

Benesse ONE Report 2013

Integrated Report (CSR & Annual Report)



Corporate Philosophy

“Well-Being”

bene
[well]

+

esse
[being]

=

Benesse

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.

Message from the Chairman

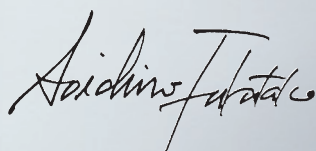
Global playing fields have leveled as the barriers once separating us come tumbling down. In this environment, the Benesse Group has seen business opportunities expand as people look increasingly to education as a stepping stone to a brighter future. Collectively, the experience and intellectual property 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



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.

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

	Contents	Media Type			
		Book	PDF	Movie	HTML
Benesse ONE Report 2013 On the book	A single integrated report containing both financial and sustainability information	● A	●		● D
Original Web Content (Management Message, etc.)	Contains video and other content enabled by the online format			●	● D
Data Book for Investors	Contains financial and operational data for the past ten years	● B	●		
Financial Statements	Contains financial related information	● C	●		

A
ON THE BOOK
Benesse ONE Report 2013



B
DATA BOOK FOR INVESTORS



C
FINANCIAL STATEMENTS



D
ONLINE
Benesse ONE Report 2013



www.benesse-hd.co.jp/en/ir/ar2013/

For Comprehensive Information

CORPORATE AND GROUP INFORMATION

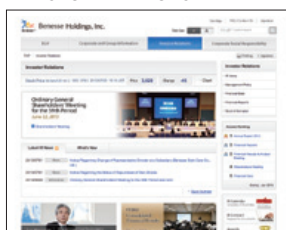


www.benesse-hd.co.jp/en/

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

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Director and Chairman



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TAMOTSU FUKUSHIMA
Representative Director and President



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Establishing New
Approaches to Home Study

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International Pathways
—Seamless Journey to
Further Education—



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Reporting Scope

Reporting Period: Fiscal 2012 (April 1, 2012 to March 31, 2013)
Reporting Organization: Benesse Holdings, Inc. and its affiliated
companies (35 subsidiaries and 4 affiliates)
*Except where otherwise indicated

Reference Guideline for Disclosures of Non-Financial Information

GRI "G4 Sustainability Reporting Guidelines", ISO 26000 "Guidance on
social responsibility"

Publication

August 2013 (Previous publications: August 2012, Annual Report and CSR
& Sustainability Report; next publication planned: August 2014)

Forward-Looking Statements

This report contains forward-looking statements concerning the future plans, strategies, beliefs and performance of Benesse Holdings, Inc. and its subsidiaries. These forward-looking statements are not historical facts.

They are expectations, estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation.

As such, actual results may differ materially from those projected.

Benesse's Journey

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 *Shinkenzeni*.

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.



Founder Tetsuhiko Fukutake during his years as an elementary school teacher



The student pocket books for schools has been a Benesse product since the Company's foundation

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 *Shinken-zemi Senior High School Courses*) for senior high school students launched



Business office and residence when Fukutake Publishing was founded



Some of Fukutake Publishing's early products



First issue of *Shinken-zemi Senior High School Courses*

SHINKENZEMI EXPANSION PHASE

Benesse launched correspondence courses for high school students, followed by those for junior high school and elementary school students and pre-schoolers. 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 *Shinken-zemi Junior 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.

1970s–80s

Expansion of *Shinken-zemi* correspondence courses

1972

Correspondence Education Seminar Junior (now *Shinken-zemi Junior High School Courses*) for junior high school students launched

1980

Shinken-zemi Elementary School Courses launched

1988

Shinken-zemi Preschool Courses (now *Kodomo Challenge*) launched

1989

Correspondence courses for preschool children launched in Taiwan



First issue of *Shinken-zemi Junior High School Courses*



First issue of *Shinken-zemi Elementary School Courses*



First issue of *Kodomo Challenge* (Preschool Courses)

NEW BUSINESS DOMAINS

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.

Providing the Kind of Services We Would Be Happy to Use for Ourselves and Our Own Families

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.”

THE GROWTH STORY CONTINUES...

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.

Transforming Benesse into the World's Leading Education Company

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.

1990s

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

1990

New “Benesse” corporate identity announced



Newspaper ad revealing the new corporate identity

1993

Benesse moves into the language education business

Berlitz International, Inc. (now Berlitz Corporation) becomes a subsidiary



Berlitz joins Benesse: signing ceremony

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



Benesse Home Clara Okayama Okayama City

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



Chinese version of *Kodomo Challenge*

Prep school business launched

Ochanomizu Seminar Co., Ltd. becomes a subsidiary



Ochanomizu Seminar

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.



Shinkenzemi Junior High School Courses + i

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



7 million

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.

3.85 million

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



22,000

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

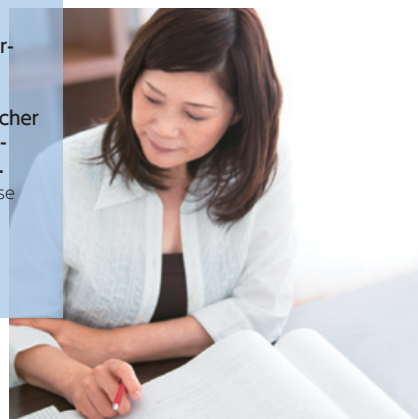
15,000

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

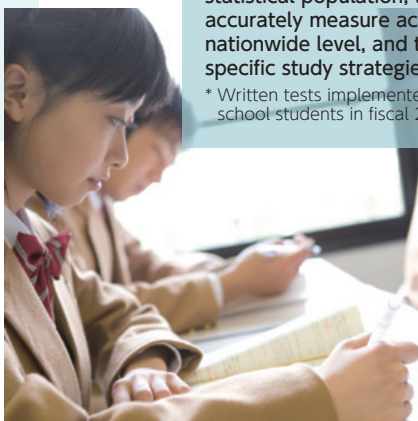


485,000

NUMBER OF STUDENTS WHO TOOK SHINKEN SIMULATED EXAMS

Shinken 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.



90%

SENIOR HIGH SCHOOL ADOPTION RATE

Benesse does business, primarily in *Shinken 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



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 *Shinken Simulated Exams*.

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



More than
400

NUMBER OF RESEARCH SURVEYS

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.

510,000

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



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

More than
14,000**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.



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

A handwritten signature in black ink that reads "T. Fukushima". The signature is written in a cursive, flowing style.

TAMOTSU FUKUSHIMA
Representative Director and President

Opportunity



QUESTION 1

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

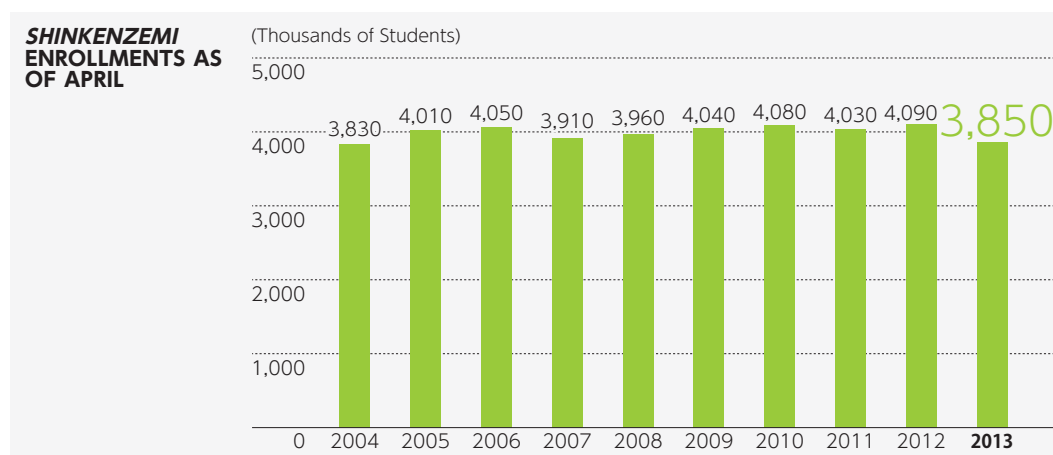
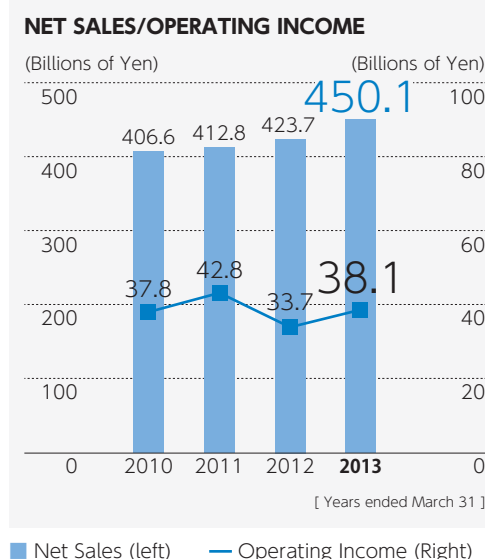
ANSWER 1

- 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.

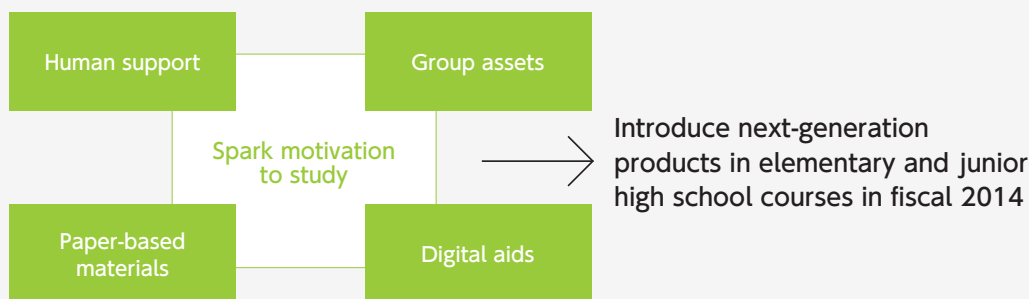
Given the changes in our business environment, we will be shifting from the direct mail-oriented methods we have used to date, to a media mix that also incorporates the Web.



Challenge Tablet
(*Shinkenzemi* Junior High School Course)

REVAMP SHINKENZEMI

Establishing a new approach to home study



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?

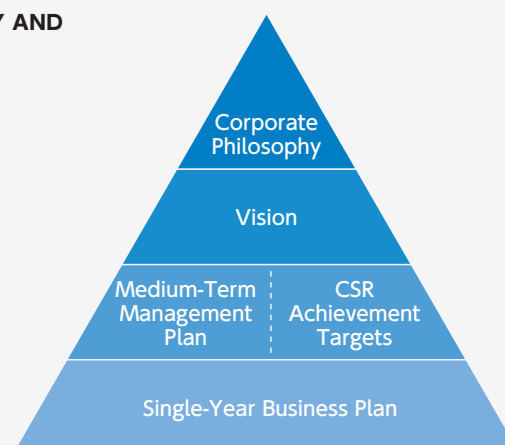
ANSWER 4

- 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

POSITIONING OF CORPORATE PHILOSOPHY AND VISION, AND CSR ACHIEVEMENT TARGETS



1) education and childcare business and 2) senior/nursing care business, with the addition of 3) human resources, 4) the environment, and 5) community/social contributions—that lay out explicitly the key themes behind Benesse’s unique approach to CSR.

With reaching our CSR Achievement Targets and promoting the growth strategy laid out in our medium-term management plan as the twin drivers, we aim to realize Benesse’s growth vision, which incorporates our corporate philosophy that “Benesse = Well-Being,” our goal of “becoming the world’s No. 1 company in the education field,” and our “positioning of the senior/nursing care business as an important growth field in aiming to propel growth further.”

QUESTION 5

What are some CSR activities unique to Benesse?

ANSWER 5

- We build communities and provide cultural programs in the Seto Inland Sea, primarily on the island of Naoshima.
- Through the Benesse Brighter Future for Children Booster Project, the Group supports learning opportunities for children, and works to provide assistance to people in regions affected by the Great East Japan Earthquake.

In addition to our business activities, Benesse is unique for having spent more than 20 years working with its related foundations to build communities and provide cultural programs in the Seto Inland Sea, primarily on the island of Naoshima. Through the integration of the region’s natural beauty with modern art, Naoshima, once plagued by depopulation, now welcomes over 400,000 visitors a year, and is overflowing with vitality. This year, Naoshima and the other islands of the Seto Inland Sea are providing the setting for the Setouchi Triennale, an international art festival also supported by the Benesse Group. This event is expected to draw numer-

ous visitors to the islands from around the world.

In addition, through its Challenge for the Future Project for Children, the Group supports learning opportunities for children, and works to provide assistance to people in regions affected by the Great East Japan Earthquake.

The Benesse Group will continue these unique initiatives going forward.



Shimajiro featured in a support event for the Great East Japan Earthquake

QUESTION 6

Please provide a message in closing.

ANSWER 6

- We aim to achieve continuous growth by striking a balance between our corporate philosophy and profit, and by expanding our business in a way that balances social, environmental, and economic factors.

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.

Message from the Independent Directors

I Hope That the Benesse Group Will Continue Aiming for Growth Through Unique, People-friendly Business Initiatives Befitting Benesse.

EIKOH HARADA
Independent Director

Chairman, President and CEO,
Representative Director,
McDonald's Holdings Company (Japan), Ltd.
McDonald's Company (Japan), Ltd.



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 *Shinkenzeni* 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 *Shinkenzeremi*. 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.

Message from the CFO

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 Telangue SA from the

beginning of fiscal 2012. Telangue 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)

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

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 *Shinkenzeremi* 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 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

(Millions of Yen)

	FY2012	FY2013 (Estimates)	Change	%
Net Sales	450,182	470,000	19,818	4.4
Operating Income	38,145	36,000	(2,145)	(5.6)
Operating Income Ratio (%)	8.5	7.7	(0.8)	—
Ordinary Income	38,995	35,400	(3,595)	(9.2)
Net Income	21,147	19,000	(2,147)	(10.2)

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.

1,700,000 shares were cancelled on June 29, 2012.

Actively 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 *Shinkenzeremi*, and in expansion of its overseas education business.

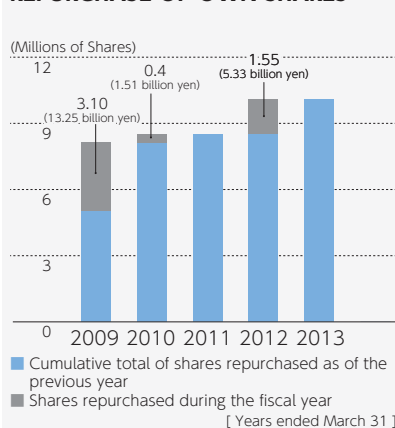
The Group also hopes to move ahead with proactive M&A deals, at an annual level of about ¥10,000 to ¥15,000 million, targeting growth areas in the education, senior/nursing care, and language/global leadership training fields.

Shareholder Returns

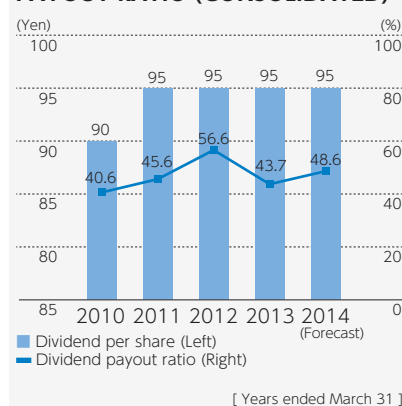
Repurchase of Up to ¥10,000 Million in Own Shares

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,

REPURCHASE OF OWN SHARES



DIVIDEND PER SHARE/ PAYOUT RATIO (CONSOLIDATED)



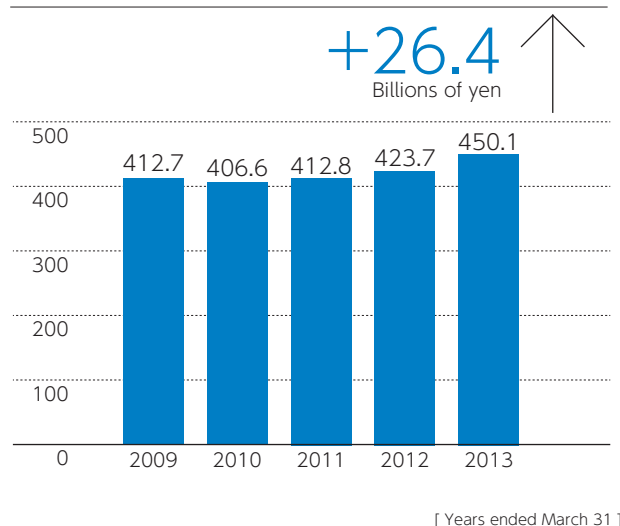
Financial Statements (Consolidated)

Years ended March 31	Millions of Yen				
	2009	2010	2011	2012	2013
For the Year:					
Net sales	¥412,711	¥406,602	¥412,828	¥423,706	¥450,182
Overseas sales ratio (%)	13.9	11.5	11.7	12.8	13.0
Operating income	39,125	37,889	42,867	33,797	38,145
Ordinary income	39,276	39,165	44,703	34,698	38,995
Income before income taxes and minority interests	29,983	38,615	36,669	34,055	38,245
Net income	10,678	21,874	20,586	16,369	21,147
CAPEX	¥ 18,051	¥ 27,042	¥ 21,938	¥ 44,610	¥ 23,796
Depreciation and amortization	13,456	13,028	13,738	14,183	16,957
Net cash provided by operating activities	¥ 38,664	¥ 30,310	¥ 44,937	¥ 40,631	¥ 33,709
Net cash used in investing activities	(5,217)	(36,449)	(14,632)	(33,524)	(23,012)
Net cash (used in) provided by financing activities	(23,261)	(11,711)	12,923	(11,254)	(11,270)
					Yen
Per Share of Common Stock:					
Net Income*	¥107.0	¥221.7	¥208.5	¥167.8	¥217.5
Cash dividends	90	90	95	95	95
Dividend payout ratio (%)	84.1	40.6	45.6	56.6	43.7

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

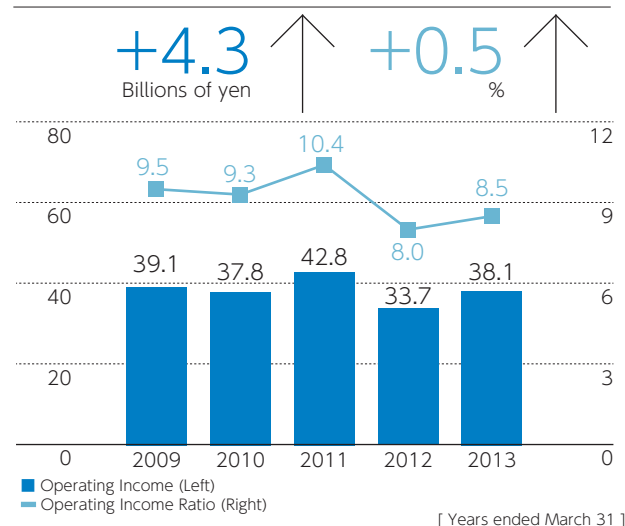
(Billions of Yen)



OPERATING INCOME/ OPERATING INCOME RATIO

(Billions of Yen)

(%)



Millions of Yen

Years ended March 31

At Year-End:

	2009	2010	2011	2012	2013
Total assets	¥343,128	¥356,153	¥405,119	¥432,080	¥460,259
Total equity	168,497	183,169	192,793	194,189	207,479
Total equity per share of common stock (Yen)	1,646.8	1,792.8	1,893.7	1,933.5	2,071.2
Number of shares of common stock issued (in thousands)	106,353	106,353	106,353	104,153	102,453
Treasury share (in thousands)	7,444	7,717	7,583	6,941	5,241

%

Indicators (Profitability):

Operating income ratio	9.5	9.3	10.4	8.0	8.5
Ordinary income ratio	9.5	9.6	10.8	8.2	8.7
Net income ratio	2.6	5.4	5.0	3.9	4.7
Return on equity (ROE)* ¹	5.9	12.9	11.3	8.7	10.9
Return on assets (ROA)* ¹	3.0	6.3	5.4	3.9	4.7

%

Indicators (Stability):

Equity ratio	47.5	49.7	46.2	43.5	43.7
Debt-to-equity ratio* ²	1.6	2.4	9.0	19.7	25.0
Interest coverage (times)* ³	697.5	597.2	504.4	118.0	44.5

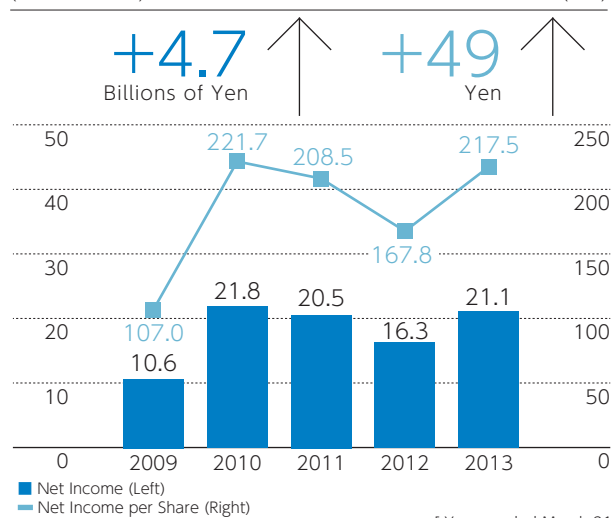
Notes: 1. ROE and ROA are calculated using the average amounts of total equity and total assets at the beginning and end of each fiscal year.

2. Debt-to-equity ratio = Interest-bearing liabilities (yearly average) / total equity (yearly average) × 100

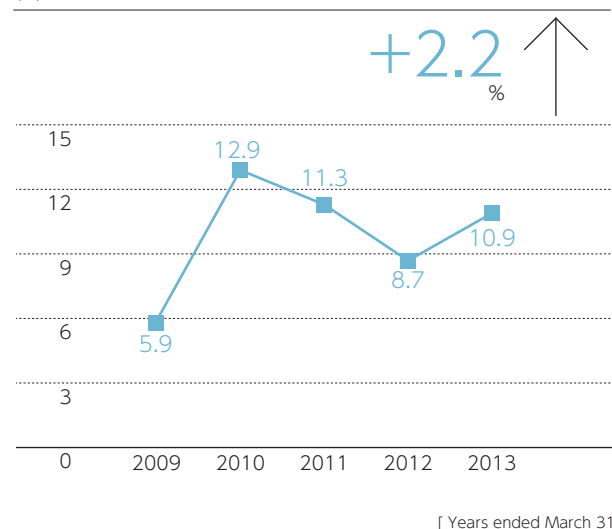
3. Interest coverage = (Operating income + interest and dividend income) / interest expense

NET INCOME/NET INCOME PER SHARE

(Billions of Yen) (Yen)

**ROE**

(%)



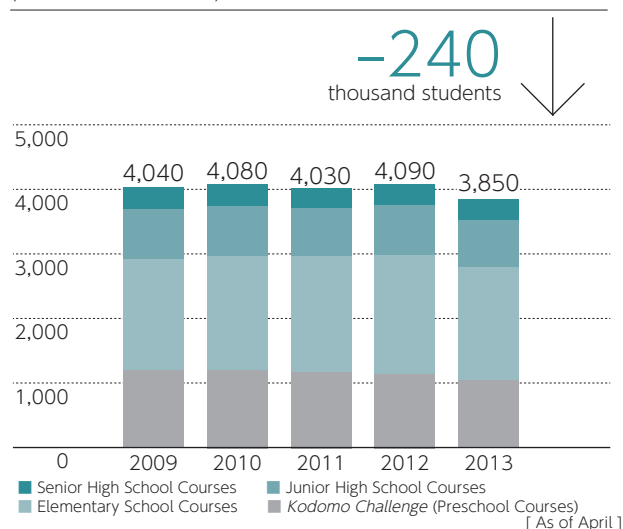
Non-Financial Statements

Years ended March 31	Thousands of Students				
	2009	2010	2011	2012	2013
Education and Childcare:					
<i>Shinkenzemi</i> Enrollments as of April (Domestic + Overseas)	4,470	4,600	4,680	4,870	4,670
Domestic Enrollments	4,040	4,080	4,030	4,090	3,850
Senior High School Courses	340	340	300	320	310
Junior High School Courses	770	760	740	780	730
Elementary School Courses	1,710	1,770	1,800	1,840	1,760
<i>Kodomo Challenge</i> (Preschool courses)	1,220	1,210	1,180	1,150	1,050
Overseas Enrollments	430	520	650	780	820
Cumulative Domestic Enrollments in <i>Shinkenzemi</i> Over a Full Year* ¹	43,900	45,512	45,935	45,590	45,271
Senior High School Courses	3,279	3,418	3,428	3,150	3,188
Junior High School Courses	7,967	8,113	7,923	7,925	8,058
Elementary School Courses	18,395	18,911	19,540	19,906	20,092
<i>Kodomo Challenge</i> (Preschool courses)* ²	14,257	15,068	15,042	14,608	13,931
Number of Students Taking <i>Shinken</i> <i>Simulated Exams</i> and Other Exams	6,650	6,900	7,170	7,350	7,480
As of December 31	2008	2009	2010	2011	2012
Number of Berlitz Lessons (Thousands of lessons)	7,256	6,216	6,038	6,506	7,007
Berlitz Language Centers and Franchises	561	567	570	563	555

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.

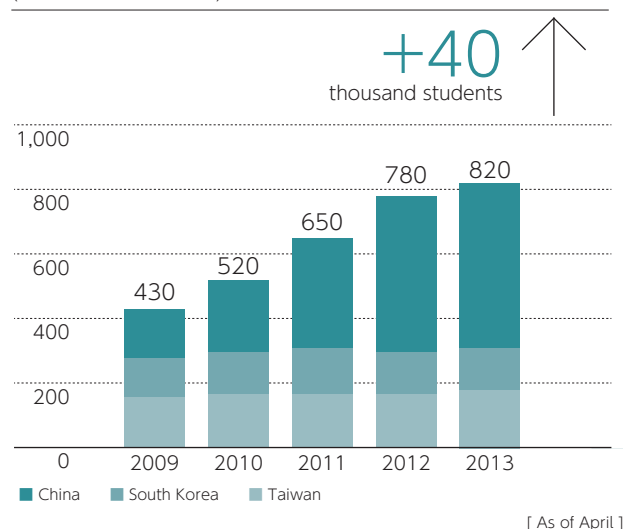
DOMESTIC ENROLLMENTS (BY COURSES)

(Thousands of Students)



OVERSEAS ENROLLMENTS (BY COUNTRIES AND REGION)

(Thousands of Students)



Years ended March 31

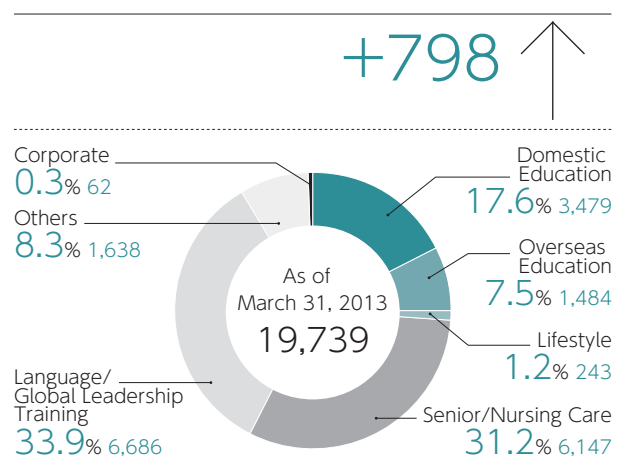
	2009	2010	2011	2012	2013
Senior/Nursing Care:					
Number of nursing homes (fiscal-year-end)	139	172	204	224	238
Number of new nursing homes	10	12	25	21	15
Number of acquired nursing homes	—	22	7	—	—
Occupancy rate (%) ^{*1}	96	94	93(87)	94(90)	93
Human Resources:^{*2}					
Number of Employees (Consolidated)	14,726	15,353	16,888	18,941	19,739
Ratio of female management (Benesse Corporation) (%)	40	33	34	32	34
Number of directors ^{*3}	10(4)	7(3)	7(3)	8(3)	10(4)
Number of female directors	2	1	1	1	0
Number of Audit & Supervisory Board members ^{*3}	4(2)	4(2)	4(2)	4(2)	4(2)
Number of female Audit & Supervisory Board members	2	2	2	2	2
Environment:^{*4}					
Electricity Consumption (million kWh)	15.90	15.94	10.01	8.40	8.66
Paper Consumption (t)	102,000	103,000	99,000	97,000	94,334
Water Consumption (m ³)	82,000	81,834	73,274	60,963	59,110
CO ₂ emissions (t)	6,758	6,775	4,280	3,595	4,202
Waste materials (paper) (t)	2,400	1,973	2,083	2,272	2,268
Waste materials (industrial waste) (t)	891	812	708	1,083	1,002

Notes: 1. The occupancy rates in parenthesis are for Bon Sejour Corporation.

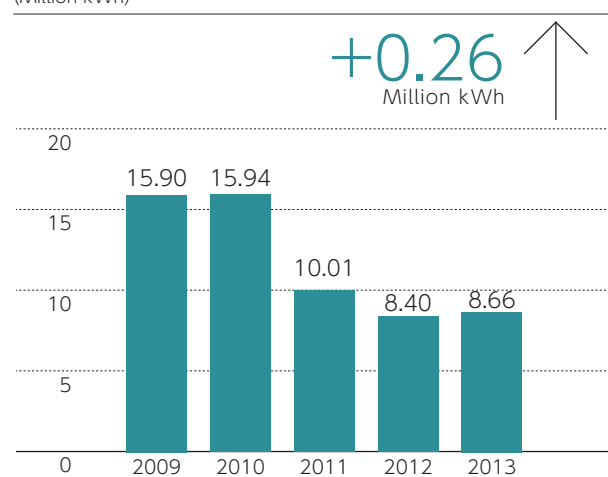
2. The number of employees is as of March 31, the ratio of female management is as of April 1, and the number of directors and Audit & Supervisory Board members is as of June 30 each year.

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.

EMPLOYEES BY SEGMENT (CONSOLIDATED)**ELECTRICITY CONSUMPTION**

(Million kWh)



[Years ended March 31]

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 *Shinken-zemi* correspondence courses for students aged preschool through to senior high school.

MAJOR BUSINESS

- *Shinken-zemi* 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



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

Benesse Corporation
Benesse Corporation China
Benesse Korea Co., Ltd.



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*

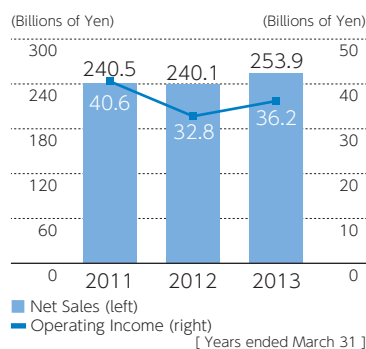
Benesse Corporation
Benesse en-Famille Inc.



NET SALES ¥253.9 Billion

OPERATING INCOME (LOSS) ¥36.2 Billion

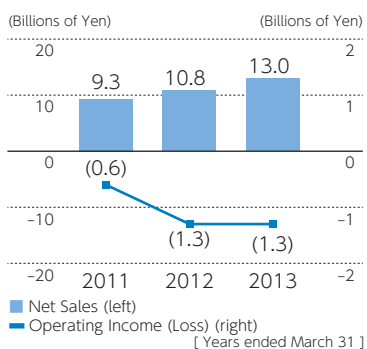
RATIO OF SEGMENT SALES TO TOTAL SALES 56.4%



¥13.0 Billion

¥(1.3) Billion

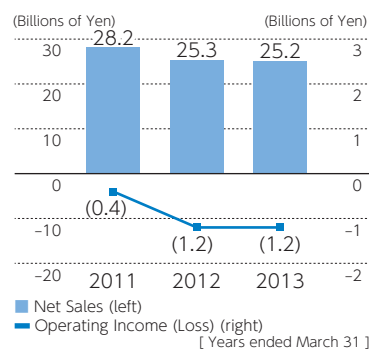
2.9%



¥25.2 Billion

¥(1.2) Billion

5.6%



SENIOR/ NURSING CARE BUSINESS DOMAIN

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

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.



Cocochi

Aria



LANGUAGE/GLOBAL LEADERSHIP TRAINING BUSINESS DOMAIN

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

Berlitz Corporation
Simul International, Inc.



A language center

A lesson in a language center



OTHERS

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, and systems development sales business

TMJ, Inc.*
Synform Co., Ltd.

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

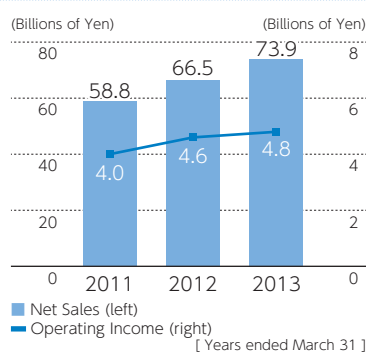


A call center

¥73.9 Billion

¥4.8 Billion

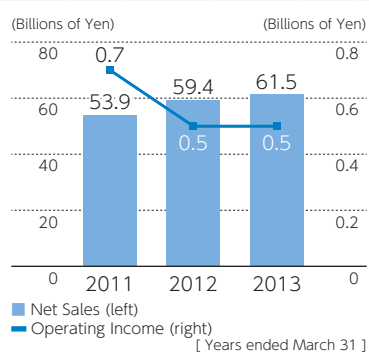
16.4%



¥61.5 Billion

¥0.5 Billion

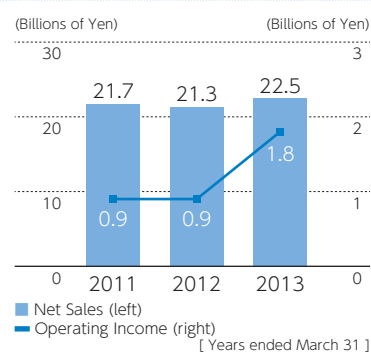
13.7%



¥22.5 Billion

¥1.8 Billion

5.0%



DOMESTIC EDUCATION BUSINESS DOMAIN

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 products involving incorporation of web-based components and other 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.

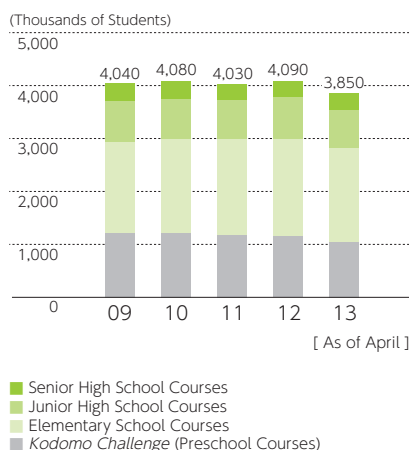
Operating income increased 10.4% to ¥36,287 million. The increase was mainly attributable to higher earnings on the back of sales growth, despite higher costs primarily reflecting the supply of the *Pocket Challenge* digital study device to fourth-grade children in *Shinkenzemi* Elementary School Courses.

Strategies for the Future

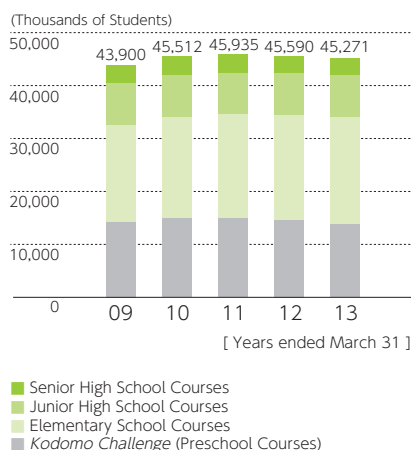
The market environment surrounding the Domestic Education Business Domain is undergoing profound changes. While competition with cram and prep schools intensifies, we are seeing rapid expansion in digital education incorporating such devices as PCs, smartphones and tablets.

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

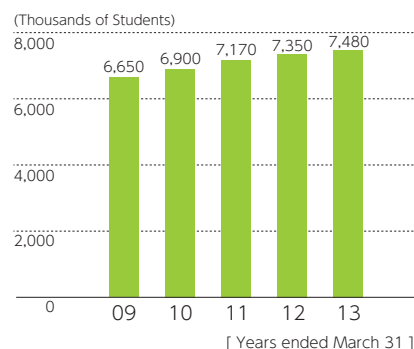
SHINKENZEMI ENROLLMENTS



CUMULATIVE ENROLLMENTS IN SHINKENZEMI OVER A FULL YEAR



NO. OF STUDENTS TAKING SHINKEN SIMULATED EXAMS AND OTHER EXAMS



rapidly reform products and services, as well as marketing activities.

In the *Shinken* 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 *Shinken* 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

Kodomo Challenge
(Preschool Courses)



Elementary School Courses



Shinken

Junior High School Courses



Senior High School Courses



School & Teacher Support

Shinken Simulated Exams



Study Support



GTEC for STUDENTS



IGT Support Service



Cram schools/Classes

Benesse English Classes
for Children



Benesse Science Classes



Tokyo Individualized
Educational Institute



Tetsuryokukai



Benesse Grimm School



Benesse Writing Classes



Up (*Shingakukan, Kaishinkan, Kenshinkan* and others)



Ochanomizu Seminar



English Language Education/Study Abroad Support

Worldwide Kids



BE-GO



Kodomo Challenge English
(Preschool English Courses)



Benesse Study Abroad Center



OVERSEAS EDUCATION BUSINESS DOMAIN

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 pre-school 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* (*Qiaohu* 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.



Preschool Courses in China



Preschool Courses in South Korea

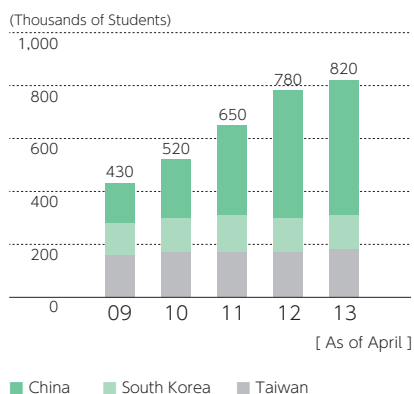


Preschool Courses in Taiwan

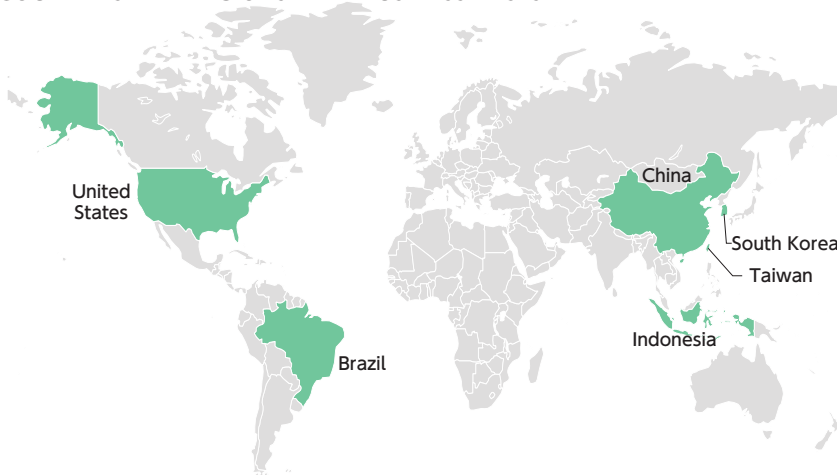


Benesse Shop in China

OVERSEAS ENROLLMENTS (BY COUNTRIES AND REGION)



COUNTRIES AND REGIONS WITH BUSINESS BASES



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.

Magazines



Tamago Club



Hiyoko Club



THANK YOU!

Mail-order Business



Tamahiyo Shop



Sukku Store



Women's Mall

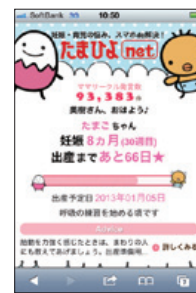
Website Services



Women's Park web



Tamahiyo net (PC)



Tamahiyo net (Smartphone)

SENIOR/NURSING CARE BUSINESS DOMAIN

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.



Aria



Granny & Granda



Madoka

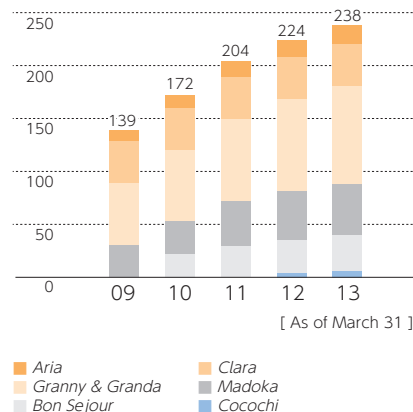


Cocochi

BENESSE'S NURSING HOMES

Brand Name	No. of Homes (As of end of FY12)	Fees	
		Down Payment (Thousands of Yen)	Monthly Fees (Thousands of Yen)
Aria	18	20,000~30,000	280~
Clara	40	—	330~
Granny & Granda	92	8,000~18,000	180~
Madoka	48	—	230~
Bon Sejour	34	5,000~8,000	170~
Cocochi	6	1,000~3,000	150~
Total	238		

NUMBER OF NURSING HOMES FOR SENIORS



LANGUAGE/GLOBAL LEADERSHIP TRAINING BUSINESS DOMAIN

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 Telanguage 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 Telanguage 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 Telanguage 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 Telanguage 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.



Berlitz Language Center



A lesson in a language center



An ELS lesson



Interpretation by Simul International

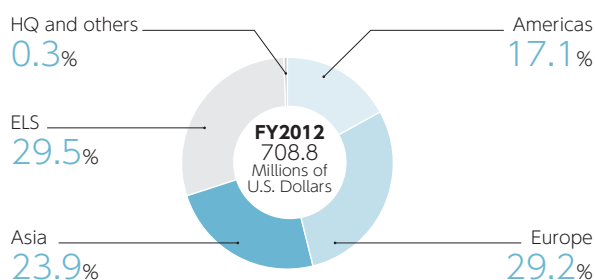
NUMBER OF BERLITZ LANGUAGE CENTERS

As of December 31, 2012

	Berlitz	ELS	Total
Americas	171	63	234
Europe	225	3	228
Asia	82	11	93
Total	478	77	555

*Including franchises

BERLITZ SALES BY REGION



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.

(Left)
Independent Director
TAMOTSU ADACHI



(Right)
Independent Director
HIROYUKI MITANI



(Left)
Outside Audit &
Supervisory Board Member
TOMOJI WADA



(Left)
Independent Director
EIKOH HARADA

(Right)
Independent Director
DAISUKE IWASE

(Right)
Outside Audit &
Supervisory Board Member
NOBUKO TAKAHASHI



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 unbiased 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)

Name	Position	Attendance				Activities
		Board of Directors		Audit & Supervisory Board		
Teruyasu Murakami	Independent director	14/14	100%	—		Teruyasu Murakami expressed his views based on his considerable experience and expertise in corporate management, IT and the information services industry.
Tamotsu Adachi	Independent director	13/14	93%	—		Tamotsu Adachi expressed his views based on his international experience and considerable experience and expertise in management strategy formulation and investment activities.
Hiroyuki Mitani	Independent director	14/14	100%	—		Hiroyuki Mitani expressed his views based on his international experience and considerable experience and expertise in corporate management and management strategy formulation.
Tomoji Wada	Outside Audit & Supervisory Board Member	13/14	93%	15/16	94%	Tomoji Wada expressed his views on establishing and maintaining the Company's compliance system from his specialized viewpoint as a lawyer.
Nobuko Takahashi	Outside Audit & Supervisory Board Member	14/14	100%	16/16	100%	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.

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

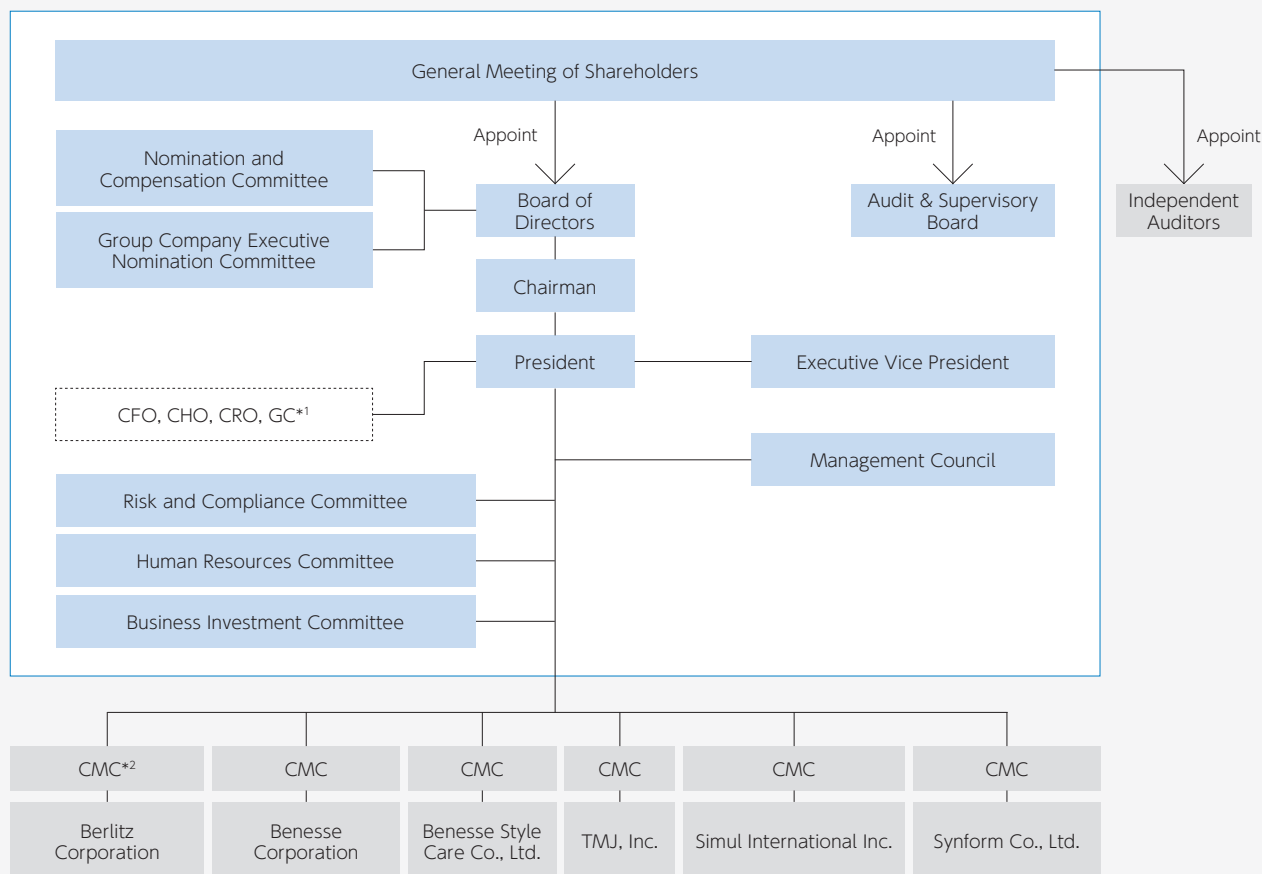
persons at the operating companies, and conducts surveys of operational status.

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 STRUCTURE



*1 CFO: Chief Financial Officer; CHO: Chief Human Officer; CRO: Chief Risk Management Officer; GC: Group Controller

*2 CMC: Company Management Committee

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 a 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:

Officer Category	Amount of Compensation (Millions of Yen)	Amount of Compensation by Type (Millions of Yen)				Number of Eligible Officers
		Basic Compensation	Stock Options	Bonuses	Retirement Benefits	
Directors (excluding Independent Directors)	234	158	—	76	—	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	62	62	—	—	—	2
Outside Officers	55	55	—	—	—	5

Notes 1. Maximum compensation levels for fiscal 2012 were determined by a resolution of the general shareholders' meeting, as follows:

- Directors: ¥500 million in financial compensation annually, plus stock option-based compensation in the form of stock acquisition rights up to ¥250 million annually.
 - Audit & 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.
- As of March 31, 2013, the Company had eight directors and four Audit & Supervisory Board Members.
 - "Bonuses" in the table above includes the amount recorded in the fiscal 2012 financial statements as provision for reserve for directors' bonuses.
 - 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:

	Approval ratio	Voting result
Proposal 1: Partial Amendment to the Articles of Incorporation	99.9%	Approved
Proposal 2: Election of Ten Directors		
Soichiro Fukutake	97.3%	Approved
Tamotsu Fukushima	97.1%	Approved
Kenichi Fukuhara	97.4%	Approved
Hitoshi Kobayashi	97.4%	Approved
Eiji Aketa	97.0%	Approved
Mark W. Harris	97.0%	Approved
Tamotsu Adachi	97.3%	Approved
Hiroyuki Mitani	97.4%	Approved
Eikoh Harada	97.4%	Approved
Daisuke Iwase	97.4%	Approved

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 *Shinkenzenmi*, business operations of subsidiaries, activities to support people affected by the Great East Japan Earthquake, education in Okayama, and other matters.

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.

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.

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.



FTSE4Good



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.

Education and Childcare

► Digital Applications for Establishing New Approaches to Home Study

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*

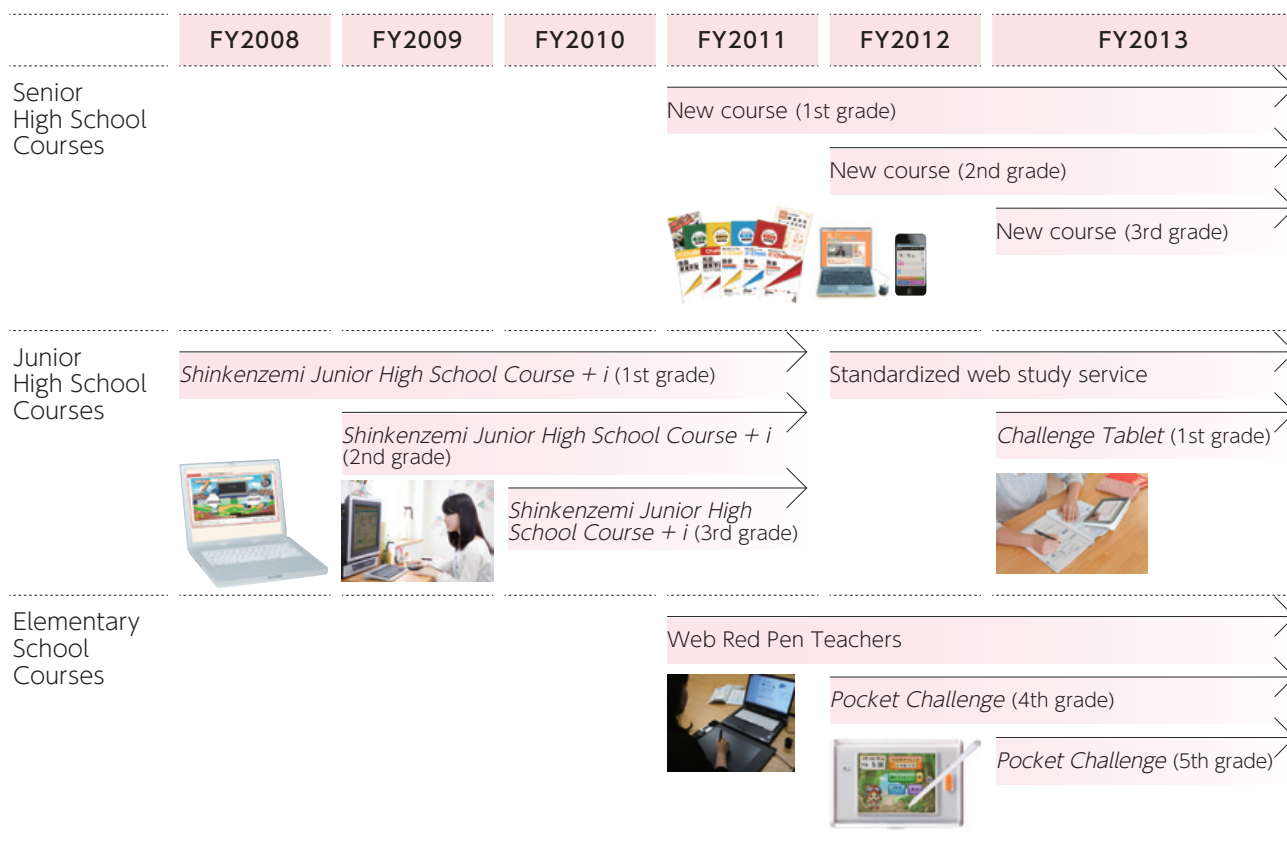
Since fiscal 2008, Benesse has worked aggressively to develop next-generation products and services. By combining our traditional strengths in

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



THE CHALLENGE TABLET



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

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



Price:	Free of charge as a gift* to interested enrollees of the Junior High 1st Grade Course for April 2013
	* 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.
Operating software:	Android™2.3.7

Display:	7-inch LCD
Wireless LAN:	IEEE802.11b/g
Camera:	2 million pixels
Safety and security functions:	Filter and other settings for limiting the utilization time, and blocking access to harmful Websites

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 *Shinkenzeni* Junior High School Course 1st grade course materials.

Shinkenzeni 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.

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 Tablet is My Trusted Helper in Giving My Everything to Studies as Well as Extracurricular Activities



MS. RION SAKAGUCHI

A member of the *Shinkenzeni* Junior High School Course

My *Challenge Tablet* was sent to our house before I started junior high school. Until then I'd been sharing a computer with my family, and I was so happy to have this tablet to myself that I tried it out right away. It wasn't hard to use at all.

In junior high school I joined the brassband club, and since I have band practice and lessons after school, I work on my *Shinkenzeni* Junior High School courses for 30 minutes every morning before breakfast, from 6:30 to 7:00. The live classes are my favorite feature of the *Challenge Tablet*. We can send messages to each other during class, and the students can work together solving problems, which makes it really easy to understand and a lot of fun. The video answer book is really useful, too. In Japanese language class, it can take a while to understand things using a printed text, but with video explanations, I can catch on right away. Our tutors also send us a lot of messages with advice by e-mail on how to study, which gets me motivated.

I have a younger brother in the fifth grade, and his elementary school course comes with the *Pocket Challenge*, digital learning materials they didn't have when I was taking the course. He looks like he's having fun studying. I think one thing we might have in common is that with *Shinkenzeni*, we're both able to keep at our studies. Since I want to become an elementary school teacher, I hope to keep studying hard with the help of my *Challenge Tablet*.

YORIKO WATANABE

Junior High School Education Department
Benesse Corporation

For children to continue to enjoy their schoolwork as their junior high school studies grow more challenging, it is important that they get in the habit of studying. With the *Shinkenzeni* junior high school course, we've made it easier to eliminate some of the stumbling blocks, incorporating web-based learning since fiscal 2008. With the *Challenge Tablet*, our goal is to create a more self-motivated study environment, and starting this spring, we have begun delivering the tablets to enrollees in the 1st grade junior high school course.

We focused most on seeing that children use the tablet at their desk along with their paper-based study materials, producing numerous prototypes to ensure usability. The tablet is also loaded with features to motivate children and get them in the habit of studying. These include improving interactivity by, for example, having an incoming lamp that flickers to signal when a live class is starting, or sending students e-mail with study advice matched to individual progress. The tablet also provides a means for interaction between students, with an SNS function called "My Circle" where enrollees working toward similar goals can encourage one another, which helps motivate them to study.

Although the service was introduced only recently, many enrollees have responded that the *Challenge Tablet* has made studying more fun. Going forward, we hope to continue improving the synergies between paper and digital learning, providing enrollees with study opportunities even more finely calibrated to their individual needs.



An Ideal Combination of Paper and Digital Learning for Motivating Children and Fostering Good Study Habits

Interviews with a *Shinkenzeni* Member and a Developer of the *Shinkenzeni Challenge Tablet*



The interview can be viewed in more detail on our website.
<http://www.benesse-hd.co.jp/en/ir/ar2013/>

Education and Childcare

► International Pathways —Seamless Journey to Further Education—

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

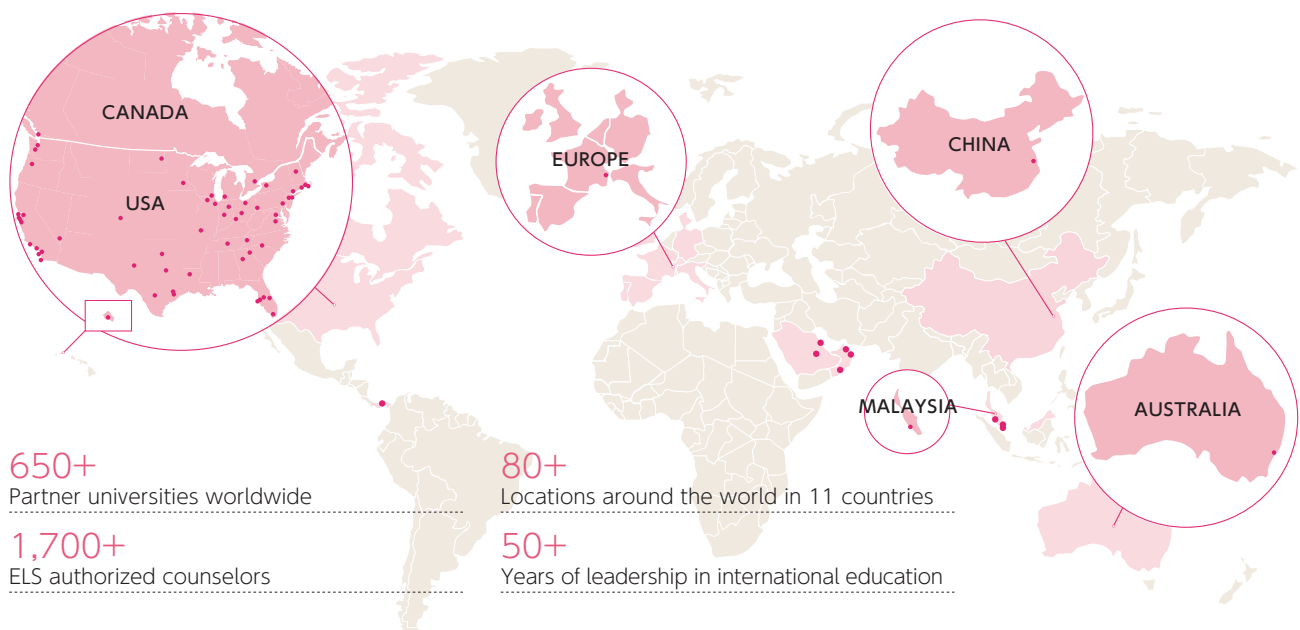
ELS Educational Services, Inc. (ELS), a subsidiary of Berlitz Corporation, provides intensive language skills

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.

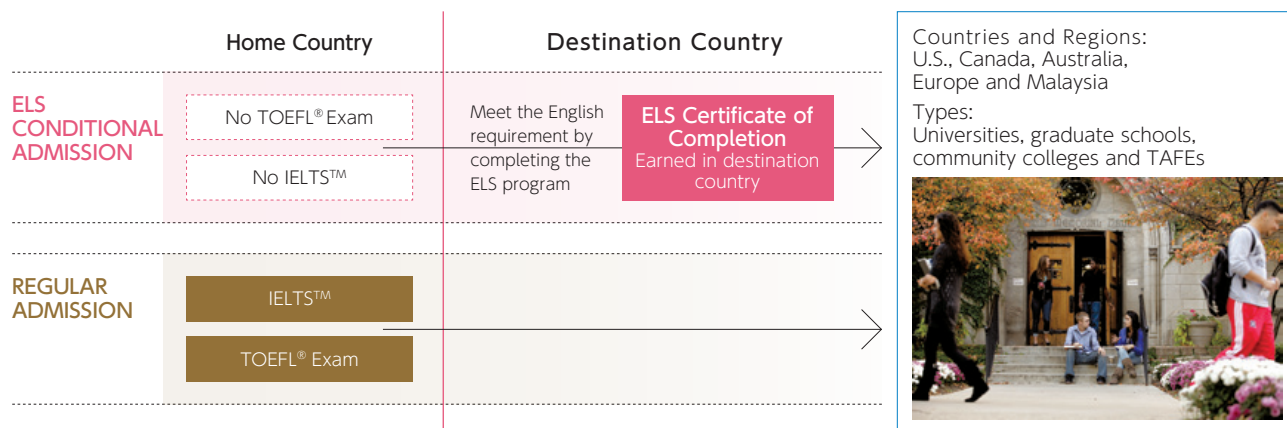
and Canada (including 50 centers on university campuses). The company also provides information and counseling for students considering study abroad opportunities from 1,700 locations in 93 countries around the world. This makes ELS one of the world's largest companies in the overseas study support business. 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.

ELS WORLDWIDE NETWORK



APPLYING THROUGH ELS UNIVERSITY ADMISSION SERVICES



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.

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 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.

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 there 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.

MARK W. HARRIS

Director of Benesse Holdings, Inc.
President and CEO of Berlitz Corporation

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.



ELS Offers Overseas Students a Trusted Pathway to Success

Interviews with an ELS Graduate and the CEO of Berlitz



The interview can be viewed in more detail on our website.
<http://www.benesse-hd.co.jp/en/ir/ar2013/>

► Initiatives Supporting Business Supporting a Variety of Learning Opportunities for Children

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



A Future Skills Project study symposium

by people on the forefront of parenting and education, the institute aims to help solve issues facing society.

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

MAIN RECENT SURVEYS CONDUCTED BY BERD

Study name	Year	Participants	Topic
2012 Survey of Guardians' Attitudes Toward School Education	2012	Guardians of elementary and junior high school students	Attitudes toward school and public education
2nd Study on Actual Conditions of University Student Study Habits and Lifestyles	2012	University students	Study and lifestyle attitudes and behavior
2nd Basic Study on Pre-school Education and Child Care	2012	Heads of kindergartens, childcare centers and licensed nursery schools	Preschool education and child care conditions

* All surveys were implemented by the predecessor of Benesse Educational Research & Development Center and the Benesse Institute for the Child Sciences and Parenting

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

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

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.

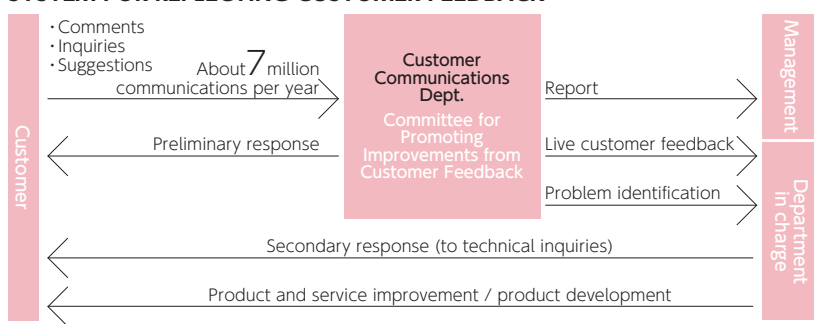
Years held	Themes of human rights lectures
2012	Approaching diversity: from the business frontlines of developing countries
2011	The media and discriminatory language
2010	Bridges toward a discrimination-free society

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



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.

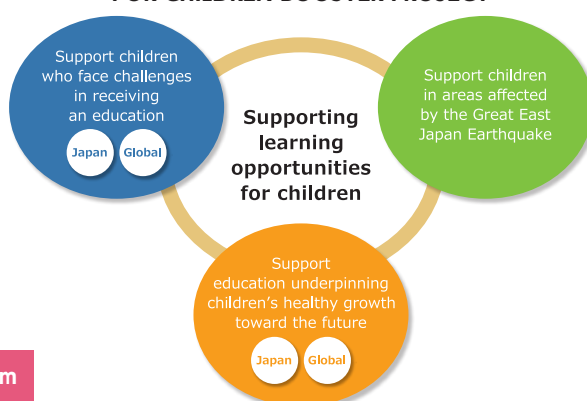


An overseas charity of Shinkenzemi Elementary School Course Effort Prize (donations of textbooks, etc.)

Donations from Shinkenzemi members

Approx.
6,100
(fiscal 2012)

OVERVIEW OF THE BENESSE BRIGHTER FUTURE FOR CHILDREN BOOSTER PROJECT



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.



Support event in earthquake affected areas with Shimajiro

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

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.



A book titled "You are the only one but never a lonely one"

Copies donated to
1,996
public libraries throughout Japan



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

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

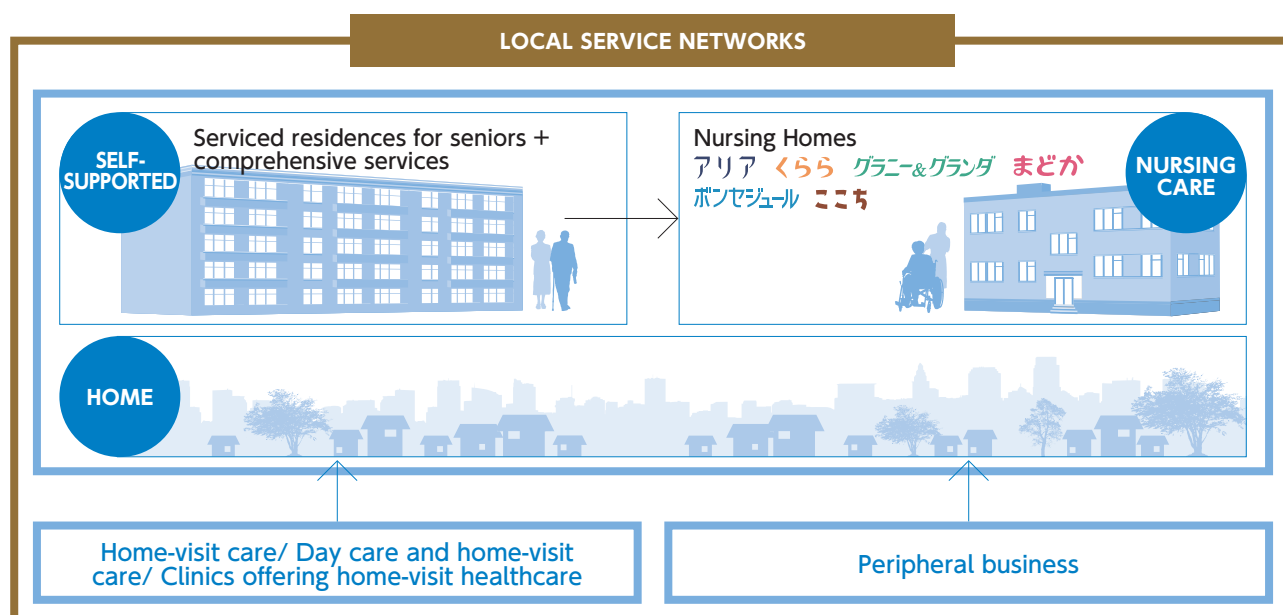
Based on the idea that nursing care should not be treated as something unique, Benesse Style Care Co., Ltd. locates most of its nursing homes for seniors in urban residential neighborhoods. The company’s 238 nursing homes—as of the end of March, 2013—are noted for allowing residents’ family members to 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.

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.

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.

CONCEPT OF “TOTAL SENIOR LIVING”



BENESSE'S NURSING HOMES FOR SENIORS

**アリア**

(Aria)

High-quality living with 24-hour nursing and nursing care services

**くらら**

(Clara)

Care in small groups in a warm family-style living environment

**グラニー&グランダ**

(Granny & Granda)

Colorful, rich lifestyles in unique and individualistic homes

**まどか**

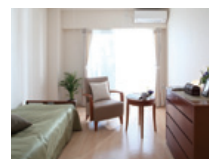
(Madoka)

Predominantly open living environments supporting secure and comfortable lifestyles

**ボンセジュール**

(Bon Sejour)

Vibrant lifestyle settings that value the happiness and aspirations of individuals

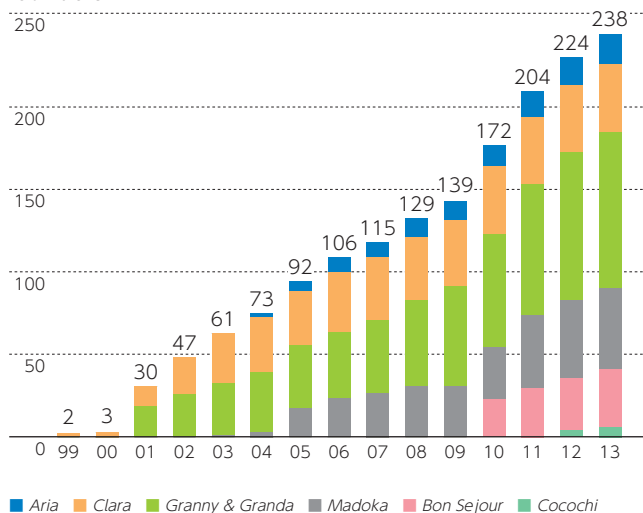
**ここち**

(Cocochi)

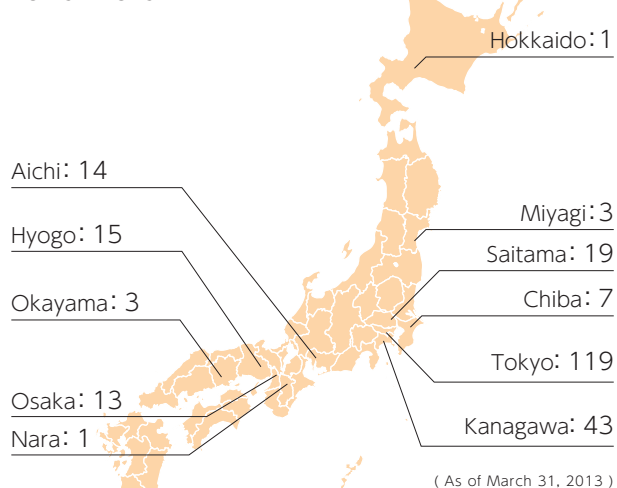
Own-home settings for a relaxed, individualistic and a simple and unadorned lifestyle

NUMBER OF NURSING HOMES FOR SENIORS

As of March 31



LOCATION OF NURSING HOMES FOR SENIORS



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:
<http://www.benesse-hd.co.jp/en/csr/>

► Initiatives Supporting Business for Continually Raising Service Value

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.

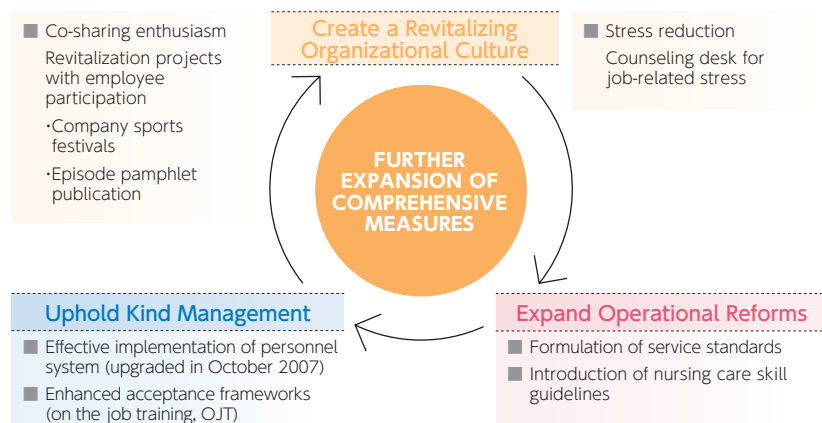
Main Survey Items

- 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.

INITIATIVES FOR IMPROVING EMPLOYEE RETENTION



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.

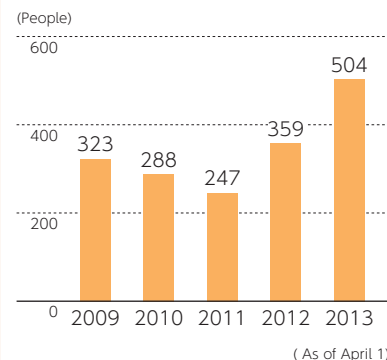
Ongoing Staff Recruitment

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.

NEW GRADUATE RECRUITMENT



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.



An Episode pamphlet

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.



Volunteers participating in the clean-up program

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

The nursing home and childcare center complex



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.



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.

NUMBER OF EMPLOYEES IN DOMESTIC AND OVERSEAS EDUCATION BUSINESS DOMAINS

As of March 31, 2013

	2013
Benesse Corporation China/Benesse Corporation Guangzhou	873
Taipei Office	349
Benesse Korea (includes contract employees)	237
Benesse America	4
Benesse Global Career Academy (Australia)	2
Total	1,465

*Excludes Japanese employees on assignment

DIRECT OPERATIONS OF BERLITZ BY REGION

As of April 2013

Argentina	India	South Africa
Australia	Ireland	Spain
Austria	Israel	Sweden
Belgium	Italy	Switzerland
Brazil	Japan	Taiwan
Canada	Korea	Thailand
Chile	Luxembourg	Turkey
China	Mexico	United Kingdom
Colombia	Netherlands	United States
Czech Republic	Norway	Uruguay
Denmark	Peru	Venezuela
Ecuador	Poland	Vietnam
Finland	Puerto Rico	
France	Singapore	
Germany	Slovak Republic	
Hong Kong	Slovenia	
Hungary		

Over
40 countries
and regions



BBM employees at work

RATIO OF FEMALE EMPLOYEES AND MANAGEMENT

As of April 2013, regular employees

	Male	Female	Ratio of Female Workers
Number of employees	1,290	1,514	54%
Team leaders	117	167	59%
Section leaders	193	115	37%
General managers	55	14	20%
Executives	7	3	30%

RATIO OF EMPLOYEES WITH DISABILITIES

2011–2013, as of March 1



*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

SURVEY FRAMEWORK

A: Benesse Group Management

Verify Group employees' real feelings about Benesse Group management
▶ Reflect feedback in company management and systems

B: Company Management

Verify employees' real feelings about the management of each company
▶ Reflect 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

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).

Occupational Health and Safety Initiatives

Benesse Group companies all have health and safety committees and implement medical checkups as required by law as part of efforts to keep employees healthy. We are also taking steps as a Group to promote healthcare, including sharing cases at Group human resources manager meetings, holding study sessions led by industrial physicians, enhancing industrial physician systems and setting up consultation desks. Some Group companies also use external employee assistance programs (EAPs). These are only a few examples of our wide-ranging activities on this front.



A scene from Benesse Evening University

NUMBER OF EMPLOYEES WHO TOOK CHILDCARE LEAVE AND RETURNED FROM LEAVE

	FY2011		FY2012
	Took leave	Returned from leave	Took leave
Benesse Style Care	81	79 (98%)	89
Benesse Corporation	95	91 (96%)	104

NUMBER OF EMPLOYEES RECEIVING CHILDCARE ALLOWANCE

As of April 2013

Benesse Style Care	168
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For more detail, please see our CSR website:
<http://www.benesse-hd.co.jp/en/csr/>

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

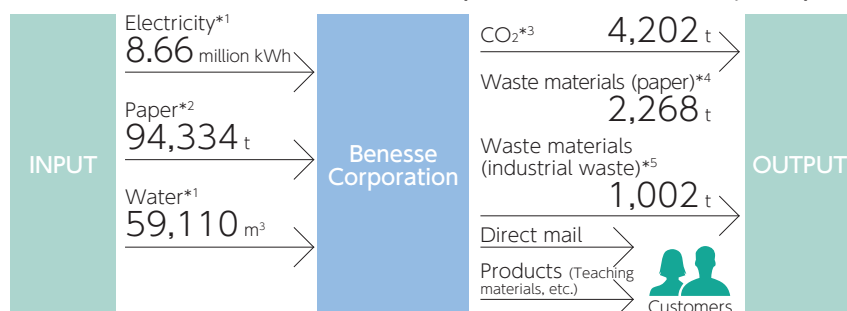
Benesse Corporation acquired ISO 14001 certification in 2004.

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.

OUR BUSINESS AND THE ENVIRONMENT (YEAR ENDED MARCH 31, 2013)



*1 Figures for Okayama Headquarters, Tokyo Head Office (Tama Office) and Benesse Logistics Center (BL)

*2 Excluding printing paper for use in offices

*3 For electricity only

*4 For correspondence courses and mail order sales only

*5 For Okayama Headquarters, Tokyo Head Office (Tama Office) and logistic bases (Okayama, Kanagawa, Saitama, Gunma) only

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.



Children put their educational materials in collection boxes for recycling

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,



SIM-CEL—SIM-Drive's third prototype

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



Montblanc de la Culture Arts Patronage Award (2012)

AWARDS RECEIVED IN FISCAL 2012

Name	Grounds for award
Montblanc de la Culture Arts Patronage Award (2012)	With strong determination and action, created an earthly oasis of Benesse = “Well-Being” in harmony with people, nature and art.
Soroptimist Japan Foundation award for social contributions (2012)	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.

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

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.



Benesse House
Photo: Tadasu Yamamoto



Art House Project “Kadoya”
Photo: Norihiro Ueno



Chichu Art Museum
Photo: Fujitsuka Mitsumasa



Teshima Art Museum
Photo: Noboru Morikawa



Yayoi Kusama “Pumpkin”
Photo: Shigeo Anzai

& Culture Foundation, the Fukutake Foundation for the Promotion of Regional Culture, and the Naoshima Fukutake Art Museum Foundation—were merged into a single entity, resulting in the creation of the Fukutake Foundation.

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

Benesse Art Site Naoshima Fiscal 2012 Activities Report

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.

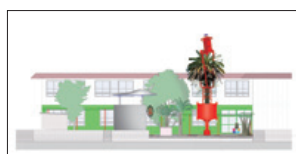
ISLAND OF INUJIMA In 2013, the Inujima Art House Project, which started in 2010 with the Nakanotani Gazebo and three galleries, saw the addition of two new galleries, A-Art House and C-Art House. Scattered throughout the island, the galleries were designed by architect Kazuyo Sejima to bring together viewers of the art, the artworks themselves, and the island's landscape, and are constructed out of a diverse range of materials, including



INUJIMA "Art House Project" / A-Art House reflectwo [Haruka Kojin] 2013
Photo: Takashi Homma

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.



MEGIJIMA <Mekon> (Image)
Courtesy of sunia inc.

ISLAND OF NAOSHIMA The ANDO MUSEUM, which features a completely new interior built within the walls of a 100-year-old traditional wooden house, is located on Naoshima in the village of Honmura, valued for the old structures that remain there. The exterior of the house retains its original



ANDO MUSEUM
Photo: Yoshihiro Asada

appearance, but within, a concrete space creates a dual structure. The museum displays models and sketches of Ando's representative works, including the Chichu Art Museum.

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.

Benesse Art Site also supports the Teshima Island Terraced Rice Field Project, cooperating in reviving the terraced rice fields that are part of the traditional landscape of Teshima Island. This environmentally-friendly project is intended in part to drive the revitalization of the local community.



Naoshima Rice Farming Project

FUKUTAKE EDUCATION AND CULTURE FOUNDATION

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.



A BIRD Theatre Company performance of "Turmbau zu Babel" in front of the former power station inside Inujima Seirenscho Art Museum

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 38 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.



An activities presentation



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.



Izushi Yasuo Kuniyoshi Reference Room

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.



School teachers in the work experience program

Number of Company Visits and First Hand Work Experiences

Junior high schools	27
Senior high schools	29
Universities	1
Other (high school teachers, future school instructors, board of education staff)	3

Fiscal 2012	Total 60
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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



The Benesse Sailing Team

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.

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.



Perimeter advertising at the home stadium

Setouchi Triennale 2013



Inujima "Art House Project"
F-Art House



Musashino Art University
Straw Art Team



ANDO MUSEUM

Port of Uno

Inujima

Shodoshima

Naoshima

Teshima

Ogijima

Oshima

Megijima

Port of Takamatsu

Honjima

Shamijima

Takamijima

Awashima

Ibukijima



Seagulls Parking Lot
Takahito Kimura



Ogijima's Soul
Jaume Plensa



Teshima Yokoo House

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), Takamijima (fall only), Awashima (fall only), Ibukijima (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.

Soichiro Fukutake,
General Producer,
Chairman of the Board
Fukutake Foundation

Business Environment

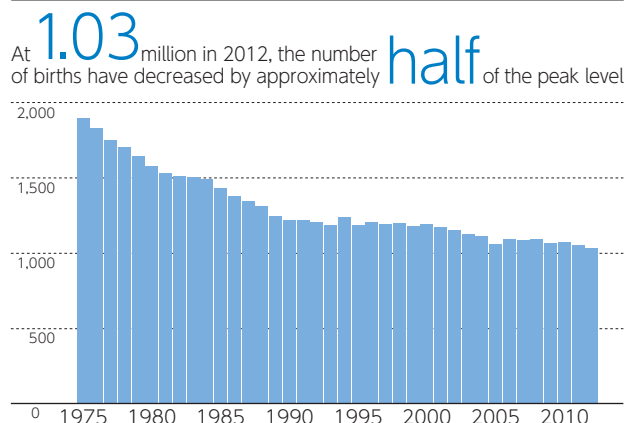
DEMOGRAPHICS

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

(Thousands)



Source: Vital Statistics, Ministry of Health, Labour and Welfare

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.

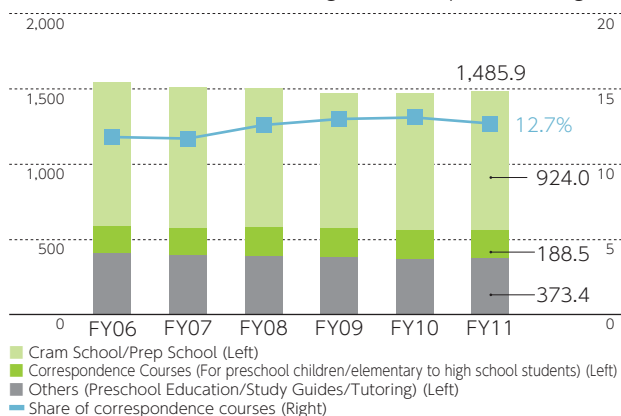
Note: Supplementary education market includes preschool education (English-language teaching materials, intensive education, and English-language schools up to age 15), study guides/workbooks, tutoring, correspondence courses (for preschool children/elementary to high school students), and cram schools/prep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

TRENDS IN THE SUPPLEMENTARY EDUCATION MARKET

(Billions of Yen)

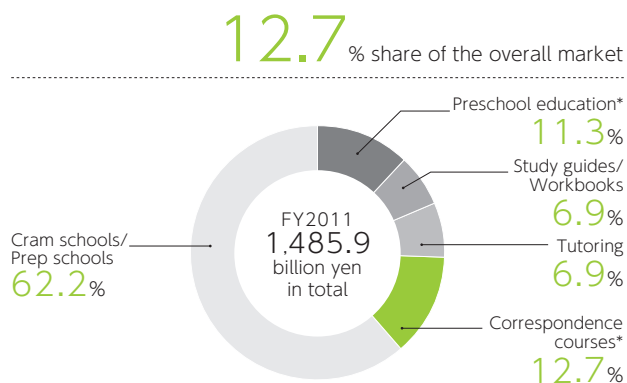
(%)

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



Note: The figures were calculated by Benesse based on data in the Yano Research Institute Ltd.'s "Education Industry 2012"

SUPPLEMENTARY EDUCATION MARKET IN JAPAN

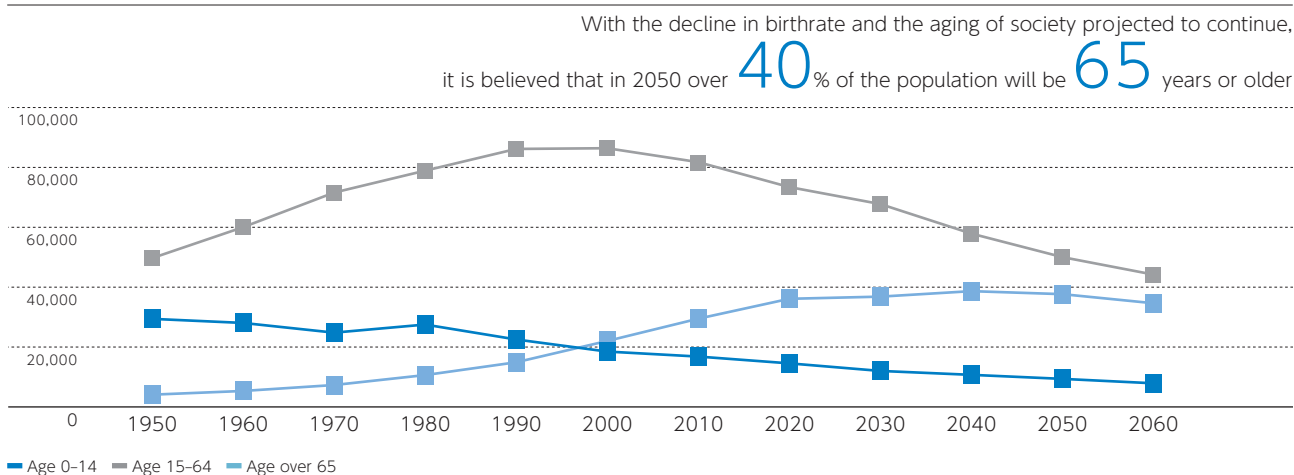


*Please refer to the note above

Note: The figures were calculated by Benesse based on data in the Yano Research Institute Ltd.'s "Education Industry 2012"

POPULATION TRENDS BY AGE GROUP AND FUTURE PROJECTIONS

(Thousands)



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.

Source: National Institute of Population and Social Security Research "Population Projection for Japan" (January 2012 estimate)

NURSING CARE MARKET

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

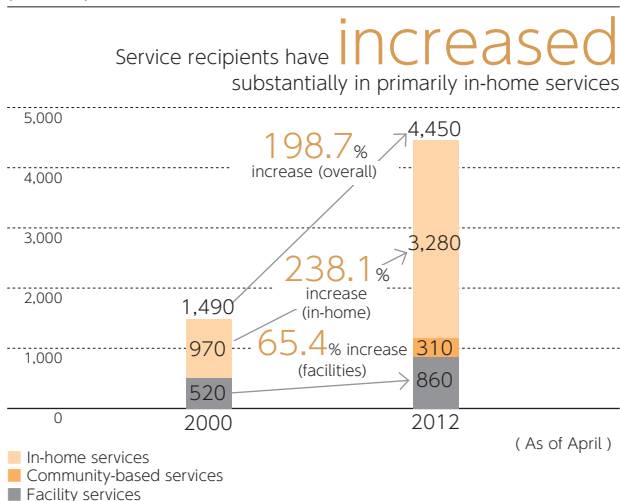
With society aging, the issue of nursing care for the elderly is becoming increasingly acute. Against this backdrop, in 2000, Japan introduced nursing care insurance. As the nursing care insurance system has expanded, the number

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)

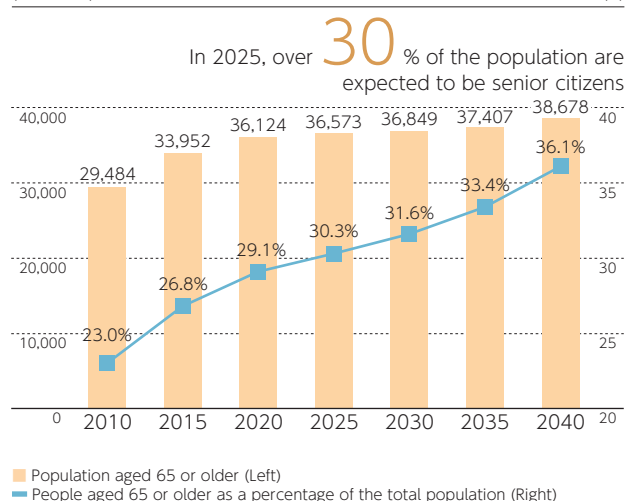


Source: Ministry of Health, Labour and Welfare "Status Report on the Long-Term Care Insurance Projects"

ESTIMATED POPULATION AND PERCENTAGE OF PEOPLE AGED 65 OR OLDER

(Thousands)

(%)



Source: National Institute of Population and Social Security Research "Population Projection for Japan" (January 2012 estimate)

Corporate Data

INVESTOR INFORMATION

As of March 31, 2013

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

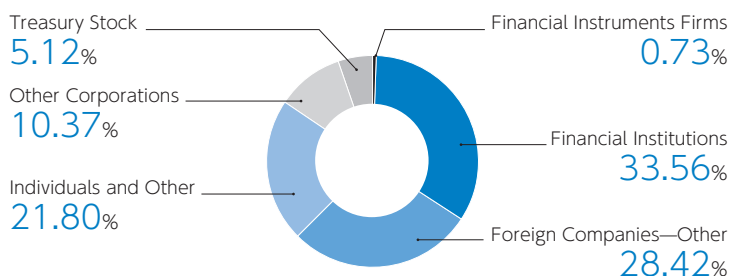
* On July 16, 2013, Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. were merged. The Company's shares are therefore now listed only on Tokyo Stock Exchange.

TOP 10 SHAREHOLDERS:

	Shares (Thousand)	Percentage (%)
The Master Trust Bank of Japan, Ltd.	17,110	17.60
Japan Trustee Services Bank, Ltd.	7,341	7.55
Fukutake Foundation	5,008	5.15
The Chugoku Bank, Ltd.	2,787	2.86
Nobuko Fukutake	2,769	2.84
Junko Fukutake	2,155	2.21
Mitsuko Fukutake	2,075	2.13
Trust & Custody Services Bank, Ltd.	1,962	2.01
Minamigata Holdings, Inc.	1,836	1.88
JP Morgan Chase Oppenheimer JASDEC Lending Account	1,651	1.69

Notes: 1. The shares held by The Master Trust Bank of Japan, Ltd. include 13,618 thousand Company shares (a 14.00% investment ratio) contributed by efu Investment Limited as trust assets. efu 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.

SHAREHOLDINGS BY TYPE OF SHAREHOLDER:



CONSOLIDATED SUBSIDIARIES

As of March 31, 2013

Name of company	Common stock (Millions of yen)	Ratio of shareholdings (%)	Description of business
Benesse Corporation	3,000	100.0	Education, publishing, mail-order sales, etc.
UP Inc.	1,667	89.7	Operation of prep schools
Tokyo Individualized Educational Institute, Inc.	642	61.9	Operation of prep schools
Shinken-AD Co., Ltd.	65	100.0	Advertising services and creation of university information magazines
Plandit Co., Ltd.	40	100.0	Planning and editing of study materials
Benesse Base-Com, Inc.	20	100.0	Production, distribution and sales of study materials and software
Learn-S Co., Ltd.	10	100.0	Planning, editing, production and sales of study materials
Ochanomizu Seminar Co., Ltd.	10	100.0 ^{*1}	Operation of prep schools
Tokyo Educational Institute Co., Ltd.	10	100.0	Operation of prep schools
BENESSE GCA PTY LTD	1,250 Thousands of Australian Dollars	100.0	Support for study overseas
Benesse Corporation China	125,000 Thousands of RMB	100.0	Sales of correspondence course materials for preschoolers
Benesse Korea Co., Ltd.	2,000 Millions of Won	100.0	Correspondence-based education, production and sales of study materials
Benesse en-Famille Inc.	50	66.0	Home food-delivery service
Benesse Music Publishing Co.	10	100.0	Rights management of music publications
Benesse Style Care Co., Ltd.	100	100.0	Operation of senior citizen welfare business
Benesse MCM Corp.	80	100.0 ^{*2}	Introduction and temp staffing of nurses and human resources trained in nursing care
Berlitz Corporation	1,005 Thousands of U.S. Dollars	100.0	Language instruction, global leadership training and support for study overseas
Okayama Language Center	50	100.0	Language instruction and translation services
Simul International, Inc.	40	100.0	Interpretation, translation and language instruction services
TMJ, Inc.	300	60.0	Telemarketing, temporary staffing
Synform Co., Ltd.	95	100.0	Computer information processing and systems development and sales
Benesse Business-mate, Inc.	50	100.0 ^{*3}	Office operational management, outsourcing and support services
Naoshima Cultural Village Co., Ltd.	20	100.0	Hotel and campsite operation and management
Benesse Insurance Services, Inc.	20	94.0 ^{*4}	Insurance agency business
Benesse Hong Kong Co., Ltd.	3,600 Thousands of H.K. Dollars	100.0	General trading and quality assurance related to educational equipment, toys and other items

9 other subsidiaries

*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 subsidiaries.

*4 Including an indirect stock holding of 64.0% through subsidiaries and affiliates.

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 Holdings, Inc.

Corporate Communications & Investor Relations Department

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Nishi Shinjuku, Shinjuku-ku, Tokyo
163-0416, Japan
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Facsimile: +81-3-5320-1677
Email (IR): tokyoir@mail.benesse.co.jp
Email (CSR): csr@mail.benesse.co.jp
URL: <http://www.benesse-hd.co.jp/en/>



ON THE COVER

Yayoi Kusama
"Pumpkin" 1994

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
<http://www.benesse-artsite.jp/en/>

