taiwan. We plan to expand business outside of East Asia over the coming years.

**Correspondence course business focused on preschool children in mainland China, Taiwan and South Korea**
- Tamago Club and Hiyoko Club—magazines dealing with pregnancy, childbirth, and child-rearing
- Women’s Park website
- Mail-order business Tamahiyo Shop, Tamahiyo Uchiwai (family celebration items), Sukku Store
- Mail-order website Women’s Mall

#### LIFESTYLE BUSINESS DOMAIN

In the Lifestyle Business Domain, we provide products and services to support women, primarily in pregnancy, childbirth, and child-rearing. Our activities include publishing magazines, a mail-order business, and website operations.

***Tamago Club and Hiyoko Club—magazines dealing with pregnancy, childbirth, and child-rearing***

**Women’s Park website**

**Mail-order business Tamahiyo Shop, Tamahiyo Uchiwai (family celebration items), Sukku Store**

**Mail-order website Women’s Mall**

---

**NET SALES**

- **DOMESTIC EDUCATION BUSINESS DOMAIN**
  - Net Sales: ¥253.9 Billion
  - Operating Income: ¥36.2 Billion
  - Ratio of Segment Sales to Total Sales: 56.4%

- **OVERSEAS EDUCATION BUSINESS DOMAIN**
  - Net Sales: ¥13.0 Billion
  - Operating Income (Loss): ¥(1.3) Billion
  - Ratio of Segment Sales to Total Sales: 2.9%

- **LIFESTYLE BUSINESS DOMAIN**
  - Net Sales: ¥25.2 Billion
  - Operating Income (Loss): ¥(1.2) Billion
  - Ratio of Segment Sales to Total Sales: 5.6%
In the Senior/Nursing Care Business Domain, our main business is the operation of nursing homes for the elderly. We operate 238 nursing homes mainly in the Tokyo Metropolitan Area (as of March 31, 2013).

- Operation of nursing homes for the elderly
- Home help service business
- Childcare center operation business

In the Language/Global Leadership Training Business Domain, we operate language schools in 72 countries and regions around the world, mainly through Berlitz Corporation, along with a global leadership training business and ELS (overseas study support) business.

- Language education business
- Global leadership training businesses
- ELS business
- Interpreting and translation business

In Others, we operate a telemarketing business, a computer data processing service business and a systems development sales business.

- Telemarketing business
- Computer data processing service business
- Systems development sales business

---

**Benesse Style Care Co., Ltd.* Benesse MCM Corp.**

*On April 1, 2012, Bon Sejour Corporation was absorbed into Benesse Style Care Co., Ltd. by merger.

**Berlitz Corporation Simul International, Inc.**

*Effective July 1, 2012, Telemarketing Japan, Inc. changed its corporate name to TMJ, Inc.*

---

**Cocochi**

**A language center**

**Aria**

**A lesson in a language center**

---

<table>
<thead>
<tr>
<th>[Billions of Yen]</th>
<th>[Billions of Yen]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2011</strong></td>
<td><strong>2012</strong></td>
</tr>
<tr>
<td><strong>Net Sales (left)</strong></td>
<td><strong>Operating Income (right)</strong></td>
</tr>
<tr>
<td>58.8</td>
<td>66.5</td>
</tr>
<tr>
<td>4.0</td>
<td>4.8</td>
</tr>
<tr>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

**Years ended March 31**

---

**Senior/Nursing Care Business Domain**

**Language/Global Leadership Training Business Domain**

**Others**
In fiscal 2012, both consolidated sales and operating income increased year on year due to the conversion of UP Inc. into a subsidiary, an increase in enrollment in the mainstay Shinkenzemi correspondence courses and favorable growth in the school and teacher support business. This was despite higher expenses mainly reflecting the supply of Pocket Challenge, a new digital education device for elementary school fourth-graders enrolled in the Shinkenzemi Elementary School Courses. However, fiscal 2013 got off to a slow start, with enrollment in April the Shinkenzemi and Kodomo Challenge courses at 3.85 million, down 0.24 million from April 2012.

Overview
The Domestic Education Business Domain is a core business segment, accounting for 56.4% of the Benesse Group’s consolidated sales in fiscal 2012.

The main products in this domain are Shinkenzemi and Kodomo Challenge, correspondence courses for children of all ages up to 18. As of April 2013, about one in five children in Japan was enrolled in these courses. In addition to enhancing its lineup of educational materials to better meet increasingly diverse and individualized customer needs, the Group is developing next-generation learning media. In addition to correspondence courses, the Group provides a variety of education programs for senior high schools such as Shinken Simulated Exams (mock university entrance examinations) and Study Support, a learning assessment study aid. Benesse programs and services were used in 90% of senior high schools in Japan (the year ended March 2013). We also provide a range of educational services, such as cram and prep schools and preschool and elementary school English-learning materials, to respond to children’s diversifying study methods and needs.

Review of Fiscal 2012
Consolidated net sales in the Domestic Education Business Domain in the year ended March 31, 2013 amounted to ¥253,902 million, an increase of 5.7% from the previous fiscal year. The main factors behind the increase were the conversion of UP Inc. into a consolidated subsidiary in March 2012, growth in enrollment in our mainstay Shinkenzemi correspondence course, and steady sales growth in the school and teacher support business reflecting a solid performance. Another factor was that Tokyo Individualized Educational Institute, Inc. resumed spring seminars in the current fiscal year after cancelling them in the previous fiscal year due to the earthquake disaster, and saw higher student numbers.

Operating income increased 10.4% to ¥36,287 million. The increase was mainly attributable to higher earnings on the back of sales growth, despite higher costs primarily reflecting the supply of the Pocket Challenge digital study device to fourth-grade children in Shinkenzemi Elementary School Courses.

Strategies for the Future
The market environment surrounding the Domestic Education Business Domain is undergoing profound changes. While competition with cram and prep schools intensifies, we are seeing rapid expansion in digital education incorporating such devices as PCs, smartphones and tablets.

Under these conditions, fiscal 2013 got off to a slow start, with domestic enrollment in April in the Shinkenzemi and Kodomo Challenge courses at 3.85 million, down 0.24 million from the same month last year. The Benesse Group’s top priority is to restore enrollment levels in the correspondence course business. To this end, considering changes in the environment, we will
rapidly reform products and services, as well as marketing activities.

In the Shinkenzemi business, we have been developing next-generation educational materials. As part of these efforts, we newly launched in April 2013 the Challenge Tablet for students in the first year of junior high school. Looking ahead, we aim to restore enrollment levels as quickly as possible by continuing to accelerate the development of next-generation services that combine the strengths of Shinkenzemi with the Group’s assets and digital technology, while swiftly bringing these services to market.

Furthermore, we aim to quicken the pace of growth in the English language learning field and the cram and prep school business. To this end, we are making effective mutual use of assets within the Group, including those of Benesse Corporation and Berlitz Corporation as well as cram and prep schools such as Tokyo Individualized Educational Institute, Inc., UP Inc., Ochanomizu Seminar Co., Ltd., and Tetsuryokukai. At the same time, we aim to drive expansion in the ELS business (support for study abroad).

**MAIN PRODUCTS AND SERVICES**

**Correspondence Courses**

<table>
<thead>
<tr>
<th>Kodomo Challenge (Preschool Courses)</th>
<th>Shinkenzemi</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Elementary School Courses</td>
</tr>
</tbody>
</table>

**School & Teacher Support**

| Shinken Simulated Exams | Study Support | GTEC for STUDENTS | IGT Support Service |

**Cram schools/Classes**

<table>
<thead>
<tr>
<th>Benesse English Classes for Children</th>
<th>Benesse Science Classes</th>
<th>Tokyo Individualized Educational Institute</th>
<th>Tetsuryokukai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benesse Grimm School</td>
<td>Benesse Writing Classes</td>
<td>Up (Shingakukan, Kaishikan, Kendai Shinken and others)</td>
<td>Ochanomizu Seminar</td>
</tr>
</tbody>
</table>

**English Language Education/Study Abroad Support**

| Worldwide Kids | BE-GO | Kodomo Challenge English (Preschool English Courses) | Benesse Study Abroad Center |
In fiscal 2012, the Overseas Education Business Domain increased its sales on the back of steady growth in enrollment in correspondence courses, chiefly in China, as in the previous fiscal year. On the earnings front, however, this business recorded a larger operating loss, despite higher earnings from increased sales in China. The main culprit was higher costs incurred in new markets other than China.

Overview
The Overseas Education Business Domain accounted for 2.9% of the Benesse Group’s consolidated sales in fiscal 2012. The Group’s current focus is correspondence courses for preschool children in China, Taiwan and South Korea, and enrollment in all three markets is growing steadily. As of April 2013, enrollment in correspondence courses in China stood at 510,000, while the figure for Taiwan was 180,000 and for South Korea 130,000, for a total of 820,000.

Review of Fiscal 2012
Consolidated net sales in the Overseas Education Business Domain in the year ended March 31, 2013 amounted to ¥13,041 million, an increase of 20.4% over the previous fiscal year. Growth in correspondence course enrollment, particularly in China, was the main factor driving higher sales. Turning to earnings, the operating loss increased from ¥1,343 million in the previous fiscal year to ¥1,361 million, mainly due to upfront costs for business expansion in new countries outside China, despite a boost in earnings from higher sales in China. Enrollment in overseas correspondence courses as of April 2013 was 820,000, up by 40,000 year on year.

Strategies for the Future
In China, enrollment had surpassed the key 500,000 mark as of April 2013. In fiscal 2013, we will aim to achieve profitability in China, while laying the groundwork for further growth through such measures as raising sales structure efficiency and revamping products. In other initiatives, we will continue working to expand our points of contact with members through Benesse shops, concerts featuring the little tiger character Shimajiro (Qiachu in China), television shows, and other avenues. In new markets where we have established offices, such as Indonesia, the U.S. and Brazil, we aim to develop business operations as rapidly as possible.
LIFESTYLE BUSINESS DOMAIN

Sales declined in fiscal 2012 mainly due to lower sales of mail-order magazines. However, this business recorded a smaller operating loss mainly due to higher earnings reflecting lower sales expenses for mail-order magazines and sales growth in the mail-order business.

Overview
The Lifestyle Business Domain accounted for 5.6% of the Benesse Group’s consolidated sales in fiscal 2012. In this domain, the Group aims to encourage women to make more of themselves and to support the lifestyles of women and their families. Main business activities are magazine publication, mail-order businesses and website management. Services relate to women’s daily living needs, including pregnancy, childbirth, childcare, housekeeping and household management.

Review of Fiscal 2012
Consolidated net sales in the Lifestyle Business Domain in the year ended March 31, 2013 amounted to ¥25,269 million, a decrease of 0.3% year on year. The decline in sales was mainly attributable to sales of subscription marketing magazines such as HAND & HEART falling, despite sales growth in the mail-order business.

The operating loss improved from ¥1,277 million to ¥1,253 million, mainly due to lower sales expenses for subscription magazines and higher earnings on increased sales in the mail-order business. This was despite lower earnings in step with decreased sales of subscription magazines, higher costs for Women’s Mall, an e-commerce website specializing in pregnancy, childbirth and child-rearing, and lifestyle topics.

Strategies for the Future
In the Lifestyle Business Domain, the Benesse Group has built up a strong No. 1 brand in businesses touching on the lifestyles of women and families, particularly through magazines dealing with pregnancy, childbirth, child-rearing and lifestyle topics. Going forward, the Group will revamp operations from the standpoint of optimizing the entire business, while shifting to a high-margin business model based on Internet businesses, in an effort to reduce losses. Concrete measures will include concentrating business resources on the pregnancy, childbirth, and child-rearing fields, streamlining marketing costs by integrating the online customer base, and improving cost efficiency by converting fixed costs to variable costs.

Review of Fiscal 2012
Consolidated net sales in the Lifestyle Business Domain in the year ended March 31, 2013 amounted to ¥25,269 million, a decrease of 0.3% year on year. The decline in sales was mainly attributable to sales of subscription marketing magazines such as HAND & HEART falling, despite sales growth in the mail-order business.

The operating loss improved from ¥1,277 million to ¥1,253 million, mainly due to lower sales expenses for subscription magazines and higher earnings on increased sales in the mail-order business. This was despite lower earnings in step with decreased sales of subscription magazines, higher costs for Women’s Mall, an e-commerce website specializing in pregnancy, childbirth and child-rearing, and lifestyle topics.

Strategies for the Future
In the Lifestyle Business Domain, the Benesse Group has built up a strong No. 1 brand in businesses touching on the lifestyles of women and families, particularly through magazines dealing with pregnancy, childbirth, child-rearing and lifestyle topics. Going forward, the Group will revamp operations from the standpoint of optimizing the entire business, while shifting to a high-margin business model based on Internet businesses, in an effort to reduce losses. Concrete measures will include concentrating business resources on the pregnancy, childbirth, and child-rearing fields, streamlining marketing costs by integrating the online customer base, and improving cost efficiency by converting fixed costs to variable costs.
In fiscal 2012, the Senior/Nursing Care Business Domain continued to post higher sales and operating income due to increases in the number of nursing homes and residents.

Overview
The Senior/Nursing Care Business Domain accounted for 16.4% of the Benesse Group’s total consolidated sales in fiscal 2012, and is a core business of the Group second only to the Domestic Education Business Domain. Moreover, this domain is also the largest operator of nursing homes for the elderly in Japan. Benesse Style Care Co., Ltd. operates nursing homes, visiting home care services for the elderly and childcare facilities, and provides training courses for nursing care personnel, while Benesse MCM Corp. is a staff placement and personnel dispatch company specializing in medical and nursing care personnel. We operate six different brands of nursing homes for the elderly, depending on price and services offered, to meet a broad range of customer needs.

Review of Fiscal 2012
Consolidated net sales from the Senior/Nursing Care Business Domain in the year ended March 31, 2013 were ¥73,907 million, an increase of 11.1% over the previous fiscal year. The main factor behind the higher sales was growth in the number of residents following expansion in the number of nursing homes.

Operating income rose 4.9% over the previous fiscal year to ¥4,897 million, tracking the higher sales. Earnings were partly offset by the negative impact of the amended framework for compensation for caregivers, and one-time costs incurred as Bon Sejour Corporation was absorbed by Benesse Style Care Co., Ltd. in April 2012.

Strategies for the Future
As society ages, demand for nursing care services continue to broaden. Looking ahead, we will continue to strengthen our “area dominance” strategy as we steadily expand the number of nursing homes for the elderly under our operation. The Benesse Group operates 238 nursing homes for the elderly as of March 31, 2013. We are also working to develop new businesses aimed at realizing our “total senior living” concept. At Benesse, “total senior living” means providing services that fit each individual senior’s condition, whether healthy or requiring nursing care assistance, in familiar local communities where they have lived over many years.

**BENESSE’S NURSING HOMES**

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>No. of Homes</th>
<th>Fees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Down Payment</td>
<td>Monthly Fees</td>
</tr>
<tr>
<td>Aria</td>
<td>18</td>
<td>20,000~30,000</td>
<td>280~</td>
</tr>
<tr>
<td>Clara</td>
<td>40</td>
<td>130~</td>
<td></td>
</tr>
<tr>
<td>Granny &amp; Granda</td>
<td>92</td>
<td>8,000~16,000</td>
<td>180~</td>
</tr>
<tr>
<td>Madoka</td>
<td>34</td>
<td>5,000~8,000</td>
<td>170~</td>
</tr>
<tr>
<td>Bon Sejour</td>
<td></td>
<td>1,000~3,000</td>
<td>150~</td>
</tr>
<tr>
<td>Cocochi</td>
<td>6</td>
<td>100~</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>238</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NUMBER OF NURSING HOMES FOR SENIORS**

- Aria
- Granny & Granda
- Bon Sejour
- Madoka
- Cocochi
In fiscal 2012, the Language/Global Leadership Training Business Domain achieved higher consolidated net sales and operating income on the back of a strong performance by the ELS business (overseas study support) of Berlitz Corporation; the recording of a full year of net sales from Telelangue SA from the beginning of the fiscal year, after its conversion into a wholly owned Berlitz subsidiary in August of the previous fiscal year; and an increase in the number of language lessons. This growth was despite higher expenses arising from the conversion of Telelangue SA into a wholly owned Berlitz subsidiary.

Overview
The Language/Global Leadership Training Business Domain accounted for 13.7% of the Benesse Group’s consolidated sales in fiscal 2012. US-based subsidiary Berlitz Corporation operates over 550 language schools in over 70 countries and regions worldwide, making it the largest language and global leadership training company in the world. Simul International provides translation and interpreting services for international conferences including summits and meetings of governmental, financial and business organizations.

Review of Fiscal 2012
Consolidated net sales from the Language/Global Leadership Training Business Domain in the year ended March 31, 2013 amounted to ¥61,547 million, an increase of 3.6% over the previous year. The main factors were a strong performance by Berlitz Corporation’s ELS business (overseas study support); the recording of a full year of net sales from Telelangue SA from the beginning of the fiscal year, after its conversion into a wholly owned Berlitz subsidiary in August 2011; and an increase in the number of language lessons.

Operating income increased 4.6% year on year to ¥568 million, as earnings were boosted by higher sales, despite higher expenses associated with the conversion of Telelangue SA into a wholly owned subsidiary and certain other factors.

Strategies for the Future
Berlitz Corporation will strengthen its language education services business by providing services tailored to customer-specific needs and learning styles. In addition, Berlitz will work to expand the eBerlitz (e-learning) service and the franchise business. In our ELS business, we aim to increase the number of students studying abroad by broadening the range of countries we target along with study abroad destinations. We will also work to reform our cost structure in order to improve profitability.
Board of Directors and Audit & Supervisory Board Members
As of June 22, 2013

(Left) Director and Chairman
SOICHIRO FUKUTAKE

(Right) Representative Director and President
TAMOTSU FUKUSHIMA

(Left) Representative Director, Executive Vice President and CFO
KENICHI FUKUHARA

(Right) Director
HITOSHI KOBAYASHI

(Left) Director
EIJI AKETA

(Right) Director
MARK W. HARRIS

(Left) Audit & Supervisory Board Member
YOSHINORI MATSUMOTO

(Right) Audit & Supervisory Board Member
KIMIE SAKURAGI
The Benesse Group is working to build and implement a management structure that strives to promote the independent growth of operating companies and to further maintain and improve management oversight by the Board of Directors. The goal is to continuously drive sound business growth by realizing the Benesse Group’s corporate philosophy, while fulfilling the Group’s social mission by maintaining proper stakeholder relationships.
Corporate Governance

Benesse’s corporate governance system ensures management decision-making is transparent. Although Benesse has adopted the Audit & Supervisory Board Member corporate governance model, the Company has put in place a corporate governance system that also incorporates positive elements of the “committee-based system of corporate governance,” setting up a Nomination and Compensation Committee and the Group Company Executive Nomination Committee as advisory bodies to the Board of Directors. In addition, Benesse has bolstered management oversight, with an emphasis on the roles of Independent Directors and Outside Audit & Supervisory Board Members.

Management Structure
Benesse puts particular emphasis on the role of Independent Directors in the Board of Directors. Four of the ten directors are independent directors. In appointing multiple independent directors on an ongoing basis, Benesse seeks to foster vibrant debate unbiassed by internal affairs and conditions, and to strengthen management oversight functions. Benesse has created additional forums for sharing information about the status of Group management and discussing management policy outside of the Board of Directors. Benesse uses the Audit & Supervisory Board Member corporate governance model. Of the four Audit & Supervisory Board Members, two are outside Audit & Supervisory Board Members. In the Audit & Supervisory Board as well, the role of outside Audit & Supervisory Board Members is emphasized to increase the Board’s independence. In this manner, Benesse is committed to enhancing management oversight functions.

Ensuring Transparency in Decision-Making
Based on the holding company structure, Benesse has created mechanisms for collecting, sharing and controlling information related to management, with the aims of realizing its corporate philosophy, vision for growth and management targets.

Benesse has established Company Management Committees (CMCs) for significant consolidated subsidiaries which report and investigate important matters and handle decision-making and business performance reporting relating to these subsidiaries. The President, Chief Officers, Directors, and Audit & Supervisory Board Members of Benesse attend the meetings of these committees to give their opinions and select especially important issues for deliberation at the Board of Directors at Benesse. This system ensures the independence of management in each domain and at each company, and maintains the transparency and fairness of decision-making processes.

As a holding company, the Company has also established the Management Council, the Human Resources Committee, the Risk and Compliance Committee and the Business Investment Committee.

Board of Directors
The Company shall have no more than ten directors.

Headed by the Company’s Chairman and meeting in principle once every month, the Board of Directors is responsible for management decision-making on important matters and monitors conduct of business by operating companies.

The Company has established two committees which serve as advisory bodies to the Board of Directors: the Nomination and Compensation Committee, and the Group Company Executive Nomination Committee.

The Nomination and Compensation Committee, comprising three independent directors, the Chairman and the President, was established to select candidates for the posts of Company Director and President and examine proposals for dismissals, as well as to review evaluation and compensation amounts for Directors. It reports to the Board of Directors. The Committee can also make recommendations on personnel affairs for managers in

MAIN ACTIVITIES OF OUTSIDE OFFICERS (FISCAL 2012)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Attendance</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teruyasu Murakami</td>
<td>Independent director</td>
<td>14/14 100%</td>
<td>Teruyasu Murakami expressed his views based on his considerable experience and expertise in corporate management, IT and the information services industry.</td>
</tr>
<tr>
<td>Tamotsu Adachi</td>
<td>Independent director</td>
<td>13/14 93%</td>
<td>Tamotsu Adachi expressed his views based on his international experience and considerable experience and expertise in management strategy formulation and investment activities.</td>
</tr>
<tr>
<td>Hiroyuki Mitani</td>
<td>Independent director</td>
<td>14/14 100%</td>
<td>Hiroyuki Mitani expressed his views based on his international experience and considerable experience and expertise in corporate management and management strategy formulation.</td>
</tr>
<tr>
<td>Tomoji Wada</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>13/14 93% 15/16 94%</td>
<td>Tomoji Wada expressed his views on establishing and maintaining the Company’s compliance system from his specialized viewpoint as a lawyer.</td>
</tr>
<tr>
<td>Nobuko Takahashi</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>14/14 100% 16/16 100%</td>
<td>Nobuko Takahashi expressed her views based on her experience and expertise in economics, finance, and education, as well as her consumer-oriented perspectives as a journalist.</td>
</tr>
</tbody>
</table>
Group companies to the Group Company Executive Nomination Committee. The Group Company Executive Nomination Committee comprises the President, Executive Vice Presidents, CHO (Chief Human Officer) and GC (Group Controller). The Committee selects candidates for the post of president at consolidated subsidiaries directly managed by the holding company. The Committee also examines proposals for dismissals, indicates standards for compensation for this position, and reports to the Board of Directors. Further, the Committee exercises final approval over other proposals for executives of consolidated subsidiaries. The Committee considers plans for cultivating candidates, as well as assignments and transfers that will help foster future managers.

In order to conduct impartial activities, members of each committee are not permitted to participate when they themselves are the subject of deliberation.

Audit & Supervisory Board and Audit System
In principle, the Audit & Supervisory Board meets once every month. In accordance with corporate audit standards, and with an emphasis on preventative audits, Benesse’s audit policy is designed to ensure that the Audit & Supervisory Board fulfills its responsibility of creating a robust and trusted corporate governance system based on a shared understanding of key management issues with senior management. Currently there are no dedicated staff members assigned to the Audit & Supervisory Board Members; following audit policy, each Audit & Supervisory Board Member regularly exchanges opinions with senior management, participates in meetings of the Board of Directors, the CMCs, the Group Company Executive Nomination Committee, the Risk and Compliance Committee and other important management meetings, actively listens to business reports from responsible persons at the operating companies, and conducts surveys of operational status.

With regard to internal audits, the auditing entity of each operating company conducts audits of the holding company and each operating company based on an annual audit plan. The entity then evaluates the results and makes proposals to those companies, and reports the results of internal audits to senior management and the Audit & Supervisory Board Members. The auditing entity of each operating company conducts audits.

Diversity
The Company emphasizes the success of a diverse array of human resources, regardless of gender, race, nationality, age and other attributes. The same holds true for senior executives. From fiscal 2013, the Company has appointed a non-Japanese individual as a director and a venture company manager in his 30s as an independent director. Furthermore, six women have been appointed as presidents of consolidated subsidiaries.
Corporate Governance

Basic Policy on Officer Compensation
In regard to directors’ compensation, the Company has a compensation structure that emphasizes medium- and long-term performance in conjunction with short-term business results. Furthermore, the Company has adopted competitive compensation standards commensurate with the roles, abilities and responsibilities required of the Company’s directors in the course of promoting Group management.

Compensation Structure for Directors
Compensation for directors (excluding independent directors) comprises basic compensation and bonuses. Basic compensation is established based on expectations for the director’s role in each fiscal year. The basic compensation level is reviewed for every term of office.

Stock options have not been newly granted to directors since fiscal 2009. Furthermore, to align the interests of directors with those of shareholders in terms of the stock price, the Company has implemented a “cumulative stock investment plan” whereby a fixed percentage of the basic compensation is used to purchase their own shares.

Bonuses comprise performance-linked bonuses that are paid taking into account the Company’s business results for each fiscal year, among other factors, as well as an lump-sum payment provided under certain conditions according to the number of unexercised stock options granted in the past.

Officer Compensation (Fiscal year ended March 31, 2013)
Details of compensation and benefits for Directors and Audit & Supervisory Board Members in fiscal 2012 are as follows:

<table>
<thead>
<tr>
<th>Officer Category</th>
<th>Amount of Compensation (Millions of Yen)</th>
<th>Amount of Compensation by Type (Millions of Yen)</th>
<th>Number of Eligible Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding Independent Directors)</td>
<td>Basic Compensation 234</td>
<td>Stock Options 158</td>
<td>Bonuses 76</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (excluding Outside Audit &amp; Supervisory Board Members)</td>
<td>Basic Compensation 62</td>
<td>Stock Options 62</td>
<td>Bonuses —</td>
</tr>
<tr>
<td>Outside Officers</td>
<td>Basic Compensation 55</td>
<td>Stock Options 55</td>
<td>Bonuses —</td>
</tr>
</tbody>
</table>

Notes 1. Maximum compensation levels for fiscal 2012 were determined by a resolution of the general shareholders’ meeting, as follows:
   i. Directors: ¥500 million in financial compensation annually, plus stock option-based compensation in the form of stock acquisition rights up to ¥250 million annually.
   ii. Director & Supervisory Board Members: ¥100 million in financial compensation annually, plus stock option-based compensation in the form of stock acquisition rights up to ¥30 million annually.
   2. As of March 31, 2013, the Company had eight directors and four Audit & Supervisory Board Members.
   3. “Bonuses” in the table above includes the amount recorded in the fiscal 2012 financial statements as provision for reserve for directors’ bonuses.
   4. Benesse abolished its retirement benefits system at the conclusion of the Ordinary General Shareholders’ Meeting held on June 25, 2011.

REPORT ON THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR THE 59TH PERIOD
(APRIL 1, 2012 TO MARCH 31, 2013)

1. Date and Time:
   June 22, 2013 (Saturday), 1:30 p.m.–3:20 p.m.
2. Venue:
   Head Office, Benesse Holdings, Inc.
   3-7-17 Minamigata, Kita-ku, Okayama-shi, Okayama
3. Number of shareholders in attendance: 521
4. Chair:
   Tamotsu Fukushima,
   Representative Director and President
5. Reports:
   (1) Report on the business report, consolidated financial statements, and financial statements for the 59th period
   (2) Report on the audit results of the consolidated financial statements for the 59th period by the Independent Auditors and the Audit & Supervisory Board
6. Resolutions:
<table>
<thead>
<tr>
<th>Approval ratio</th>
<th>Voting result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal 1: Partial Amendment to the Articles of Incorporation</td>
<td>99.9%</td>
</tr>
<tr>
<td>Proposal 2: Election of Ten Directors</td>
<td>—</td>
</tr>
<tr>
<td>Goshiro Fukutake</td>
<td>97.3%</td>
</tr>
<tr>
<td>Tamotsu Fukushima</td>
<td>97.4%</td>
</tr>
<tr>
<td>Kenichi Fukunari</td>
<td>97.4%</td>
</tr>
<tr>
<td>Hitoshi Kobayashi</td>
<td>97.4%</td>
</tr>
<tr>
<td>Eiji Aketa</td>
<td>97.6%</td>
</tr>
<tr>
<td>Mark W. Harris</td>
<td>97.7%</td>
</tr>
<tr>
<td>Tamotsu Adachi</td>
<td>97.7%</td>
</tr>
<tr>
<td>Hiroki Miitani</td>
<td>97.7%</td>
</tr>
<tr>
<td>Eikoh Harada</td>
<td>97.7%</td>
</tr>
</tbody>
</table>
7. No. of inquiries and opinions from shareholders:
   17 shareholders in all
   The Company received inquiries and opinions from shareholders regarding the following: development of the senior business, the impact of tax exemptions for gifts of education funds to grandchildren, the development of the China business, reasons and strategies for the decline in membership in Shinkenzemi, business operations of subsidiaries, activities to support people affected by the Great East Japan Earthquake, education in Okayama, and other matters.
Benesse Group Principles

In October 2010, we established the Benesse Group Principles. Rooted in the Group’s corporate philosophy, the principles lay down the correct behavior for each executive officer and employee, to ensure that they perform their duties appropriately and ethically. Following the Benesse Group Principles, each operating company will observe societal rules, corporate ethical principles and laws and regulations, while continuing to create value for society. In this way, we are building a management structure to facilitate continuous growth and development.

Note: Please see page 65 for the full text of the Benesse Group Principles.

The Internal Whistleblower System

Since 1999, the Benesse Group has operated an internal whistleblower system, that was set up to give employees a means of reporting violations of standards and principles. To avoid any potential disadvantage to whistleblowers, reports can be made anonymously and confidentially. Since 2005, we have also operated a Group Ethics Compliance line via a third party organization, to provide a contact point for employees at Group companies. The mechanism was extended to include overseas companies in 2009.

In 2007, the Audit & Supervisory Board Member Hotline was set up specifically as an internal channel for all executive officers and employees of the Group to provide information about issues concerning Directors and other senior managers of Benesse, and allows this information to be reported directly to the Company’s Audit & Supervisory Board Members, who are independent of other senior management. With this system, the Group aims at further improving its audit functions.

Implementation of Internal Controls

The Benesse Group established the basic policies of its Internal Control System and other necessary systems stipulated by the Ordinance for Enforcement of the Companies Act, by a resolution of the Board of Directors’ meeting held in May 2006, in accordance with Article 362, Paragraph 5 of the Companies Act. Subsequently, a decision was taken to review this resolution at the Board of Directors’ meeting held in March 2012.

A project team has also been established under the CFO (Chief Financial Officer) with the purpose of creating internal controls and other measures relating to financial reporting, based on Japan’s Financial Instruments and Exchange Act. The team’s activities cover the entire Group.

Evaluations from External Entities

Selection to the SRI Index

Benesse Holdings has won recognition and been included in major SRI indices worldwide, reflecting its strong reputation in areas such as corporate governance, compliance systems and CSR initiatives. An SRI index is an indicator of socially responsible investment, and emphasizes the environmental and social aspects of a company alongside its finances. We believe our selection to the SRI index is an expression of investor expectations concerning Benesse’s sustainable growth.

For the second consecutive year, the SRI rating organization Robeco SAM of Switzerland selected Benesse Holdings from among around 3,000 major corporations worldwide to receive its highest sustainability rating, the Robeco SAM Gold Class distinction. Benesse Holdings was also selected as the Robeco SAM Sector Leader in the specialized consumer services sector for the sixth consecutive year.

Information Disclosure from the Perspective of Stakeholders

Benesse Holdings’ corporate communications, IR, and CSR divisions value two-way communication as a means of obtaining opinions from stakeholders. That stance underpins our construction of communication tools and websites. In reflection of this, Benesse’s fiscal 2009 annual report received the top award in the Nikkei Annual Report Awards, and we have received an award ranking for 10 consecutive years since 2002. Furthermore, Benesse received a Gold Award in the education and services category at the 2011 International ARC Awards. The Company’s website has also received high external ratings. For eight consecutive years, Benesse has ranked top among all listed Japanese companies in Nikko Investor Relations Co., Ltd.’s ranking of corporate information websites.
Report on Activities

The Benesse Group has continued to achieve growth by facing social issues and solving them through its businesses. Therefore, we see our growth strategies as inseparable from CSR. In this section, we report on our activities based on the topics of the Benesse Group CSR Achievement Targets, which clarifies our medium- and long-term vision for who the Benesse Group aspires to be.

Benesse Group CSR Achievement Targets

ACTIVITIES THROUGH BUSINESS OPERATIONS

1. Education and Childcare

- Make the future brighter by providing educational support to children, who are our future, and to households, as one of the world’s most trusted educational groups.
- Provide educational services and opportunities for over 100 million people from children through adults in countries and regions throughout the world, seeking to develop open-minded individuals with the ability to think and act independently.

2. Senior/ Nursing Care

- Perform vital functions for local communities amid the aging of society by providing personalized residential and lifestyle support that enables people to lead their lives in the way that they wish.
ACTIVITIES SUPPORTING BUSINESS OPERATIONS

3. Human Resources
   - Develop human resources that have an extensive interest in worldwide issues and a desire to improve society as members of the global society, and an abundance of autonomy and willingness to take on new challenges connected to business.
   - Support employees who aspire to resolve social issues.

4. Environment
   - Recognize global warming as an important issue and reduce our business activities’ environmental footprint.
   - Use environmental education to support the development of human resources who are able to look at the bigger picture and take action to help solve environmental issues.

5. Community/Social Contributions
   - As a member of the community and society, work to realize the concept of “Well-Being” on a local level by helping to create sound communities where people live happily with the aim of harmonious coexistence.
In the domestic education field, the need for globalization and the use of information and communication technology (ICT) is widely recognized, and a number of shifts in the industry are foreseen as moves are contemplated to make preschool education free, introduce a new system of university entrance exams, and expand Saturday classes. In addition, progress in ICT has brought a rapid spread in digital learning via PCs, smartphones, tablets and other devices.

Given these circumstances, the Benesse Group is focusing on its core Shinkenzemi correspondence course business as it works to address the market for digital learning.

**Next Generation of Shinkenzemi**

Since fiscal 2008, Benesse has worked aggressively to develop next-generation products and services. By combining our traditional strengths in paper-based learning materials, and the Red Pen Teacher and other human support programs, with services that take advantage of the unique characteristics of digital technology, we are enhancing both student motivation and learning effectiveness.

Building on the introduction of the Shinkenzemi Junior High School Course + i, which combines mainly paper-based learning materials with PCs, Benesse has begun offering other new services incorporating PCs and mobile devices, including the new Shinkenzemi Senior High School Course, and the Pocket Challenge digital study materials and Red Pen correction on the Web introduced to Elementary School Courses. Beginning in fiscal 2013, Benesse also began rolling out its original tablet PC, the Challenge Tablet for the Junior High School Course.

**NEXT-GENERATION OF SHINKENZEMI**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior High School Courses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New course (1st grade)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New course (2nd grade)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New course (3rd grade)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior High School Courses</td>
<td>Shinkenzemi Junior High School Course + i (1st grade)</td>
<td>Shinkenzemi Junior High School Course + i (2nd grade)</td>
<td>Shinkenzemi Junior High School Course + i (3rd grade)</td>
<td>Standardized web study service</td>
<td>Challenge Tablet (1st grade)</td>
</tr>
<tr>
<td>Elementary School Courses</td>
<td>Web Red Pen Teachers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pocket Challenge (4th grade)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pocket Challenge (5th grade)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Introduction of the Challenge Tablet has made it possible to provide a level of detailed support difficult to achieve using the traditional method of sending enrollees printed learning materials once a month.

From the start of the program, 60% of enrollees chose to use the tablet PC, significantly exceeding our original estimate of 40%, or about 100,000 enrollees. In addition to high log-in rates, up to 15,000 children have participated in the weekly live classes, a level of active use that indicates how well the program is being received.

**Accelerated Development of the Next-Generation**

The Benesse Group has accelerated its schedule for modernizing its offerings. In these next-generation products and services, digital learning is not an object but a means to an end. We believe that what is important is to ensure that, by using digital technology to increase the motivation to study and bring about innovations in learning, we make it possible for children to enjoy their schoolwork more and want to study longer.

In addition to our traditional strengths in paper-based learning materials and the Red Pen Teacher and other human support programs, the Benesse Group has many other assets, including our educational programs for schools, our prep schools, and our Berlitz language education business. By crossing these strengths and assets with the unique characteristics of digital technology, we are establishing a new approach to home study such as only Benesse can provide.

---

**Challenge Tablets**

Challenge Tablets are kept close at hand and used together with textbooks as part of a daily study routine.

---

**THE CHALLENGE TABLET**

**CHALLENGE TABLET FEATURES**

- **Video answer book**
  Concise video explanations of textbook questions Webcast on the tablet

- **Live classes**
  Weekly classes Webcast live at fixed times

- **Counseling service**
  e-mail messages and advice addressing individual learning from exam guidance tutors

<table>
<thead>
<tr>
<th>Price:</th>
<th>Free of charge as a gift* to interested enrollees of the Junior High 1st Grade Course for April 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Display:</td>
<td>7-inch LCD</td>
</tr>
<tr>
<td>Wireless LAN:</td>
<td>IEEE802.11b/g</td>
</tr>
<tr>
<td>Camera:</td>
<td>2 million pixels</td>
</tr>
<tr>
<td>Safety and security functions:</td>
<td>Filter and other settings for limiting the utilization time, and blocking access to harmful Websites</td>
</tr>
</tbody>
</table>

* On the condition that recipients cancelling their Junior High 1st Grade Course membership in less than 12 months will be billed ¥9,500 (tax included) for the tablet PC.

---

**Roll Out of the Challenge Tablet, An Original Tablet PC for Home Learning**

In April 2013, we introduced our original tablet PC, the Challenge Tablet, as an optional supplement to the Shinkenzemi Junior High School Course 1st grade course materials.

Shinkenzemi supports children in their desire to work toward their dreams. These new learning materials take advantage of the unique characteristics of the tablet PC, making it possible for students to learn by using videos that explain any questions they may have, to participate in live classes on a regular weekly schedule, and to communicate with instructors and exam guidance tutors. This in turn not only helps children acquire the habit of studying, but also unlocks their motivation.

---

**Additional Leadership, Governance and Evaluations**

We are Benesse Business and sustainaBility accomplishments and results. We are Benesse Business and sustainaBility accomplishments and results. We are Benesse Business and sustainaBility accomplishments and results. We are Benesse Business and sustainaBility accomplishments and results.
With the march of globalization, human resources who can succeed globally are needed by corporations around the world. Meanwhile, more and more students are seeking educational and career advancement opportunities abroad in step with economic growth mainly in emerging countries. Another factor behind this growth has been the considerable boost that international study and overseas experience can now give to people’s career prospects. As a result, growth in the number of international students worldwide is increasing at an ever faster pace.

The number of international students worldwide roughly tripled to 3.7 million over the 20 year period from 1990 to 2010. This number is projected to grow to 7.2 million by 2025.

The Benesse Group conducts an overseas study support business through its U.S. subsidiary Berlitz Corporation, which has offices and language centers all around the world. In Japan, Benesse Corporation plays a leading role in conducting business that helps junior high and senior high school students study overseas and gain entry to overseas universities. As demand for studying overseas increases globally, the Benesse Group will take full advantage of the assets it has developed Group-wide to provide a diverse range of support services.

**ELS’ Overseas Study Support Business**
ELS Educational Services, Inc. (ELS), a subsidiary of Berlitz Corporation, provides intensive language skills development courses and support services for advancement to university, mainly for students seeking to study abroad in the U.S. Currently, ELS has more than 55 centers across the U.S. and Canada (including 50 centers on university campuses). The company also provides information and counseling for students considering study abroad opportunities from 1,700 locations in 93 countries around the world. This makes ELS one of the world’s largest companies in the overseas study support business. In other areas, the company provides wide-ranging services such as business English, English programs for executives, and junior camp programs for younger students. In its more than 50 years of operation, ELS has produced more than 1.1 million graduates from 170 countries around the world.

An ELS certificate is recognized by more than 650 universities across the U.S. and Canada as proof that a student fulfills the English language proficiency requirements for advancement to university. Under this program, students studying at ELS first obtain conditional admission to university before studying English. Upon conferral of a certificate of completion, the students are officially admitted to university.
## Applying Through ELS University Admission Services

<table>
<thead>
<tr>
<th>Home Country</th>
<th>Destination Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELS Conditional Admission</td>
<td>Meet the English requirement by completing the ELS program, earn ELS Certificate of Completion Earned in destination country</td>
</tr>
<tr>
<td>Regular Admission</td>
<td>IELTS™, TOEFL® Exam</td>
</tr>
</tbody>
</table>

Currently, ELS is expanding study abroad destinations beyond the U.S. to Canada, Australia, and other countries. Guided by the concept of “International Pathways,” where support is provided for not only study overseas but also career development, ELS is offering students a wide range of support.

### International Pathways and Future Expansion

An increasing number of students are seeking to obtain Bachelors, Masters and Doctoral degrees overseas, in addition to mastering language skills. Accordingly, study abroad destinations will be expanded to universities in European countries and China as well. Notably, Germany is an extremely promising study abroad destination given that it is highly ranked in the world in terms of the number of international students hosted. Furthermore, in China, university classes are already being taught in English, making it one of the strongest candidates for future growth in the number of international students. And in Japan, there are no shortage of fields in which ELS can capture synergies with Benesse Corporation.

ELS is determined to support students through the International Pathways concept. This means ELS will empower students to pursue their ambitions anywhere in the world. To this end, ELS will help students to select the optimal university and gain entry to the university of their choice. There are many students whose experience at ELS has provided them with the opportunity to significantly reshape the course of their lives and their world. Looking ahead, ELS will continue to provide opportunities to transform the lives of numerous students around the world by fulfilling the role of a “Life Changer,” as it helps students to scale new heights internationally.

### Benesse Group’s Overseas Study Business

In Japan, Benesse Corporation plays a leading role in conducting business that helps junior high and senior high school students study overseas and gain entry to overseas universities.

#### Route H prep school (Benesse Corporation)

The Route H prep school prepares junior high and senior high school students for entry into Harvard University, Yale University and other top universities overseas. In addition to English language training, the prep school provides total support encompassing SAT strategies, essay preparation and other priorities.

#### Benesse Study Abroad Center (Benesse Corporation)

The Benesse Study Abroad Center provides support services for senior high school students advancing to universities, junior colleges, and vocational schools overseas after graduating from senior high school. Services include pre-departure counseling and post-departure support for English learning and daily life.

#### Overseas University Concurrent Application Course / Web Class (Ochanomizu Seminar Co., Ltd. / Benesse Corporation)

This study program for junior high and senior high school students seeking to develop the English language skills they need to apply to universities both overseas and in Japan, and to succeed in global society. Web streaming of classroom instruction is also offered.

#### Benesse Global Career Academy

Benesse Global Career Academy provides overseas vocational training at Australian public technical and further education (TAFE) colleges and schools.
English is the Door to the Future for ELS Students on Campus

MR. ALI ALHATRASHI
A student at California Lutheran University (who was enrolled in the Berlitz ELS program in 2009)

When I was 17, I decided to study abroad in the U.S. I went to the American Embassy in Saudi Arabia to ask them about it. They told me that I needed to study at a school where I could get an English certificate. I decided to do my overseas study through ELS. I couldn’t speak English well at the time. The ELS class on campus had students from about 20 countries, speaking about 15 different languages. The ELS teachers were very experienced in teaching these kinds of students. By the end of the day, I’d be looking forward to going back the next day. After nine months, I received my certificate from ELS.

I think I matured a lot through my experience at ELS and university. Especially, I keep in touch with my classmates from ELS. Because we were all going through this struggle at the same time, we developed strong friendships. At university, when I see my former classmates working hard and trying to achieve something big and pursue their dreams, it makes me want to work hard, too. I feel grateful for these important friendships, they give me a lot of motivation.

I’m majoring in biomedical engineering right now. I’m planning to take a year off to do an internship to gain experience working in a company, then apply for graduate school. I want to learn more about the medical field, and then go and help people in my home country.
An increasing number of students today are electing to study abroad in order to receive the high quality tertiary education they seek. As the employment market for highly skilled people becomes increasingly global, language skills are one of the keys that can truly expand a person’s future potential.

ELS Educational Services, Inc. is a subsidiary of Berlitz Corporation. With a history stretching back over 50 years, it is one of the world’s largest overseas study support providers. The majority of ELS students are in their teens or their early twenties, and many of them come with government sponsorship in the form of a scholarship. After graduating, many of them return home to work in government institutions or become top government leaders. ELS has built a strong trust relationship with the tertiary sector, and an ELS certificate is accepted by many universities as evidence of a student’s English proficiency as the standard for admission. It’s very highly rated. ELS is also heavily focused on providing students with information, counseling, and support. Our website is available in over 20 languages, and has a database with information on over 650 universities. We currently have appointed counselors in 93 countries at 1,700 locations, and they give careful, detailed counseling to guide students to success in their overseas study.

I am confident that Benesse, Berlitz, and ELS can generate new synergies. If you look at the core businesses of ELS and Benesse, they both help people qualify to enter the university of their choice. We’re doing the same business. I believe that we can offer new products and services throughout the Benesse Group’s value chain of education starting from the preschool level and going right through to university admissions. Berlitz, including ELS, will strive to be the quality leader in education by providing services that are accurately tailored to the fragmented market needs in each individual region.
The Benesse Group believes that solving social issues through its businesses is what makes its CSR activities unique. In the education and childcare domain, which is the Group’s largest business, the Benesse Group conducts a variety of research surveys together with its business activities, along with educational studies based on industry-academia partnerships. Alongside these efforts, we strive to listen to customer feedback in earnest, as we work to create even better products and services. Furthermore, to support children’s sound growth and education, the entire Benesse Group is working on the Challenge for the Benesse Brighter Future for Children Booster Project.

Initiatives in Educational Research and Industry-Academia Partnerships

Surveys and Information Distributed by the Benesse Educational Research and Development Institute (BERD)

BERD explores a range of issues including the conditions surrounding pregnancy, childbirth, parenting, education and learning, mainly focusing on children, parents and guardians, and school teachers. Since its predecessor was established in 1980, BERD has conducted over 400 research surveys in collaboration with research institutes around the world. The institute has given back to society by making the achievements of these research efforts available to a broad cross-section of society through information magazines and survey reports prepared for the frontlines of education. By having these insights and data used

MAIN RECENT SURVEYS CONDUCTED BY BERD

<table>
<thead>
<tr>
<th>Study name</th>
<th>Year</th>
<th>Participants</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Survey of Guardians’ Attitudes Toward School Education</td>
<td>2012</td>
<td>Guardians of elementary and junior high school students</td>
<td>Attitudes toward school and public education</td>
</tr>
<tr>
<td>2nd Study on Actual Conditions of University Student Study Habits and Lifestyles</td>
<td>2012</td>
<td>University students</td>
<td>Study and lifestyle attitudes and behavior</td>
</tr>
<tr>
<td>2nd Basic Study on Preschool Education and Child Care</td>
<td>2012</td>
<td>Heads of kindergartens, childcare centers and licensed nursery schools</td>
<td>Preschool education and child care conditions</td>
</tr>
</tbody>
</table>

* The results of the surveys and research are disclosed on the research institute’s website.

Future Skills Project, an Industry-Academia Research Society

In July 2010, Benesse Corporation established the Future Skills Project research society to foster human resources that can succeed in society, for which it functions as the secretariat. Yuichiro Anzai, President of the Japan Society for the Promotion of Science and Executive Advisor for Academic Affairs at Keio University, serves as chairman. The society’s members include six corporations—(Astellas Pharma Inc., Suntory Holdings Limited, Shiseido Co., Ltd., Oracle Corporation Japan, Nomura Securities Co., Ltd. and Benesse Corporation)—and five universities (Aoyama Gakuin University, Sophia University, Meiji University, Rikkyo University and Tokyo University of Science). The project is pursuing the possibilities of practical learning through industry-academia partnerships.

Product Safety and Customer Support

Product Safety Measures

Benesse Corporation has a Product Safety Policy in place, to deliver safe products customers can use with peace of mind, and is promoting the following five initiatives. We have been commended highly for these initiatives. Benesse Corporation received the Director-General for Commerce and Distribution Policy Award in the FY2010 Best Contributors to Product Safety Awards by the Ministry of Economy, Trade and Industry.

Benesse Corporation’s Five Core Safety and Security Initiatives

1. Knowing exactly what is in our products
2. Restricting use of substances that are not good for the environment or the human body
3. Using product-use scenarios to prevent accidents
4. Reinforcing in-house safety inspections with third-party checks as needed
5. Working with affiliates on improvements

Protecting Personal Information

As an enterprise that receives valuable personal information from customers, Benesse Corporation regards protecting personal information as critical. Under the leadership of its Chief Privacy Officer (CPO), Benesse Corporation’s dedicated Personal Data Protection Office

A Future Skills Project study symposium by people on the forefront of parenting and education, the institute aims to help solve issues facing society.

* The results of the surveys and research are disclosed on the research institute’s website.
collaborates with business divisions on measures to protect personal information. In January 2006, Benesse Corporation earned the Privacy Mark.

**Promoting Human Rights Education**

Respect for human rights is a vital consideration in conducting business. Benesse Corporation implements continuous measures to foster a fundamental understanding of human rights issues from a diverse array of perspectives. Recognizing that the expressions used in our educational and other materials have a significant influence on children, we will continue to promote human rights education.

<table>
<thead>
<tr>
<th>Years held</th>
<th>Themes of human rights lectures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Approaching diversity from the business frontlines of developing countries</td>
</tr>
<tr>
<td>2011</td>
<td>The media and discriminatory language</td>
</tr>
<tr>
<td>2010</td>
<td>Bridges toward a discrimination-free society</td>
</tr>
</tbody>
</table>

**Acting on Customer Feedback**

Benesse Corporation has a framework in place to rapidly respond to customer feedback where the opinions and requests we receive are shared within the company and put to good use in products and services. This is also helping to strengthen risk management. Every year, Benesse Corporation receives around 7 million communications from customers. The voices of customers are heard not only through the Customer Communications Department but also at our unit in charge of customer feedback. This unit suggests improvements to the relevant departments, makes reports to management, and takes other steps to facilitate ongoing improvement and enhancement from the customer’s point of view.

**SYSTEM FOR REFLECTING CUSTOMER FEEDBACK**

![Diagram](http://www.benesse-hd.co.jp/en/csr/)

**Benesse Brighter Future for Children Booster Project**

The Benesse Group is working to support learning opportunities for children, who are our future, to ensure that they can shape their own destiny. From fiscal 2013, we have been conducting expansive activities in step with our businesses based on the following three themes: Support children who face challenges in receiving an education; Support children in areas affected by the Great East Japan Earthquake; and Support education underpinning children’s healthy growth toward the future.

**Support children who face challenges in receiving an education**

We will work to provide support to children who face challenges in accessing educational opportunities due to financial reasons, and to children who have disabilities.

**Support children in areas affected by the Great East Japan Earthquake**

Besides donations and fundraising activities, we provide support leveraging the characteristics of our businesses. We aim to conduct continuous support activities with the aim of fostering the sound growth of children who as adults will lead the reconstruction of the affected areas.

**Support education underpinning children’s healthy growth toward the future**

Our children, who will lead the future, need a wide variety of experiences that provide the opportunity to grow and nurture a good heart. By collaborating with people and groups engaged in a variety of activities for children, we hope to support education that fosters the healthy growth of children.

**Donations from Shinkenzemi members**

| Approx. 6,100 (fiscal 2012) |

**An overseas charity of Shinkenzemi Elementary School Course Effort Prize (donations of textbooks, etc.)**

**Support event in earthquake affected areas with Shimajiro**

**Overview of the Benesse Brighter Future for Children Booster Project**

Support children in areas affected by the Great East Japan Earthquake

Support education underpinning children’s healthy growth toward the future

Support learning opportunities for children

![Diagram](http://www.benesse-hd.co.jp/en/csr/)

**OVERVIEW OF THE BENESSE BRIGHTER FUTURE FOR CHILDREN BOOSTER PROJECT**

**Attended by more than 13,000 people in more than 60 locations**

**Support event in earthquake affected areas with Shimajiro**

**Support children in areas affected by the Great East Japan Earthquake**

Besides donations and fundraising activities, we provide support leveraging the characteristics of our businesses. We aim to conduct continuous support activities with the aim of fostering the sound growth of children who as adults will lead the reconstruction of the affected areas.

**Support education underpinning children’s healthy growth toward the future**

Our children, who will lead the future, need a wide variety of experiences that provide the opportunity to grow and nurture a good heart. By collaborating with people and groups engaged in a variety of activities for children, we hope to support education that fosters the healthy growth of children.

**Donations from Shinkenzemi members**

| Approx. 6,100 (fiscal 2012) |

**An overseas charity of Shinkenzemi Elementary School Course Effort Prize (donations of textbooks, etc.)**

**Support event in earthquake affected areas with Shimajiro**

**Support children in areas affected by the Great East Japan Earthquake**

Besides donations and fundraising activities, we provide support leveraging the characteristics of our businesses. We aim to conduct continuous support activities with the aim of fostering the sound growth of children who as adults will lead the reconstruction of the affected areas.

**Support education underpinning children’s healthy growth toward the future**

Our children, who will lead the future, need a wide variety of experiences that provide the opportunity to grow and nurture a good heart. By collaborating with people and groups engaged in a variety of activities for children, we hope to support education that fosters the healthy growth of children.

**Donations from Shinkenzemi members**

| Approx. 6,100 (fiscal 2012) |

**An overseas charity of Shinkenzemi Elementary School Course Effort Prize (donations of textbooks, etc.)**

**Support event in earthquake affected areas with Shimajiro**

**Support children in areas affected by the Great East Japan Earthquake**

Besides donations and fundraising activities, we provide support leveraging the characteristics of our businesses. We aim to conduct continuous support activities with the aim of fostering the sound growth of children who as adults will lead the reconstruction of the affected areas.

**Support education underpinning children’s healthy growth toward the future**

Our children, who will lead the future, need a wide variety of experiences that provide the opportunity to grow and nurture a good heart. By collaborating with people and groups engaged in a variety of activities for children, we hope to support education that fosters the healthy growth of children.

**Donations from Shinkenzemi members**

| Approx. 6,100 (fiscal 2012) |

**An overseas charity of Shinkenzemi Elementary School Course Effort Prize (donations of textbooks, etc.)**

**Support event in earthquake affected areas with Shimajiro**

**Support children in areas affected by the Great East Japan Earthquake**

Besides donations and fundraising activities, we provide support leveraging the characteristics of our businesses. We aim to conduct continuous support activities with the aim of fostering the sound growth of children who as adults will lead the reconstruction of the affected areas.

**Support education underpinning children’s healthy growth toward the future**

Our children, who will lead the future, need a wide variety of experiences that provide the opportunity to grow and nurture a good heart. By collaborating with people and groups engaged in a variety of activities for children, we hope to support education that fosters the healthy growth of children.

**Donations from Shinkenzemi members**

| Approx. 6,100 (fiscal 2012) |

**An overseas charity of Shinkenzemi Elementary School Course Effort Prize (donations of textbooks, etc.)**

**Support event in earthquake affected areas with Shimajiro**

**Support children in areas affected by the Great East Japan Earthquake**

Besides donations and fundraising activities, we provide support leveraging the characteristics of our businesses. We aim to conduct continuous support activities with the aim of fostering the sound growth of children who as adults will lead the reconstruction of the affected areas.

**Support education underpinning children’s healthy growth toward the future**

Our children, who will lead the future, need a wide variety of experiences that provide the opportunity to grow and nurture a good heart. By collaborating with people and groups engaged in a variety of activities for children, we hope to support education that fosters the healthy growth of children.

**Donations from Shinkenzemi members**

| Approx. 6,100 (fiscal 2012) |

**An overseas charity of Shinkenzemi Elementary School Course Effort Prize (donations of textbooks, etc.)**

**Support event in earthquake affected areas with Shimajiro**

**Support children in areas affected by the Great East Japan Earthquake**

Besides donations and fundraising activities, we provide support leveraging the characteristics of our businesses. We aim to conduct continuous support activities with the aim of fostering the sound growth of children who as adults will lead the reconstruction of the affected areas.

**Support education underpinning children’s healthy growth toward the future**

Our children, who will lead the future, need a wide variety of experiences that provide the opportunity to grow and nurture a good heart. By collaborating with people and groups engaged in a variety of activities for children, we hope to support education that fosters the healthy growth of children.

**Donations from Shinkenzemi members**

| Approx. 6,100 (fiscal 2012) |

**An overseas charity of Shinkenzemi Elementary School Course Effort Prize (donations of textbooks, etc.)**

**Support event in earthquake affected areas with Shimajiro**

**Support children in areas affected by the Great East Japan Earthquake**

Besides donations and fundraising activities, we provide support leveraging the characteristics of our businesses. We aim to conduct continuous support activities with the aim of fostering the sound growth of children who as adults will lead the reconstruction of the affected areas.

**Support education underpinning children’s healthy growth toward the future**

Our children, who will lead the future, need a wide variety of experiences that provide the opportunity to grow and nurture a good heart. By collaborating with people and groups engaged in a variety of activities for children, we hope to support education that fosters the healthy growth of children.
Senior/Nursing Care

Realizing “Total Senior Living”

“Total senior living” brings together places and people to provide services enabling people to live as they like, whether they are fit in mind and body or have come to require nursing care. The Benesse Group believes that the significance of its Senior/Nursing Care business lies in working within the community, collaborating with our customers to create services in response to their needs and desires.

Becoming An Essential Part of Communities

The Benesse Group’s Senior/Nursing Care business works to play an integral role in the community, placing great importance on providing the elderly with opportunities to maintain long-standing social relationships and interactions with their communities. To respond to individual needs, the Group also promotes the development of a community service network that can provide multiple services within the community, while also working to strengthen the Group’s strategy of ‘area dominance,’ assisting senior citizens so that they can live as they choose.

Operation of Nursing Homes for Seniors

Based on the idea that nursing care should not be treated as something unique, Benesse Style Care Co., Ltd. locates most of its nursing homes for seniors in urban residential neighborhoods. The company’s 238 nursing homes—as of the end of March, 2013—are noted for allowing residents’ family members to visit 24 hours a day. Upon admission, the company also works with new residents and their families to create lifestyle plans that will enable the residents to continue enjoying their hobbies and use of free time as they have before.

Home Help Services

To help ensure that the elderly can feel secure in continuing to live in their own homes, the Benesse Group is also focusing on home help services, operating 20 service locations nationwide for visiting homes as of the end of March, 2013. The services include both home helper and day service programs, the latter offering day care-based assistance with physical therapy, and support is provided for activities of daily living, including meals, bathing, toileting, and cooking. Knowledgeable and experienced care managers also create and follow up on individual plans for clients using public long-term care insurance.

To offer the elderly a choice of services and locations, Benesse Style Care provides six different nursing home brands. The company is also working to add more skilled nursing and rehabilitation facilities offering robust health maintenance and medical support.

CONCEPT OF “TOTAL SENIOR LIVING”
BENESSE’S NURSING HOMES FOR SENIORS

ARIA (Aria)
High-quality living with 24-hour nursing and nursing care services

CARA (Clara)
Care in small groups in a warm family-style living environment

GRANNY & GRANDA (Granny & Granda)
Colorful, rich lifestyles in unique and individualistic homes

MADOKA (Madoka)
Predominantly open living environments supporting secure and comfortable lifestyles

BON SEJOUR (Bon Sejour)
Vibrant lifestyle settings that value the happiness and aspirations of individuals

COCOCHI (Cocochi)
Own-home settings for a relaxed, individualistic and a simple and unadorned lifestyle

NUMBER OF NURSING HOMES FOR SENIORS
As of March 31

LOCATION OF NURSING HOMES FOR SENIORS

As of March 31, 2013

Operation of Community-Oriented Childcare Centers

Benesse Style Care operates 31 childcare centers throughout Japan (as of April 1, 2013), and since commencing childcare operations in 1994, have been entrusted by many municipalities to operate their childcare centers.

Children in Japan used to grow up with the benefit of friendships in their neighborhoods with people of all ages. Because infancy is such an important time in the development of a child’s basic vitality, we work to create childcare centers that fulfill the role once played by the community.

Our goal is to become an integral part of the community, providing childcare centers where children can feel safe spending time, and where their parents can feel happy having them cared for.

A Benesse childcare center

For more detail, please see our CSR website:
Customer Relations

Initiatives to Improve Customer Relations
At our nursing homes, our goal is to assist residents in enjoying life and being themselves. To do that, it is important that we listen to the opinions of the residents and their families, and put in place improvements that adequately address their individual needs, desires and suggestions.

At Benesse Style Care, we also implement an annual survey, which in fiscal 2012 generated more than 14,000 valuable comments. The results were compiled and made available to the residents at each nursing home, and have proven useful in making improvements to nursing home operations.

Because we aspire to become an integral part of our communities, we also pay close attention to feedback from members of the community.

Main Survey Items
- Service in general
- Nursing home events
- Nursing home health management
- Lifestyle planning

Internal Audit
Departments in charge of headquarter functions at Benesse Style Care perform regular internal audits. These internal audits serve to confirm the appropriate stationing of staff, as well as the proper formulation, record keeping and execution of various operational plans. In addition, the audits have actively contributed to maintaining and upgrading service levels by providing guidance on living spaces from the customer’s perspective.

Securing and Developing Human Resources

Initiatives to Improve Employee Retention Rates
Benesse Style Care believes that employees are at the heart of services, and that raising retention rates is the foundation of reliable, safe services. So, to enhance our services, we are continuing to take comprehensive measures on the human resources front.

Specifically, personnel system reforms in fiscal 2007 and efforts to enhance our training programs have resulted in major improvements in employee turnover since fiscal 2009. Improved employee retention rates not only nurture a sense of security among our residents, but, we believe, also lead to better nursing care skills and a transformation of the nursing care industry as a whole.

Ongoing Staff Recruitment
Experienced staff are essential to the operation of nursing homes for seniors and childcare facilities, making hiring and training an important issue. As our business expands year on year, ongoing recruitment becomes imperative to achieving sustained growth, and each year, Benesse Style Care hires hundreds of new graduates and mid-career employees.

We also believe it is important to convey to students who will become the caregivers of the future an accurate picture of the realities of the nursing care profession, and the rewards and challenges of working on the front lines. To that end, in fiscal 2009 we established the Benesse Style Care course of study at IPU Women’s College (formerly Ehime Women’s College) for those training to become professional caregivers.
Personal Development and Training

To develop the human resources needed to maintain the essential quality of our services, Benesse Style Care provides over 250 training sessions per year targeting all employees, both service and office staff. Training not only covers hands-on, practical nursing care skills, but also emphasizes emotional training to ensure staff remain constantly supportive of their residents.

To further enhance individual expertise, we are also working aggressively to offer training in specific nursing skills such as oral care and swallowing, as well as in dementia care and other areas.

Episode Pamphlet Publication

The operation of nursing homes for seniors, nursing care services, and childcare facilities rests on connections between a wide variety of people. Every year, Benesse Style Care collects stories about the daily interactions between staff and customers, compiling them in an Episode pamphlet that is shared with employees. The stories convey actual staff experiences, and offer valuable insights not only to those employees actually providing services, but to everyone involved in the nursing care and childcare businesses. Sharing these individual thoughts also generates opportunities for making operational improvements and enhancing services.

Co-existing with Local Communities

Community-oriented Settings

Benesse Style Care insists on creating community-oriented settings. The underlying concept is to promote the view that nursing homes are not unique facilities, but rather, a natural part of a community. The company also places great importance on providing the residents of its facilities with opportunities to maintain long-standing social relationships and to interact with the local community.

For example, each of Benesse Style Care’s 238 facilities nationwide promotes exchanges with local nursery schools, kindergartens, and elementary and junior high schools, as well as active involvement in summer festivals and other traditional activities which create greater interaction with the local community.

Benesse Style Care staff volunteers also participate in a home-town clean-up program, where they clean along the walking routes popular with nursing home residents and other areas around their facilities.

Aspiring to Co-exist with Local Communities

In 2008, Benesse Style Care established a complex combining Benesse Childcare Center Oizumi Gakuen (a licensed childcare center) and Clara Oizumi Gakuen (a nursing home for seniors) under one roof.

This complex endeavors to co-exist with nearby communities in various ways. One of the things the nursing home residents look forward to is gathering in the living room on weekday afternoons to spend time with children from the childcare center. In addition, Clara Oizumi Gakuen is a neighborhood association member, and opens its multipurpose area, Clara Hiroba, to the local community.

Nursing Care Seminars and Counseling Sessions

As the population continues to age and nuclear families become increasingly the norm, nursing care issues are a major concern for everyone. To address these concerns, Benesse Style Care uses its nursing homes as venues for free nursing care seminars and counseling sessions targeting residents of nearby communities. Depending on the topic being covered, our own physical therapists or outside lecturers teach, in easily understood terms, expert skills in subjects such as assistance with physical transfers and toileting, or exercises as part of preventive care. Benesse Style Care also provides its facilities for local elementary and junior high school job-experience days, participates in municipally-sponsored events, and works hard to stay involved with the local community.

For more detail, please see our CSR website: http://www.benesse-hd.co.jp/en/csr/
Human Resources

Supporting the Growth and Advancement of Self-Motivated Human Resources

The Benesse Group views the quality of human resources as one of the most essential elements supporting a company. The Group has assembled a diverse team of human resources without regard to gender, race, nationality or age, who are motivated to raise the value of Benesse’s contribution to customers and society.

The Benesse Group’s operations have grown to span a wide range of business areas, customers and regions, making it increasingly imperative for employees to also put their variety of values and strengths to work. Benesse supports the growth of one of its most valuable assets—self-motivated employees, working to create an environment where they can maximize their potential.

Diversity

Employees Hired From All Over the World

Benesse has hired employees of many nationalities as the Group’s business operations expand to different parts of the world. Growth in the Correspondence Course business has led to an expansion of Benesse Corporation’s operations in East Asia in particular.

Meanwhile, Berlitz Corporation has hired and nurtured human resources in over 40 countries and regions with direct operations, and 72 countries and regions in which its franchise operates.

Women in the Workforce

Benesse Corporation has consistently supported women’s participation in the workforce since its establishment. Many women are actively contributing at the Company not because of special measures, but rather as a result of ongoing gender-neutral recruitment, promotion, and career development practices, and evaluations based on actual abilities and performance.

Employment of Workers with Disabilities

The Benesse Group promotes the hiring of disabled employees, mainly at its special subsidiary Benesse Businessmate, Inc. (BBM). The Group is working to increase the number of disabled employees who can live independently and achieve “well-being.” Accordingly, Benesse has endeavored to expand the range of work that employees with disabilities can perform by offering personalized support for each employee’s growth and creating comfortable workplaces.

<table>
<thead>
<tr>
<th>NUMBER OF EMPLOYEES IN DOMESTIC AND OVERSEAS EDUCATION BUSINESS DOMAINS</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of March 31, 2013</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Benesse Corporation China/</td>
</tr>
<tr>
<td>Benesse Corporation Guangzhou</td>
</tr>
<tr>
<td>Taipei Office</td>
</tr>
<tr>
<td>Benesse Korea (Includes contract employees)</td>
</tr>
<tr>
<td>Benesse America</td>
</tr>
<tr>
<td>Benesse Global Career Academy (Australia)</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Excludes Japanese employees on assignment

<table>
<thead>
<tr>
<th>DIRECT OPERATIONS OF BERLITZ BY REGION</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of April 2013</td>
</tr>
<tr>
<td>Argentina</td>
</tr>
<tr>
<td>Australia</td>
</tr>
<tr>
<td>Austria</td>
</tr>
<tr>
<td>Belgium</td>
</tr>
<tr>
<td>Brazil</td>
</tr>
<tr>
<td>Canada</td>
</tr>
<tr>
<td>Chile</td>
</tr>
<tr>
<td>Colombia</td>
</tr>
<tr>
<td>Czech Republic</td>
</tr>
<tr>
<td>Denmark</td>
</tr>
<tr>
<td>Ecuador</td>
</tr>
<tr>
<td>Finland</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Hungary</td>
</tr>
<tr>
<td>India</td>
</tr>
<tr>
<td>Ireland</td>
</tr>
<tr>
<td>Israel</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>Korea</td>
</tr>
<tr>
<td>Luxembourg</td>
</tr>
<tr>
<td>Netherlands</td>
</tr>
<tr>
<td>Norway</td>
</tr>
<tr>
<td>Peru</td>
</tr>
<tr>
<td>Poland</td>
</tr>
<tr>
<td>Puerto Rico</td>
</tr>
<tr>
<td>Singapore</td>
</tr>
<tr>
<td>Swiss</td>
</tr>
<tr>
<td>United Kingdom</td>
</tr>
<tr>
<td>United States</td>
</tr>
<tr>
<td>Uruguay</td>
</tr>
<tr>
<td>Venezuela</td>
</tr>
<tr>
<td>Vietnam</td>
</tr>
<tr>
<td>Over 40 countries and regions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RATIO OF FEMALE EMPLOYEES AND MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of April 2013, regular employees</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Number of employees</td>
</tr>
<tr>
<td>Team leaders</td>
</tr>
<tr>
<td>Section leaders</td>
</tr>
<tr>
<td>General managers</td>
</tr>
<tr>
<td>Executives</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Number of employees</td>
</tr>
<tr>
<td>Team leaders</td>
</tr>
<tr>
<td>Section leaders</td>
</tr>
<tr>
<td>General managers</td>
</tr>
<tr>
<td>Executives</td>
</tr>
<tr>
<td>Ratio of Female Workers</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Number of employees</td>
</tr>
<tr>
<td>Team leaders</td>
</tr>
<tr>
<td>Section leaders</td>
</tr>
<tr>
<td>General managers</td>
</tr>
<tr>
<td>Executives</td>
</tr>
<tr>
<td>Ratio of Male Workers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RATIO OF EMPLOYEES WITH DISABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of April 2013, as of March 1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Ratio of Female Workers</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Ratio of Male Workers</td>
</tr>
</tbody>
</table>

*For Group companies under the purview of Japan’s disabled employees quota system
Human Resources Development

Next-Generation Leadership Development Program

The Benesse Group launched a Next-Generation Leadership Development Program when it transitioned to a holding company structure in fiscal 2009, recognizing that the development of middle management was vital to sustaining growth. This program selects and nurtures talented individuals to join the managerial ranks of Group operating companies, and aims to incorporate younger generations in the scope of Benesse’s human resources.

Globalizing Human Resources

The Benesse Group is recruiting and developing human resources able to perform globally in each stage of business planning and development. Berlitz Corporation emphasizes a practical approach to development that relies heavily on an in-house job posting system. The system lists managerial posts from around the world, and is open to any interested employee. Benesse Corporation, on the other hand, started a sabbatical program in addition to the in-house posting of overseas assignments and language study support it offers employees. The sabbatical program mainly allows employees to go and work with NPOs in emerging countries for a fixed period of time. This enables them to work together with local inhabitants on solving various social issues. Following a pilot launch of the program in which one employee spent a month in India, two employees left for a six-month sabbatical to Indonesia in fiscal 2013.

Nurturing Self-motivated Human Resources

Executives of the Benesse Group are also involved in leading discussions at Benesse Evening University on an ongoing basis. The basic program involving a lecture and round table discussion provides these executives an opportunity to sit down with employees and discuss business principles and philosophy. Furthermore, Benesse Corporation operates an ongoing 10 Years After Project offering employees the opportunity to think about business operations from the perspective of dreams and ideals. Business, product and service proposals from the participants in this project help foster awareness of social issues from the perspective of business operations.

Creation of Vibrant Employee-Oriented Workplaces

GAMBA Survey on Organizational Health

Each year the Benesse Group conducts the GAMBA survey on organizational health. The results are used to create a better organization and corporate climate. This employee survey is used to gain an understanding of management issues at the Group, operating company, and workplace levels, and to make improvements.

Supporting Childcare to Retain Diverse Talent

Benesse Style Care Co., Ltd. is encouraging staff to remain active in their various job roles and working assignments for a long time by helping them develop their capabilities. The company believes that this contributes to the peace of mind of residents, customers and their families, and preschoolers and their guardians, and enhances the services they receive.

To this end, Benesse Style Care has bolstered its childcare support system. This includes a childcare allowance to support regular employees who are working full-time and have children in childcare centers, and a reduction in work hours to help look after children until they reach the 3rd grade in elementary school.

In addition, Benesse Corporation has initiatives that include a childcare leave system and financial support for employees on leave (employees receive half of their basic salary in the first month of their leave).

SURVEY FRAMEWORK

A: Benesse Group Management
Verify Group employees’ real feelings about Benesse Group management
Refact feedback in company management and systems

B: Company Management
Verify employees’ real feelings about the management of each company
Refact feedback in company management and systems

C: Workplace Management
Presidents and general managers gauge and analyze the current status of their respective organizations and the issues they face, and use this knowledge to enhance workplace management

D: Employee Satisfaction
Satisfaction with company/ Satisfaction with workplace/ Satisfaction with job

E: Compliance
Early detection of warnings from a compliance perspective

NUMBER OF EMPLOYEES WHO TOOK CHILDCARE LEAVE AND RETURNED FROM LEAVE

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benesse Style Care</td>
<td>Took leave 81</td>
<td>Returned from leave 79 (98%)</td>
</tr>
<tr>
<td>Benesse Corporation</td>
<td>Took leave 95</td>
<td>Returned from leave 91 (96%)</td>
</tr>
</tbody>
</table>

NUMBER OF EMPLOYEES RECEIVING CHILDCARE ALLOWANCE

As of April 2013

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Benesse Style Care</td>
<td>168</td>
</tr>
</tbody>
</table>

For more detail, please see our CSR website:
Environment

Goals of the Benesse Group’s Environmental Activities

Global warming is an important issue for the Benesse Group. While working to sustainably reduce and improve the environmental burden of business activities, the Group is also educating children to raise their awareness of environmental issues. Moreover, Benesse contributes to solving various environmental problems by working in cooperation with a variety of organizations that share the Group’s environmental values.

Reduce the Environmental Burden
Under the Benesse Group Environmental Policy, we ask our employees and Group companies to comply with environmental laws, regulations and rules in going about their businesses. At the same time, the policy is a guidepost to ongoing initiatives for improving the Group’s environmental management system and performance.

Benesse Group Environmental Policy Initiatives
In August 2011, Benesse Holdings formulated the Benesse Group Environmental Policy, which reaffirms the importance of addressing environmental issues as a management priority.

Acquisition of ISO 14001 Certification

Our Business and the Environment
Benesse Corporation is working to reduce its environmental impact through its businesses. As part of these efforts, the Company is striving to reduce paper usage in the core education business by adopting digital educational materials, among other measures.

Benesse Group Environmental Policy

Environmental issues are an important priority on a global scale. We believe that corporations have a duty to actively promote environmental activities. To fulfill its corporate philosophy of Benesse = “Well-Being,” the Benesse Group has positioned the environment as a key management priority, and is actively promoting environmental activities according to the characteristics of each of its business domains, centered on education and childcare, language/global leadership training, and senior/nursing care.

We will adhere to all environmental laws and regulations when undertaking environmental activities. At the same time, we will have every person involved in our business proactively take part in environmental activities while working to continuously upgrade environmental management systems and environmental performance. Details of these activities are as follows:

1. Promote environmental consciousness in products and services, as well as sales and other activities
   We will promote environmentally conscious design principles, including the non-use of hazardous substances and resource conservation, to ensure that we provide safe materials with a low environmental impact. We will apply these principles to not only products and services but also to marketing tools.

2. Encourage energy conservation, waste reduction and recycling
   We will work to prevent environmental pollution in the course of business activities by encouraging energy conservation, waste reduction and recycling through the implementation of new technologies and other means.

3. Engage society
   We will collaborate with society and local communities in conducting environmental activities by promoting environmental education, community programs and other activities leveraging the characteristics of the Group’s businesses. This Environmental Policy will be made known to all employees and other personnel involved in the Group’s business activities, and will also be disclosed to the public.

August 1, 2011
Benesse Holdings, Inc.
Raise Environmental Awareness Through Education
Benesse Corporation provides environmental education programs tailored to developmental stages, from preschool to college years, as part of its efforts to increase children’s interest in the environment.

Teaching Preschoolers to Recycle Educational Materials
Benesse promotes an active, participatory-type environmental education program called Kurukuru Recycle. Parents and children who take part in Benesse’s Kodomo Challenge courses are asked to bring the used lesson materials and toys from their courses to a Shimajiro Concert, where they are collected for recycling. The program has gained a reputation for being easily understood by children and participation-friendly. More than 10,000 people have taken part in the recycling program in the three years since the program was started in fiscal 2010.

Summer Water Sprinkling Pledge for Preschool and Elementary School Children
During July and August 2012, Benesse held a Summer Water Sprinkling Pledge in seven sites across Japan, with 897 parents and children participating. At this event encouraging the Japanese custom of using water to cool pavements in the very hot summer, children received a lesson on the environment with the aid of a storyboard presentation. They also pledged to use the stickers they received as a reminder for everyone to take care of the environment.

Environmental Contest for Elementary, Junior High and Senior High School Students
During the summer holidays every year, Benesse Corporation conducts participatory contests for students from elementary school to junior high and senior high school. Students are asked to submit reports and short essays about environmental themes. The goal is to provide them with an opportunity during their time off from school to reconsider the environment and take action. In fiscal 2012, the fifth year of the contest, 6,342 submissions were received.

Creating New Value With Cooperation Inside and Outside the Group
Benesse is striving to create new value by cooperating inside and outside the Group on themes related to solving environmental issues.

Supporting the Development and Popularization of Electric Vehicles
Benesse Holdings is cooperating with and supporting SIM-Drive Corporation in its bid to develop and popularize electric vehicles with a view to mass production by 2015. Benesse Holdings hopes that its support for this project will help ensure that future generations will inherit a beautiful planet. SIM-Drive’s third prototype, SIM-CEL, completed in March 2013, offers superior driving performance, including a driving distance of over 300 kilometers on a single charge, and supports new ways of using energy in integration with Smart Homes and Smart Cities.

Grants for Next-Generation Solar Cell Research Aim to Promote Its Use in Society
Benesse Holdings and Okayama University signed an agreement regarding collaborative research into next-generation environmental technologies in June 2011. The subject is the next-generation of solar cells, and together they aim to promote academic research and greater application of the results in society. Consequently, in January 2013, Benesse also participated in the “Technology Research Cooperative for Iron Oxide Compound Use in Solar Electricity Panels.” This project, led by Professor Naoshi Ikeda of the Graduate School of Natural Sciences and Technology, Okayama University, aims to establish the basic technology by the year ending March 31, 2015.

Environmental Education Forums
In March 2013, Benesse Corporation sponsored a forum on the need for environmental education in society. This forum, comprised of a keynote address and panel discussion, discussed the ways local companies, NPOs, schools and government can cooperate in promoting environmental education.
Community/Social Contributions

Benesse Group and the Creation of Sound Communities

Based on its belief that its corporate philosophy, Benesse = “Well-Being,” is born out of sound communities, the Benesse Group works to build communities in which people can live positive, happy lives. Through public interest activities in collaboration with our foundations, and through other activities rooted in the community, Benesse works to support the “Well-Being” of our communities.

Creation of Healthy Communities in Collaboration with Foundations

Benesse Holdings contributes to the creation of healthy local communities by promoting modern art and culture in collaboration with the Group’s two foundations. Because the foundations’ activities are financed by dividends from a shareholding representing approximately 7% of Benesse Holdings shares, the Company sees sustainable business growth and stable, continuous dividends as a way of continuing to support these foundations.

In particular, for the past 20 years Benesse Holdings has worked in the islands of Japan’s Seto Inland Sea, using modern art and architecture to build communities by taking advantage of the Inland Sea’s traditional Japanese setting, filled with natural beauty and a distinctive local culture.

In recognition of these efforts, Soichiro Fukutake (Director and Chairman of Benesse Holdings, Inc. and Chairman of the Board of the Fukutake Foundation) has received, among others, the Montblanc de la Culture Arts Patronage Award and an award for social contributions from the Soroptimist Japan Foundation.

The Benesse Group and the Activities of Its Foundations

Since the founding of the Fukutake Science & Culture Foundation in 1986, the Benesse Group and Soichiro Fukutake have established four foundations. With the implementation of reforms to the system governing charitable organizations, on April 1, 2012, all four of these foundations received official certification as public nonprofit charitable organizations.

Additionally, on October 1, 2012, three of the foundations—the Fukutake Science & Culture Foundation, the Fukutake Science Museum, and the Benesse Art Site Naoshima—received legal status as public foundations.

AWARDS RECEIVED IN FISCAL 2012

<table>
<thead>
<tr>
<th>Name</th>
<th>Grounds for award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montblanc de la Culture Arts Patronage Award (2012)</td>
<td>With strong determination and action, created an earthly oasis of Benesse = “Well-Being” in harmony with people, nature and art.</td>
</tr>
<tr>
<td>Soroptimist Japan Foundation award for social contributions (2012)</td>
<td>For activities contributing to the achievement of richer lives and the promotion of international understanding, through many years of continuous support for and cooperation with a wide variety of voluntary services in the spirit of the Soroptimists.</td>
</tr>
</tbody>
</table>

BENESSE ART SITE NAOSHIMA

Benesse Art Site Naoshima is a project located on the islands of Naoshima, Teshima and Inujima, in Japan’s Seto Inland Sea. Organized by Benesse Holdings and the Fukutake Foundation, the project supports a multitude of art-related activities.

<table>
<thead>
<tr>
<th>Benesse House</th>
<th>Art House Project “Kadoya”</th>
<th>Teshima Art Museum</th>
<th>Yayoi Kusama “Pumpkin”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Photo: Tadasu Yamamoto</td>
<td>Photo: Norihito Ueno</td>
<td>Photo: Noboru Morikawa</td>
<td>Photo: Shigeo Anzai</td>
</tr>
</tbody>
</table>
addition of two Gazebo and three galleries, saw the of nature and the environment, pro...

Through the activities of Benesse Art Site Naoshima, the Fukutake Foundation continues to convey the wonders of nature and the environment, promoting the creation of a venue for the discussion of culture and history.

In 2013, the Inujima Art House Project, which started in 2010 with the Nakano Gazebo and three galleries, saw the addition of two new galleries, A-Art House and C-Art House. Scattered throughout the island, the galleries were designed by architect Kazuyo Sejima to bring together viewers of the art, the artworks themselves, and the island’s landscape, and are constructed out of a diverse range of materials, including roofing tiles and other components of old houses, clear acrylic, and aluminum that reflects the landscape.

ISLAND OF MEGIJIMA On Megijima, works by the artist Shinro Ohtake unfold on the grounds of the island’s defunct elementary school. They include a palm tree mounted on a massive buoy, and an exhibit comprised of mosaic tiles, ceramic objects, tree roots, and plants from Megijima. The works can be enjoyed as visitors stroll around the school yard.

Benesse Art Site Naoshima Fiscal 2012 Activities Report

Primarily through the promotion of culture and the arts, the Fukutake Foundation aims to contribute to the development of a vibrant, unique regional society.

Fukutake Education and Culture Foundation, the Fukutake Cultural Award. It...

Founded in 1986, the Fukutake Education and Culture Foundation currently supports educational and cultural activities in Okayama Prefecture, as well as international human resources development. The foundation aims to help build communities in which both children and the elderly can enjoy vibrant, active lives by supporting them in learning, living, creating, and communicating.

Activities in Fiscal 2012

In support of educational and cultural activities, the foundation awarded prizes including the Tetsuhiko Fukutake Educational Award and the Fukutake Cultural Award. It also subsidized programs for studying school and community-based learning, developing children’s academic and social skills, and for promoting regional cultural activities and the nurturing of Setouchi culture. On Inujima, part of Okayama City, the foundation co-sponsored an innovative series of experimental theater performances entitled the “Inujima Ocean Theater.” The foundation also conducts international human resources development programs involving study abroad in Australia, and the exchange of high school students between China and Japan.

Fukutake Education and Culture Foundation

We are Benesse Business and Society

Fukutake Foundation

The Fukutake Foundation was reborn in October 2012 as a result of the merger of three foundations. The foundation aims to achieve vibrant, active and unique regional cultures, and focuses on the Setouchi and other areas where depopulation has advanced considerably, collaborating with local governments and organizations to conduct creative, cultural activities centered on local residents. Through these activities, the foundation aims to help build communities.

Activities in Fiscal 2012

In fiscal 2012, the foundation provided subsidies for 35 projects. Recipients were groups and projects engaged in community building, primarily through the creative expression of local citizens. Fiscal 2012, in particular, included many projects in response to the March 2011 earthquake, and a gathering of all of the groups to present their activities for the year was held in Echigo-Tsumari (Tokamachi City and Tsunan Town, Niigata Prefecture), the site of the Echigo-Tsumari Art Triennale.

Naoshima Rice Farming Project and Teshima Island Terraced Rice Field Project

In order to help preserve the natural environment and also enhance the scenery, Benesse Art Site Naoshima is taking steps to restore the rural landscape by reviving fallow rice paddies to produce rice once again.

At this event held three times a year, visitors have the opportunity to participate in the work of planting and harvesting rice and making mochi (rice cakes), enabling them to experience a connection with nature and think about the culture of rice-growing.

Fukutake Education and Culture Foundation

For more detail, please see our CSR website:
Community/Oriented Activities

Community Revitalization with Works of Yasuo Kuniyoshi in the Fukutake Collection

In 1979, founding president Tetsuhiko Fukutake encountered a painting by Yasuo Kuniyoshi, an artist also from Okayama Prefecture, and subsequently acquired a large number of the artist’s works as part of the Fukutake Collection. Those works became the starting point for the concept behind Benesse Art Site Naoshima's art-related activities.

As part of the Setouchi Triennale 2013, Benesse Holdings held an exhibit of works by Yasuo Kuniyoshi at the Benesse House Museum on Naoshima, Kagawa Prefecture.

The Fukutake Education and Culture Foundation provided subsidies for community revitalization efforts, including display of a tapestry featuring Kuniyoshi’s works in Izushi-cho, his birthplace located in Okayama City’s Kita Ward, and the opening of Izushi Yasuo Kuniyoshi Reference Room within the city’s tourist information center.

Active Host of Company Visits and Firsthand Work Experiences

Benesse Corporation offers company visits and opportunities for firsthand work experience targeting a wide range of ages, from elementary school students to adults. The goals here are to give children the opportunity to get a glimpse of the working world, as well as to deepen understanding of Benesse and its operations among school officials and those with an interest in the company.

In addition to hosting visits from a large number of junior and senior high schools, Benesse actively welcomes requests from municipalities, as well as visitors from companies outside of Japan.

Regional Sports Promotion as a Sponsor of Okayama’s Fagiano Soccer Team

Benesse Corporation, Synform Co., Ltd., and Learn-S Co., Ltd. were the 2012 sponsors for perimeter stadium advertising for the Fagiano Okayama soccer club, and the companies support the team philosophy of delivering dreams to children. Through this sponsorship, they will work to promote regional sports in Okayama.

Benesse Sailing Team Activities

In 1997, Benesse Holdings established the Benesse Sailing Team. It has been an active part of our corporate sports program since 2000, and today has six members. The team has built a strong track record, including winning the adult women’s Sailing Spirits-class sailing event at the 2012 National Athletic Meet in Gifu, and are aiming to take part in the 2016 Olympics to be held in Rio de Janeiro, Brazil.

Additionally, to expand the sport of yacht racing and communicate the beauty of the Seto Inland Sea, Benesse also sponsors the annual Benesse Cup yacht race.

<table>
<thead>
<tr>
<th>Number of Company Visits and First Hand Work Experiences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior high schools</td>
</tr>
<tr>
<td>Senior high schools</td>
</tr>
<tr>
<td>Universities</td>
</tr>
<tr>
<td>Other (high school teachers, future school instructors, board of education staff)</td>
</tr>
</tbody>
</table>

Fiscal 2012 Total 60
The Setouchi Triennale international art festival was started with the aim of returning vitality to the islands of the Seto Inland Sea, where humans have long had a complex but harmonious relationship with nature, with the goal of making the Seto Inland Sea a "sea of hope" for all the regions of the world.

In 2013, the Setouchi Triennale will be held three times, in spring, summer and fall, in the hopes that visitors to the event would have an opportunity to enjoy the changing seasons while leisurely making their way around the islands.

FESTIVAL DATES
Spring: 33 days from March 20 through April 21, 2013
Summer: 44 days from July 20 through September 1, 2013
Fall: 31 days from October 5 through November 4, 2013
108 festival days in total

LOCATION
The ports of Takamatsu and Uno, and 12 islands on the Seto Inland Sea: Namely the islands of Naoshima, Teshima, Megijima, Ogijima, Shodoshima, Oshima, Inujima, Shamijima (spring only), Honjima (fall only), Awashima (fall only), Ikubijima (summer only), and the ports of Takamatsu and Uno and their surroundings.

SETOUCHI TRIENNALE 2013 FOR REFLECTING ON WHAT TRUE HAPPINESS IS

About 210 artists from 23 countries and regions have participated in the Setouchi Triennale 2013. On reflection, the level of the art work seems to have increased considerably from the previous Triennale. I believe this is because the artists, and everyone else who participated, really strove to better understand the feelings, culture, and history of the region as they worked together to prepare for the event.

The real aim of the Setouchi Triennale is to see just how much vitality we can return to the Seto Inland Sea, a region that, despite being one of the most beautiful in the world, carries the negative legacy of having become a backwater to modernization. One of the event’s biggest objectives is to bring smiles back to the faces of as many of the area’s elderly residents as possible.

This is why I truly hope that visitors to the Triennale will feel, and think about, what real happiness is. At the same time, I hope the event serves as an opportunity for the many who visit to understand the tremendous power that culture (as art) can have.
Business Environment

DEMOGRAPHICS

As low birthrates and societal aging continue, roughly 40% of Japan’s population is projected to be aged 65 or older by 2050.

The annual number of births in Japan peaked at 2 million in 1975, and has been on a downward trend since then. In 2012, the number of births had decreased by nearly half of the peak level, at 1.03 million. While the number of children decreases, society is rapidly aging. In 2012, the number of people aged 65 or older topped 24% of the total population. Japan’s society is aging at a level not yet experienced by any other country.

NUMBER OF BIRTHS IN JAPAN

At 1.03 million in 2012, the number of births have decreased by approximately half of the peak level


SUPPLEMENTARY EDUCATION MARKET

While the overall market is contracting, the correspondence course market has held on to an upward trend.

The supplementary education market is experiencing a downward trend as Japan’s birthrate continues to decline. From fiscal 2006 to fiscal 2011, the market declined an average of around 1% annually. This pace is virtually identical to the decline in the number of children in Japan.

The correspondence course market (for preschool children/elementary to high school students) in fiscal 2011 was worth ¥188.5 billion. This figure accounted for 12.7% of the supplementary education market, and represented an increase from ¥182.0 billion in fiscal 2006. Benesse’s share of the correspondence market has grown each year, rising from 79% in fiscal 2006 to 89% in fiscal 2011.

The cram school/prep school sector of the supplementary education market was worth ¥924.0 billion in fiscal 2011, down from ¥955.0 billion in fiscal 2006. Nevertheless, the sector remains a large one in its own right, accounting for 62.2% of the supplementary education market as a whole.

Note: Supplementary education market includes preschool education (English-language teaching materials, intensive education, and English-language schools up to age 15), study guides/workbooks, tutoring, correspondence courses (for preschool children/elementary to high school students), and cram schools/prep schools.

TRENDS IN THE SUPPLEMENTARY EDUCATION MARKET

Compared to fiscal 2006, correspondence courses are grown amid the overall market contracting about 1% a year on average.

SUPPLEMENTARY EDUCATION MARKET IN JAPAN

12.7% share of the overall market

*Please refer to the note above

Note: The figures were calculated by Benesse based on data in the Yano Research Institute Ltd.’s “Education Industry 2012”
The number of people receiving nursing care insurance service in Japan has grown roughly 3 times in 12 years.

With society aging, the issue of nursing care for the elderly is becoming increasingly acute. Against this backdrop, in 2000, Japan introduced nursing care insurance. As the nursing care insurance system has expanded, the number of people receiving care grew by approximately 2.95 million, or 198.0%, in the 12 years leading up to 2012. In-home service (home-visit care, outpatient day care, private nursing homes and others) have grown particularly, rising 238.1% over the same 12-year period.

By 2025, it is projected that around 30% of Japan’s total population will be over the age of 65, and the market is expected to grow alongside this trend.

### Population Trends by Age Group and Future Projections

(Thousands)

With the decline in birthrate and the aging of society projected to continue, it is believed that in 2050 over 40% of the population will be 65 years or older.

Note: The population estimate as of October 1 each year. The count in 2010 is the Basic Complete Tabulation on Population (adjusted for those of unknown nationality and age) from the Statistics Bureau, Ministry of Internal Affairs and Communications of Japan’s 2010 Japan Census.


### Nursing Care Market

The number of people receiving nursing care insurance service in Japan has grown roughly 3 times in 12 years.

With society aging, the issue of nursing care for the elderly is becoming increasingly acute. Against this backdrop, in 2000, Japan introduced nursing care insurance. As the nursing care insurance system has expanded, the number of people receiving care grew by approximately 2.95 million, or 198.0%, in the 12 years leading up to 2012. In-home service (home-visit care, outpatient day care, private nursing homes and others) have grown particularly, rising 238.1% over the same 12-year period.

By 2025, it is projected that around 30% of Japan’s total population will be over the age of 65, and the market is expected to grow alongside this trend.

### Number of People Receiving Nursing Care Insurance Service

(Thousands)

- Service recipients have increased substantially in primarily in-home services

### Estimated Population and Percentage of People Aged 65 or Older

(Thousands)

In 2025, over 30% of the population are expected to be senior citizens.

Corporate Data

INVESTOR INFORMATION

NUMBER OF SHARES ISSUED: 102,453,453 shares

LISTED DATE: October 26, 1995

SECURITIES LISTINGS (COMMON STOCK): Tokyo Stock Exchange, Inc., First Section*

TICKER CODE: 9783

UNIT OF TRADING: 100 shares

INDEPENDENT AUDITORS: Deloitte Touche Tohmatsu LLC

TRANSFER AGENT: Mitsubishi UFJ Trust and Banking Corporation

NUMBER OF SHAREHOLDERS: 35,859

As of March 31, 2013

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Common stock ( Millions of yen)</th>
<th>Ratio of shareholders (%)</th>
<th>Description of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benesse Corporation</td>
<td>125,000</td>
<td>100.0</td>
<td>Sales of correspondence course materials for preschoolers</td>
</tr>
<tr>
<td>Benesse Korea Co., Ltd.</td>
<td>50,000</td>
<td>100.0</td>
<td>Correspondence-based education, production and sales of study materials</td>
</tr>
<tr>
<td>Benesse Mexico, Inc.</td>
<td>20,600</td>
<td>100.0</td>
<td>Language instruction, global leadership training and support for study overseas</td>
</tr>
<tr>
<td>Benesse Music Publishing Co., Ltd.</td>
<td>10,000</td>
<td>100.0</td>
<td>Rights management of music publications</td>
</tr>
<tr>
<td>Benesse Style Care Co., Ltd.</td>
<td>100,000</td>
<td>100.0</td>
<td>Operation of senior citizen welfare business</td>
</tr>
<tr>
<td>Benesse MCM Corp.</td>
<td>80,000</td>
<td>100.0***</td>
<td>Introduction and temp staffing of nurses and human resources trained in nursing care</td>
</tr>
<tr>
<td>Berlitz Corporation</td>
<td>1,000,000</td>
<td>100.0</td>
<td>Language instruction, global leadership training and support for study overseas</td>
</tr>
<tr>
<td>Okayama Language Center</td>
<td>50,000</td>
<td>100.0</td>
<td>Language instruction and translation services</td>
</tr>
<tr>
<td>Zenpro Translation Co., Ltd.</td>
<td>50,000</td>
<td>100.0</td>
<td>Language instruction and translation services</td>
</tr>
<tr>
<td>TMI, Inc.</td>
<td>50,000</td>
<td>100.0</td>
<td>Language instruction and translation services</td>
</tr>
<tr>
<td>Synforti Co., Ltd.</td>
<td>50,000</td>
<td>100.0</td>
<td>Language instruction and translation services</td>
</tr>
<tr>
<td>Benesse Business-mate, Inc.</td>
<td>100,000</td>
<td>100.0*</td>
<td>Office management consulting and support services</td>
</tr>
<tr>
<td>Nihon Densetsu, Inc.</td>
<td>50,000</td>
<td>100.0*</td>
<td>Office management consulting and support services</td>
</tr>
<tr>
<td>Business Management Support, Inc.</td>
<td>50,000</td>
<td>100.0*</td>
<td>Office management consulting and support services</td>
</tr>
<tr>
<td>Benesse Hong Kong Co., Ltd.</td>
<td>3,660,000</td>
<td>100.0</td>
<td>General trading and quality assurance related to educational equipment, toys and other items</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>33.56%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign Companies—Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.42%</td>
</tr>
</tbody>
</table>

*1 Including an indirect stock holding of 50.0% through subsidiary.
*2 Indirect stock holding through subsidiary.
*3 Including an indirect stock holding of 4.0% through subsidiary.
*4 Including an indirect stock holding of 64.0% through subsidiaries and affiliates.

Notes: 1. The shares held by The Master Trust Bank of Japan, Ltd. include 13,618 thousand Company shares (a 14.0% investment ratio) contributed by ebfu Investment Limited as trust assets, ebfu Investment is an asset management and investment corporation fully owned by Soichiro Fukutake and Reiko Fukutake; the former serves as a representative. 2. In addition to the above, The Chugoku Bank, Ltd. has contributed 1,600 thousand Company shares (a 1.64% investment ratio) to a retirement benefit trust retaining voting rights. 3. The Company owns 5,241 thousand shares of treasury stock which are not included above because they do not carry voting rights. These shares of treasury stock are also excluded from the calculation of investment ratios.

* On July 16, 2013, Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. were merged. The Company’s shares are therefore now listed only on Tokyo Stock Exchange.
Benesse Group Principles

The Benesse Group is a global corporation with a people oriented culture. We believe that before we become good business people, we must live as responsible members of society and that all of our actions should lead to “Benesse” (Well-being). In order to achieve this, we adhere to the following principles and promises.

OUR PRINCIPLES

Act sincerely
Build trust
Pursue challenges and innovation

PROMISE TO OUR:

Customers
We develop and maintain long-term relationships with our customers by offering them truly valuable solutions to their present and future needs.

Colleagues
We value teamwork, people development, fairness, and active participation in the work place.

Business Partners
We foster mutual trust and growth with our business partners thus creating the best value for our customers.

Community and Society
We aim to create an environment in our communities where people of all ages can enjoy life through our services.

Shareholders
We seek to grow and develop in a way that earns our shareholders’ long term trust.
Benesse Art Site Naoshima is a project located on the islands of Naoshima, Teshima and Inujima in Japan’s Seto Inland Sea. Organized by Benesse Holdings, Inc. and Fukutake Foundation, the project supports a multitude of art-related activities. The Seto Inland Sea provides a perfect traditional Japanese setting, filled with natural beauty and a distinctive local culture, and Benesse is sponsoring and creating modern art and architecture there found nowhere else.

Benesse Art Site Naoshima