

Business Results for the Six months
ended September 30, 2011

October 31, 2011
Benesse Holdings, Inc.

Overview of First-Half Results and Full-Year Forecasts for FY2011

October 31, 2011
Kenichi Fukuhara
Representative Director
Executive Vice President and CFO
Benesse Holdings, Inc.

Consolidated Results by Segment (YoY)

■ Sales up and income down yoy

Six months ended September 30

(Millions of Yen)

	2010	2011	Change	%
Domestic Education	121,838	120,327	(1,510)	(1.2)
Overseas Education	4,599	5,255	655	14.2
Lifestyle	13,488	11,493	(1,994)	(14.8)
Senior/Nursing Care	27,959	32,119	4,160	14.9
Language/Global Leadership Training	26,152	28,033	1,880	7.2
Others	11,089	10,452	(637)	(5.7)
Net Sales Total	205,127	207,680	2,553	1.2
Domestic Education	28,735	24,633	(4,102)	(14.3)
Overseas Education	(401)	(740)	(339)	-
Lifestyle	(442)	(254)	188	-
Senior/Nursing Care	1,530	1,831	300	19.6
Language/Global Leadership Training	97	398	300	309.5
Others/Adjustment	(806)	(1,156)	(349)	-
Operating Income Total	28,712	24,711	(4,001)	(13.9)
Ordinary Income	29,401	25,287	(4,113)	(14.0)
Net Income	15,718	13,267	(2,450)	(15.6)

Analysis of Net Sales/Operating Income (1H FY10 vs 1H FY11)

(Billion yen)

Net Sales	Domestic Education	<i>Shinkenzemi and Kodomo Challenge</i>	(2.3)
		Senior High School	(1.6)
		Junior High School	(0.5)
		Elementary School	0.3
		<i>Kodomo Challenge</i>	(0.5)
		Tokyo Individualized Educational Institute	(0.7)
		School & Teacher Support / peripheral, etc.	1.5
	Overseas Education	Higher overseas enrollment , etc.	0.6
	Lifestyle	Lower sales due to termination of business , etc. Lower sales from magazines, etc.	(1.2) (0.7)
	Senior/Nursing Care	Increase in nursing home residents	4.1
	Language/Global Leadership Training	Foreign currency translation impact Higher sales at Berlitz, etc.	(1.5) 3.3
	Others	Drop in sales at Telemarketing Japan, etc.	(0.6)
Operating Income	Domestic Education	<i>Shinkenzemi and Kodomo Challenge</i>	(4.9)
		Tokyo Individualized Educational Institute	(0.3)
		School & Teacher Support / peripheral, etc.	1.1
	Overseas Education	Business investment in China, etc.	(0.3)
	Lifestyle	Lower expenses, etc.	0.1
	Senior/Nursing Care	Higher earnings on higher sales, etc.	0.3
	Language/Global Leadership Training	Higher earnings on higher sales, etc.	0.3
	Others/Adjustments	Headquarters costs, etc.	(0.3)

Cumulative Enrollment and ASP per Month for *Shinkenzeni*

【Cumulative Enrollment】

Six months ended September 30

(Thousand)

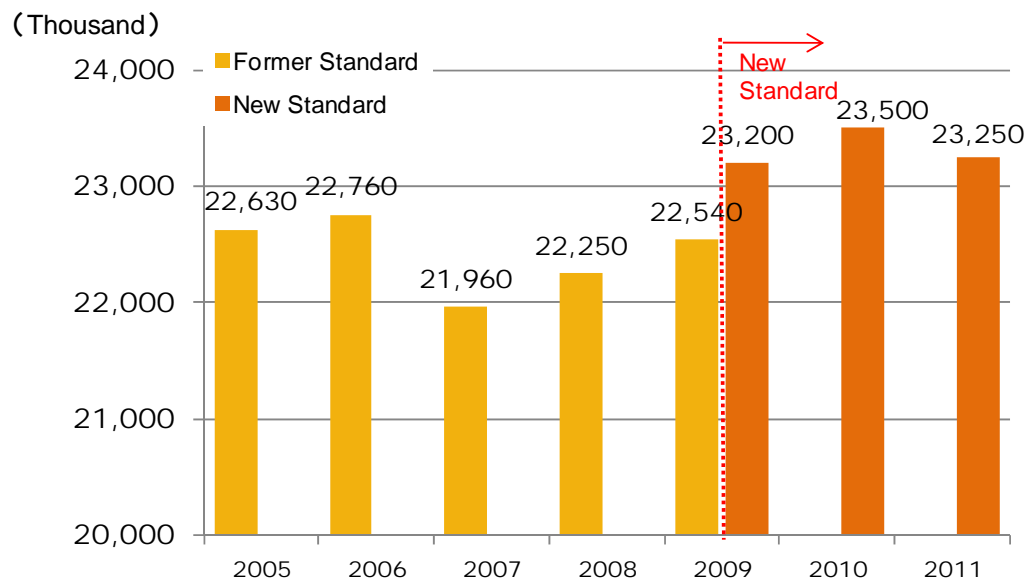
	2010	2011	Change	%
Senior High School	1,910	1,710	(200)	(10.8)
Junior High School	4,230	4,170	(60)	(1.5)
Elementary School	10,100	10,320	210	2.1
Preschool (<i>Kodomo Challenge</i>)	7,240	7,050	(190)	(2.6)
Total	23,500	23,250	(250)	(1.1)

Notes:

1. Cumulative enrollment represents the cumulative total number of people who receive materials monthly (from April to September).
2. Cumulative enrollment for *Kodomo Challenge baby* is included in cumulative enrollment for *Kodomo Challenge* by new standard.

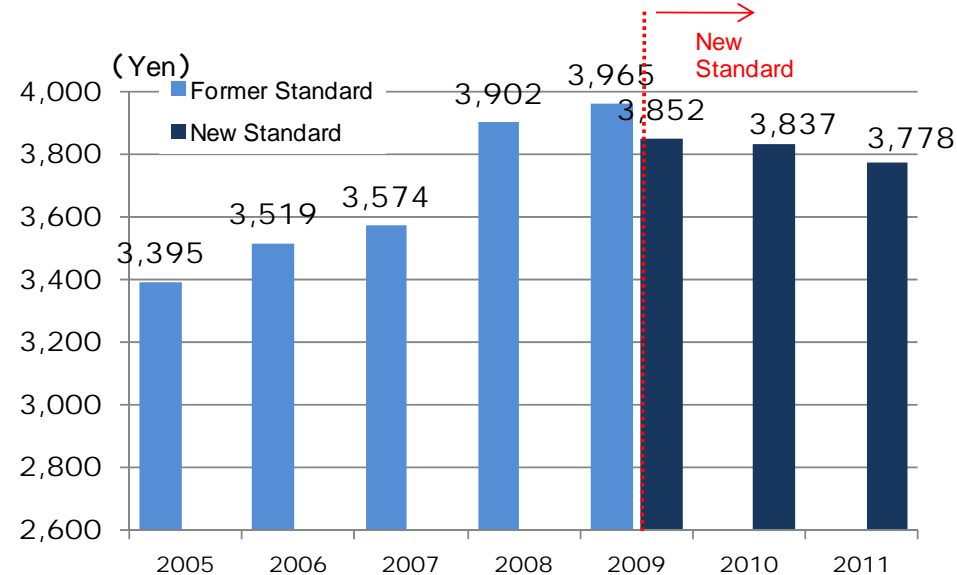
【Cumulative Enrollment】

<Six months ended September 30>

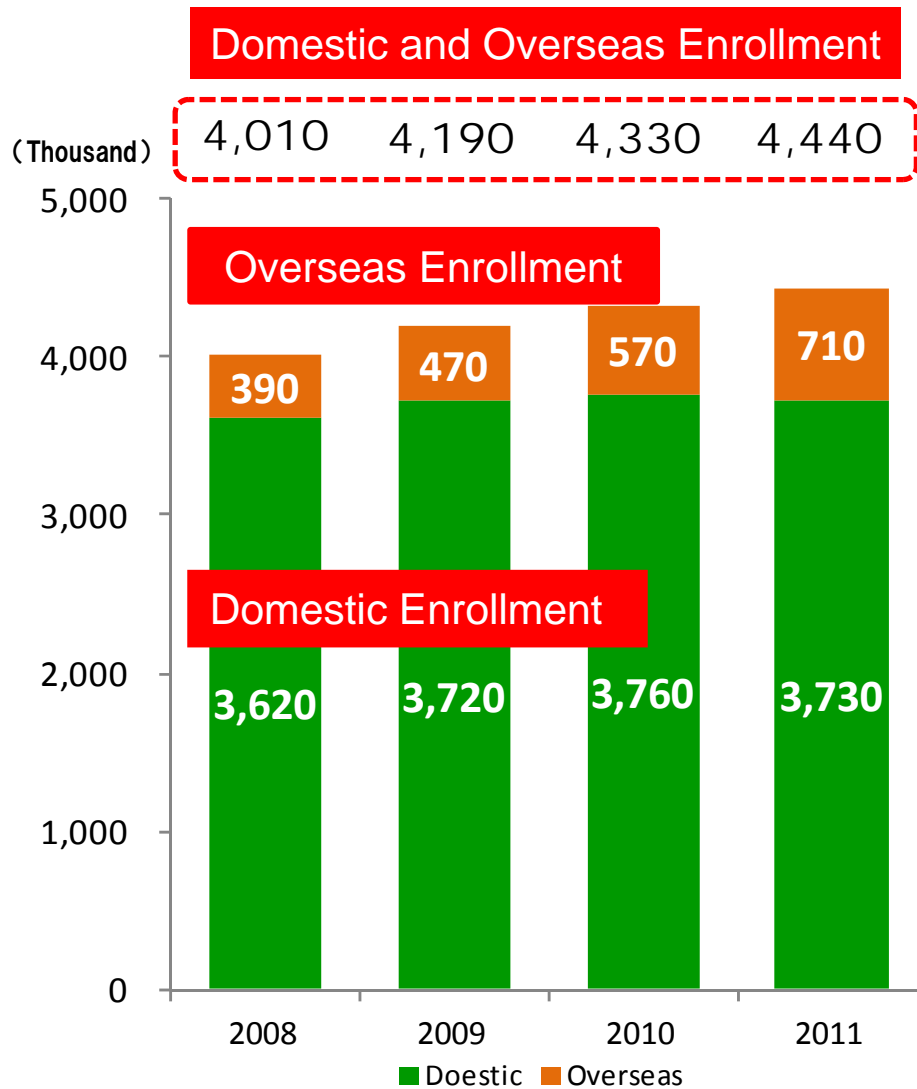


【ASP per Month】

<Six months ended September 30>



Enrollment in *Shinkenzemi* as of October 2011



【*Shinkenzemi* Enrollment as of Oct.】 (Thousand)

	2010	2011	Change	%
Senior High School	280	260	(20)	(7.0)
Junior High School	640	640	0	0.4
Elementary School	1,590	1,620	30	1.9
Preschool (<i>Kodomo Challenge</i>)	1,250	1,220	(30)	(3.1)
Subtotal	3,760	3,730	(30)	(0.7)
Overseas (China, Korea, Taiwan)	570	710	140	25.2
Total	4,330	4,440	110	2.7

FY2011 Forecast

■ Upward Revision of FY 2011 Forecast

Years Ended March 31

(Millions of Yen)

	2011	2012 (Forecast)	Change	%	2012 (Previous forecast)	change
Net Sales	412,828	421,900	9,072	2.2	418,300	3,600
Operating Income	42,867	33,800	(9,067)	(21.2)	32,500	1,300
Operating Income Ratio(%)	10.4	8.0	—	—	7.8	—
Ordinary Income	44,703	34,300	(10,403)	(23.3)	33,000	1,300
Net Income	20,586	18,300	(2,286)	(11.1)	18,000	300
Exchange Rate (USD/JPY)	87.69	80.00	—	—	85.00	—

FY2011 Forecast by Segment

Years Ended March 31

(Millions of Yen)

	2011	2012 (Forecast)	Change	%
Domestic Education	240,576	238,400	(2,176)	(0.9)
Overseas Education	9,394	11,100	1,706	18.2
Lifestyle	28,260	25,500	(2,760)	(9.8)
Senior/Nursing Care	58,897	67,200	8,303	14.1
Language/Global Leadership Training	53,989	58,700	4,711	8.7
Others	21,709	21,000	(709)	(3.3)
Net Sales Total	412,828	421,900	9,072	2.2
Domestic Education	40,619	33,200	(7,419)	(18.3)
Overseas Education	(691)	(1,400)	(709)	-
Lifestyle	(473)	(1,400)	(927)	-
Senior/Nursing Care	4,078	5,200	1,122	27.5
Language/Global Leadership Training	767	400	(367)	(47.8)
Others/Adjustment	(1,432)	(2,200)	(768)	-
Operating Income Total	42,867	33,800	(9,067)	(21.2)
Ordinary Income	44,703	34,300	(10,403)	(23.3)
Net Income	20,586	18,300	(2,286)	(11.1)

Analysis of Net Sales/Operating Income (Forecast)

(Billion yen)

Net Sales	Domestic Education	<i>Shinkenzemi and Kodomo Challenge</i>	(2.6)
		Tokyo Individualized Educational Institute	(1.1)
		School & Teacher Support / peripheral, etc.	+1.6
	Overseas Education	Higher overseas enrollment, etc.	+1.7
	Lifestyle	Lower sales from termination of businesses Lower sales from magazines, etc.	(2.3) (0.5)
	Senior/Nursing Care	Increase in nursing home residents	+8.3
Operating Income	Language/Global Leadership Training	Foreign currency translation impact Higher sales at Berlitz, etc.	(2.7) +7.4
	Others	Lower sales at Telemarketing Japan, etc.	(0.7)
	Domestic Education	<i>Shinkenzemi and Kodomo Challenge</i>	(7.7)
		Tokyo Individualized Educational Institute	(0.4)
		School & Teacher Support / peripheral, etc.	+0.7
	Overseas Education	Business investment in China, etc.	(0.7)
Lifestyle	Investment in new business, lower sales from magazines, etc.	(0.9)	
Senior/Nursing Care	Higher earnings on higher sales, etc.	+1.1	
Language/Global Leadership Training	Expenses related to M&As, etc.	(0.3)	
Others/Adjustments	Headquarters costs, etc.	(0.7)	

Capital Policy

■ Set a share buyback ceiling of 10 billion yen for FY2011

Share Buyback Program

- Share Buyback Program
Ceiling of 2.8 million shares/10 billion yen; to take place between May 23, 2011 and March 31, 2012
⇒ 1.55 million shares/5.3 billion yen acquired as of September 30
- Aim for 5% of issued shares, with any surplus, in principle, cancelled each term
⇒ 2.2 million treasury shares cancelled on June 30

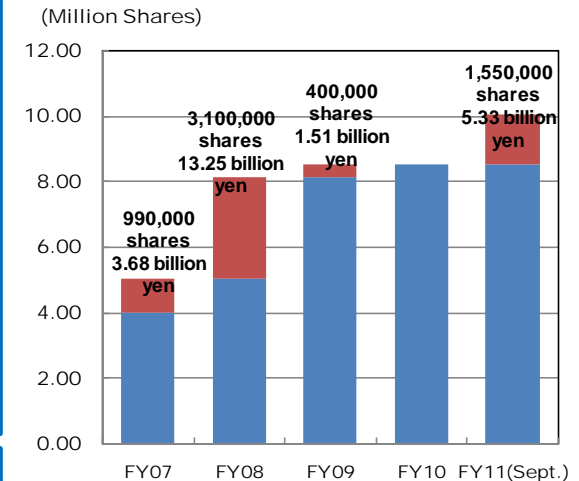
Dividend/Dividend Payout Ratio

- Target dividend payout ratio of 35% or higher

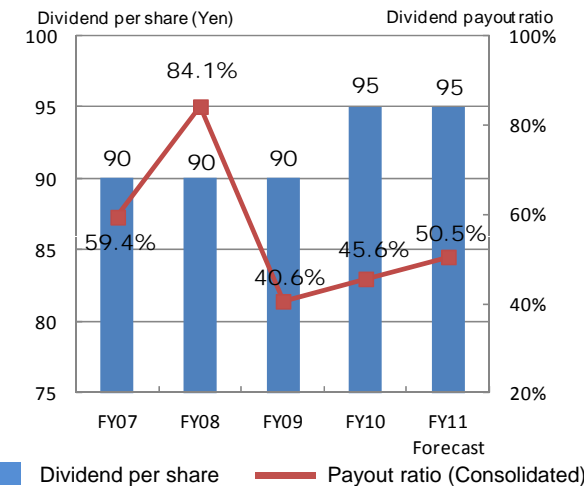
Business Investment/M&A

- Business Investment
Invest in medium- to long-term growth, as well as infrastructure development, etc.
- M&As
Proactively implement M&As, aiming for independent growth in each business domain.

【Share Buyback Program】



【Dividend/Dividend Payout Ratio】



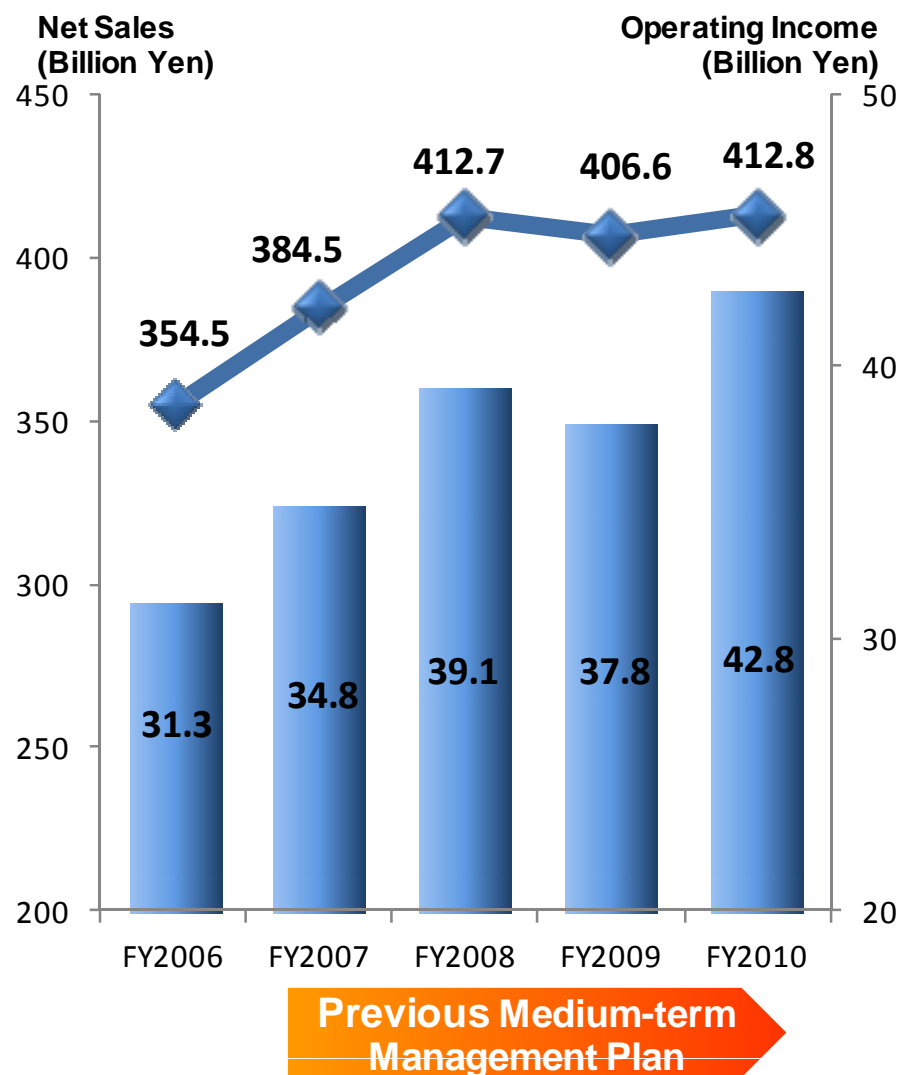
New Medium-term Management Plan for FY 2012-2016

October 31, 2011

Tamotsu Fukushima

Representative Director, President
Benesse Holdings, Inc.

Review of Previous Medium-term Management Plan (FY2007-2010)



Largely achieved targets of previous medium-term management plan

	FY2010 Targets	FY2010 Actual
Net Sales	421.5	412.8
Operating Income	41.0	42.8
ROE	12.0%	11.3%

CAGR

Net sales: 3.9%; Operating income: 8.2%

Main Initiatives

- Shift to a holding company structure
- Develop next generation of *Shinkenzeni*
- Expanded China business and Senior/Nursing Care business
- Aggressive M&As

Benesse Group's Growth Vision

As a company involved in "Education (Human Resource Development)" and "Solutions for Society's Challenges,"

- ① Become the **world's No. 1 company in the education field**, supporting childcare, education and human resource development globally.
- ② **Position senior/nursing care business as an important growth field and propel growth further.**

Numerical Targets

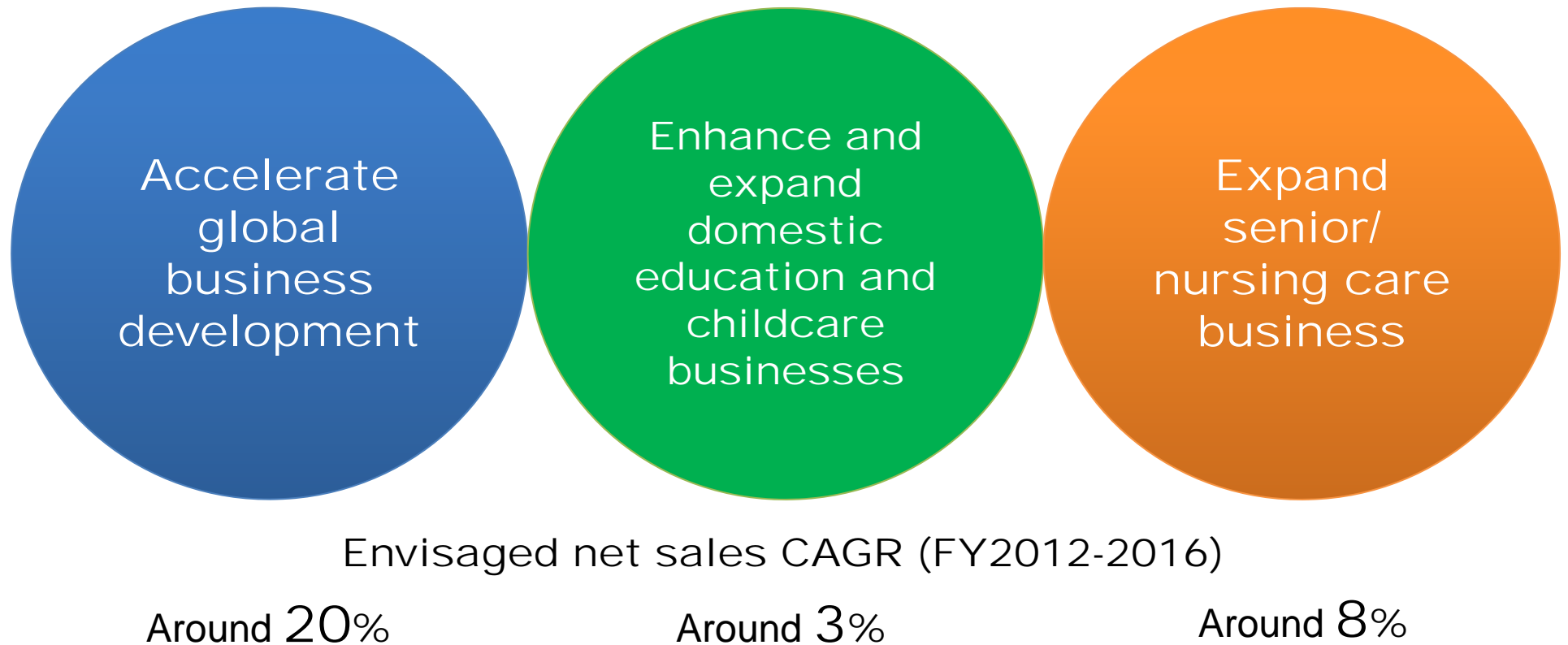
Fiscal 2016 net sales: 600 billion yen; operating income ratio: 10%

- Secure steady profits from existing businesses and use them for overseas expansion and strengthening new businesses
- Accelerate overseas expansion, aiming for an overseas sales ratio of 25%

	FY2010 Actual	FY2011 Forecasts	FY2016 Targets	(Billion Yen) CAGR
Net Sales	412.8	421.9	600.0	7.3%
Operating income	42.8	33.8	60.0	12.2%
Overseas sales ratio	11.7%	12.8%	25.0%	—
ROE	11.3%	9.8%	12% or more	—

Key Strategic Tasks

Promote growth strategies in the domains of “education and childcare,” “language/global leadership training” and “senior/nursing care.”



Overseas Education

- Enhance global business development of preschool correspondence courses (*Kodomo Challenge*)
 - Accelerate business expansion in China
 - ⇒ Target enrollment: 2 million students (FY2018)
 - Expand into emerging markets (Indonesia, Brazil, etc.)
- Develop new businesses in China
 - Classroom-style businesses (infants classes, prep schools, etc.)
- Form alliances with leading overseas companies and invest in them

Language/GLT

- Enhance language/GLT business for corporate customers
 - Expand Global Leadership Training (GLT)
 - Promote Media Based Learning (Face-to-Face + Telephone + Web), etc.
- Develop emerging markets
 - China, India, Middle East, etc.
- Enhance ELS business (Study abroad support business)
 - Promote "International Pathways" and territorial expansion

Domestic Education

- Develop next generation of *Shinkenzeni*
 - Provide learning styles for the digital network age
 - Reform marketing
 - Create a lean business structure through cost-structure reforms
 - ⇒ Target share: 25% (2018) + increased retention rate
 - = Maximize enrollment
- Strengthen English learning business
 - Expand English learning business using Berlitz and *Shinkenzeni* assets
 - Strengthen study abroad support business (Develop global leaders, professional ability, etc.)
- Expand services using prep schools and classrooms

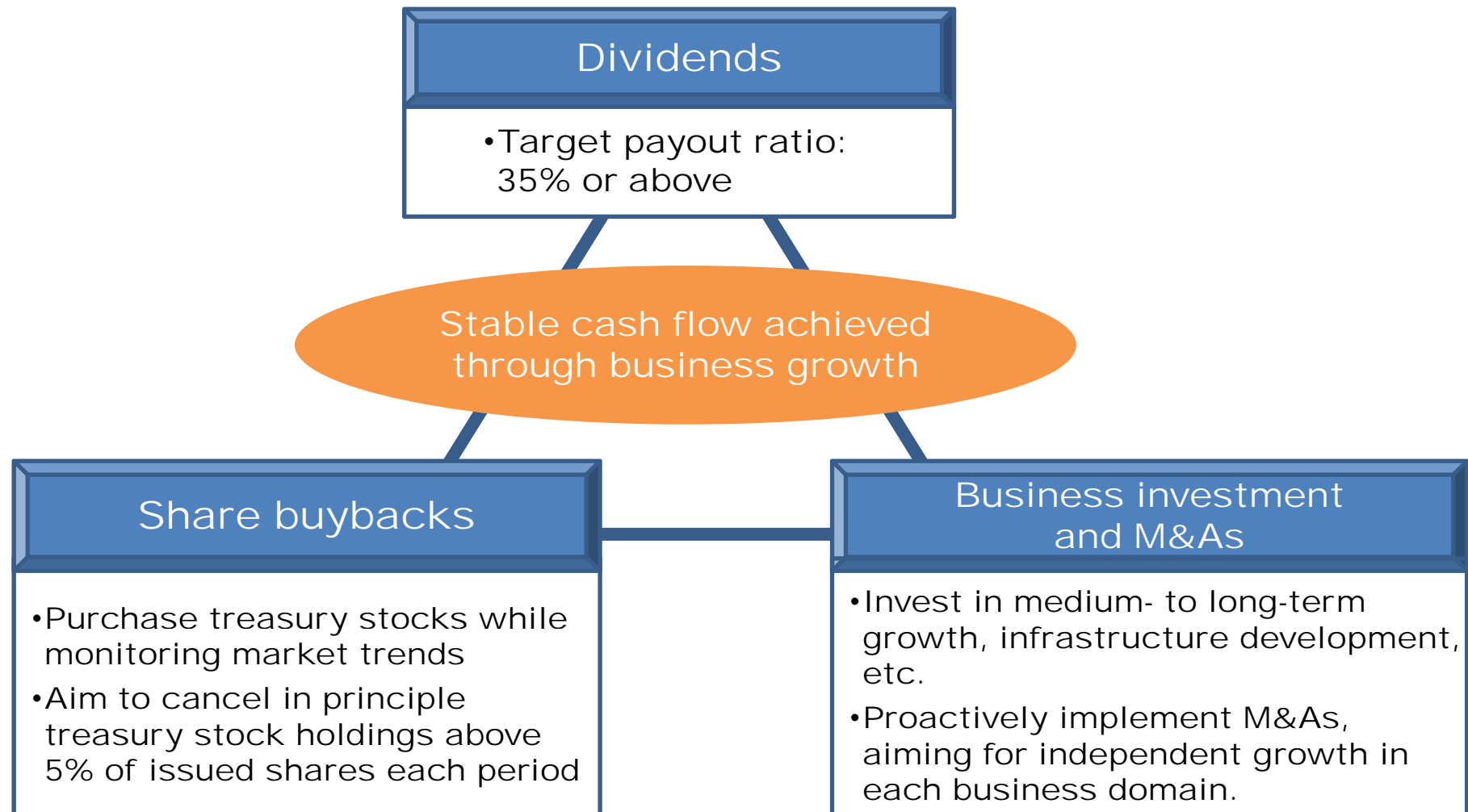
Lifestyle

- Concentrate resources on enhancing business fields of pregnancy, childbirth and child rearing
- Transform mail-order business model (e-marketplace)

- Steady growth in existing businesses
 - Expand number of homes (25-30 new homes/year)
 - Expand service area
- Expand target markets
 - Enter low-priced nursing home bracket
Debut of new brand "*Cocochi*"
- Expand business domains
 - Respond to regulatory risk and diversifying needs
 - Develop peripheral businesses related to nursing care

Capital Policy

- Make proactive business investment for growth while actively continuing to provide shareholder returns.





FORWARD-LOOKING STATEMENTS This presentation 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. As such, actual results may differ materially from those projected.

First-Half Results for FY2011 Appendix

October 31, 2011
Benesse Holdings, Inc.

Domestic Education

■ 1H FY2011

- Decline in enrollment in *Shinkenzeni* and *Kodomo Challenge*
- Strong sales in the School & Teacher Support business
- Revamp of *Shinkenzeni* course for 1st year high school students (April 2011)

■ Initiatives from 2H FY2011

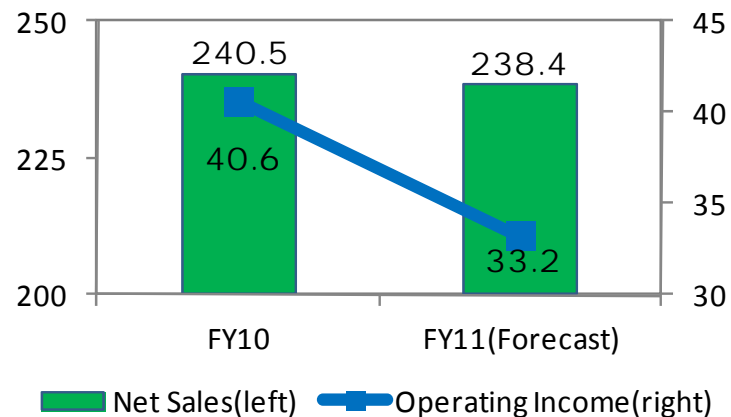
- Aim to recover enrollment in *Shinkenzeni* and *Kodomo Challenge* for April 2012

New study device *Pocket Challenge*

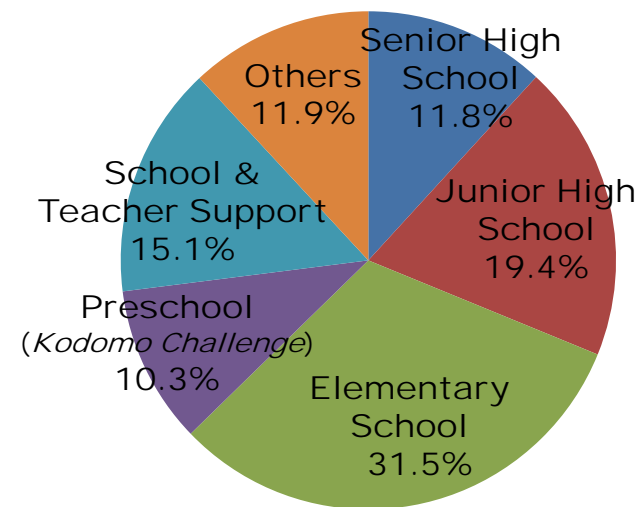


•*Shinkenzeni* Elementary School Course for fourth grade study device for April 2012 edition.

【Net Sales/Operating Income (Billions of Yen)】



【 Breakdown of Net Sales (1H FY11)】



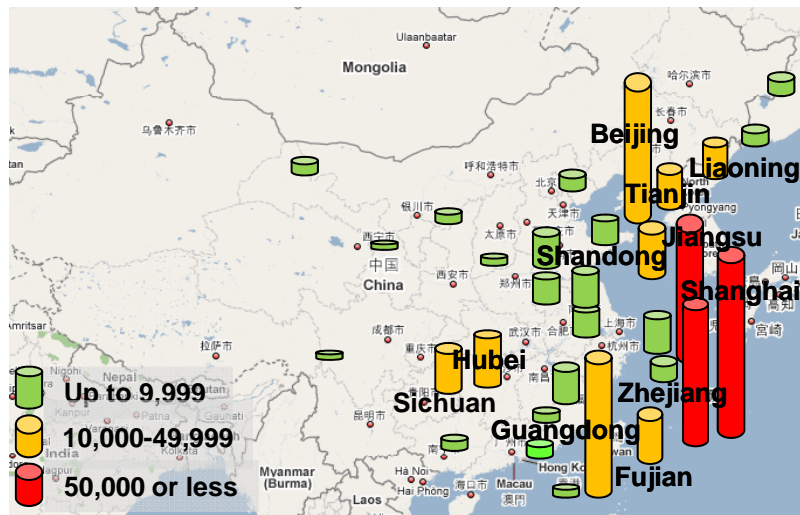
Overseas Education

1H FY 2011

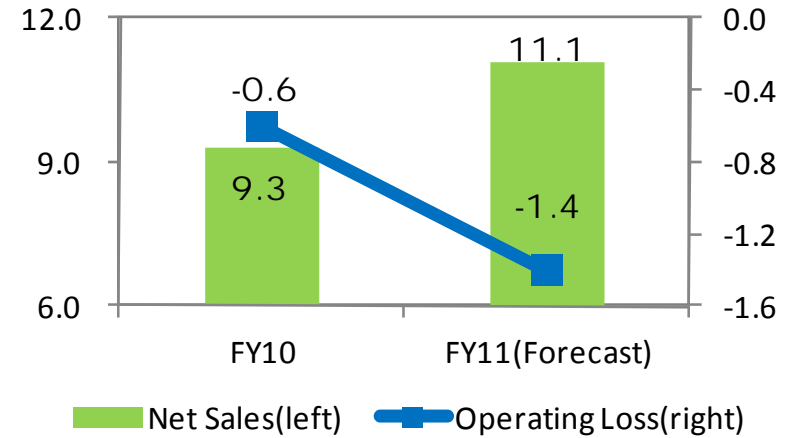
- Enrollment in China tops 400,000 (Sep. 2011)
- Opened Guangzhou Office (Jan. 2011)
- Held *Shimajiro* concerts in 10 Chinese cities
- Launched *Shimajiro* TV program (Sep. 2011)

Initiatives from 2H FY2011

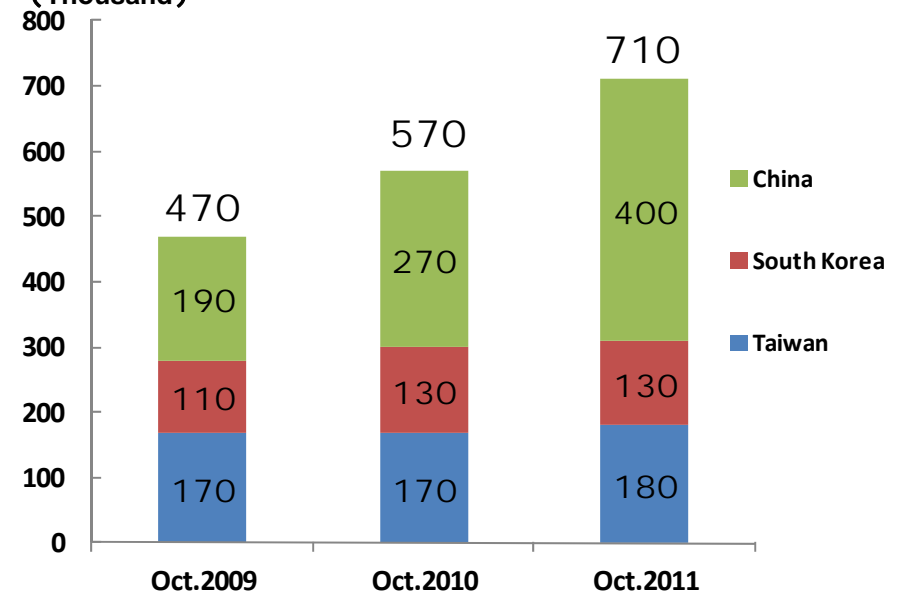
- Target enrollment of 480,000 in China (April 2012)
- Open Chengdu office (April 2012)
- Develop stores in every part of China (80 stores planned by December 2011)



【Net Sales/Operating Loss (Billions of Yen)】



【Overseas Enrollment】 (Thousand)

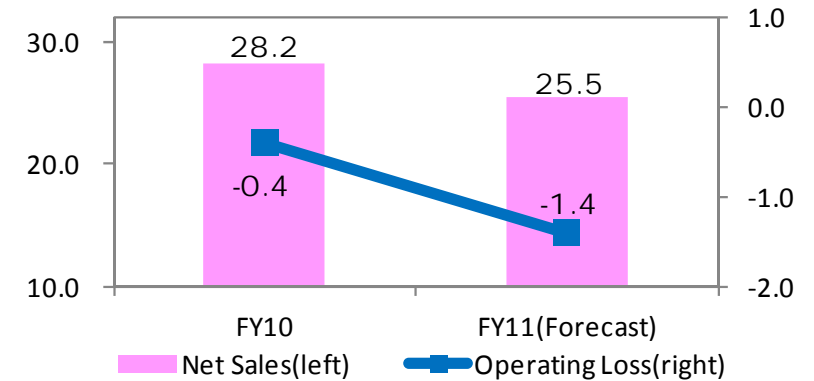


Lifestyle

■ 1H FY2011

- Review of unprofitable operations
(Discontinuation of *bon merci*, *Kokko Club* after April 2011 issue)
- ## ■ Initiatives from 2H FY2011
- Launch e-marketplace specializing in pregnancy, childbirth, and child-rearing "*Benesse Womens' Mall*" (Nov. 2011)
 - Strengthen internet capabilities to promote new business models

【Net Sales/Operating Loss (Billions of Yen)】



18th Anniversary of Tamahiyo



Events for parents and children

<Benesse Womens' Mall >

- E-commerce website specializing in pregnancy, childbirth, and child-rearing, with approx. 200 stores and manufacturers
- Users can find products by target age or status, and communicate with other mothers on the site to enhance their shopping experience

Senior/Nursing Care

1H FY2011

- As of Sep. 30, 2011: 210 homes (BSC: 179, BSJ: 31)
7 new homes opened (BSC:5, BSJ: 2)
- Occupancy rate: 94% (BSC), 91% (BSJ)
- Opening of new low-priced brands *Cocochi* (June 2011)

Initiatives from 2H FY2011

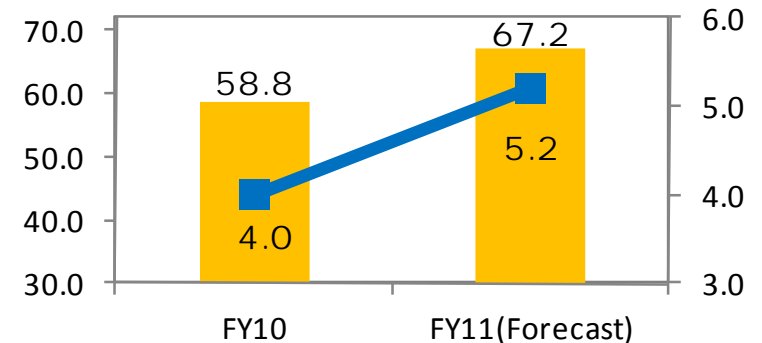
- 14 new homes planned in 2H FY2011 (BSC: 10, BSJ: 4)

* BSC: Benesse Style Care, BSJ: Bon Sejour

Scheduled Opening of "Seijo Orin Tei" —a High-end Home Designed in a Classic Western Style in March 2012

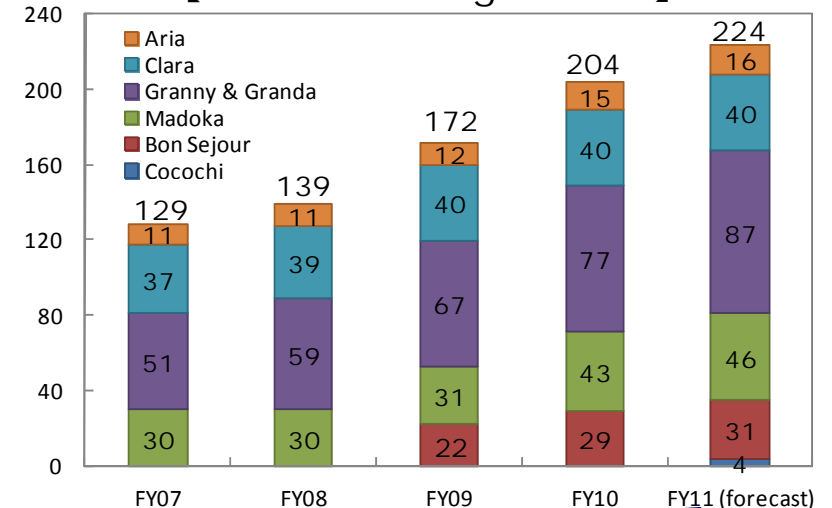


【Net Sales/Operating Income (Billions of Yen)】



■ Net Sales (left) — Operating Income (right)

【No. of Nursing Homes】



Opening of 21 new homes (7 in 1H, 14 in 2H) and closed 1 home in FY2011.

No. of Nursing Homes

	FY2010 1H	FY2010 2H	FY2011 1H
Aria	13	15	15
Clara	40	40	40
Granny & Granda	69	77	78
Madoka	39	43	46
Benesse Style Care (Total)	161	175	179
Bon Sejour	29	29	29
Cocochi	-	-	2
Bon Sejour (Total)	29	29	31
Total	190	204	210

*Figures are as of September 30 for 1H and March 31 for 2H of each year.

However, figures for Bon Sejour are for August and February respectively, in line with its fiscal year-end.

Language/Global Leadership Training

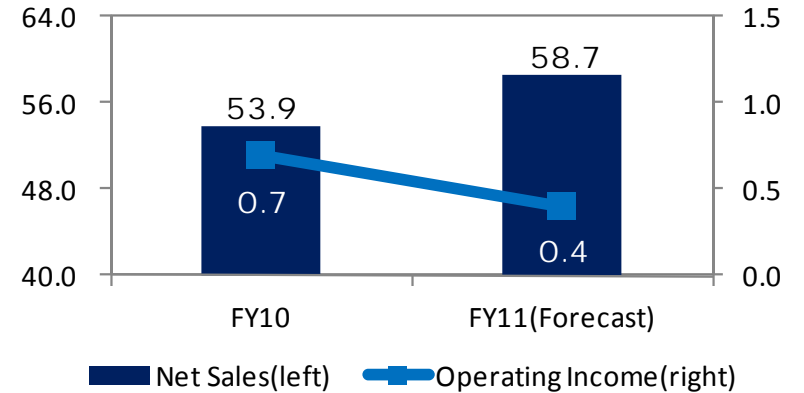
■ 1H FY2011

- Strong sales and earnings growth in U.S. dollar terms
- ELS Australia started operations (May 2011)

■ Initiatives from 2H FY2011

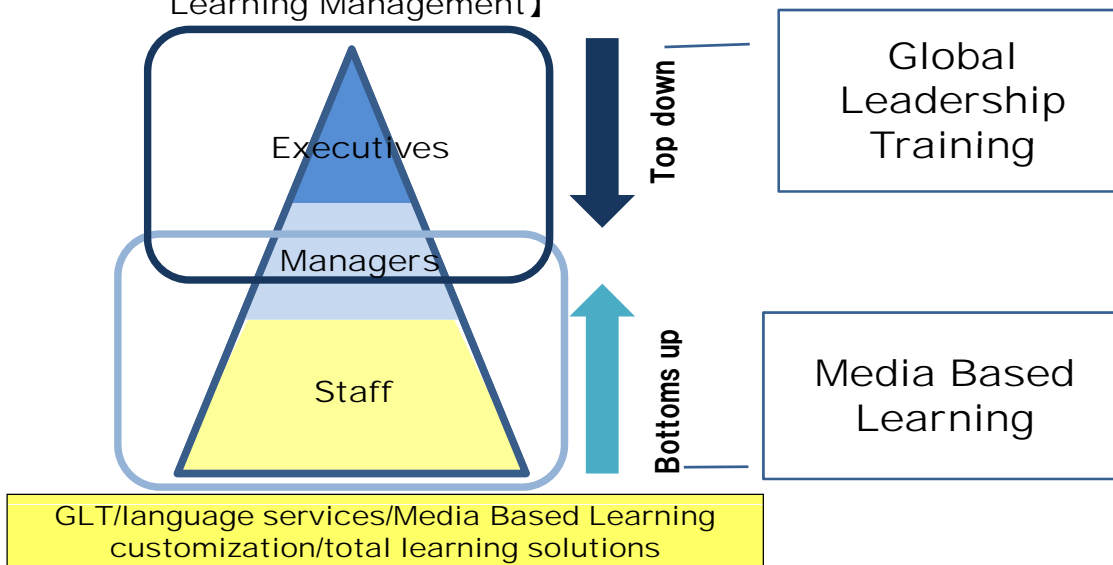
- Promote Media Based Learning
- Convert Telalangue (France) into a subsidiary (Aug. 2011)
- Expand Global Leadership Training (GLT) business
- Promote ELS "International Pathways"

【Net Sales/Operating Income (Billions of Yen)】



Currency exchange rate: 1H 2010 (Actual) 81.74 yen/\$
2011 (Assumption) 80.00 yen/\$

【Integrated Learning Solutions with Learning Management】



Global Leadership Training (GLT)



Online lessons at Telalangue

Berlitz Sales, EBITA and Lessons by Region

Six months ended June 30

(Sales and EBITA in Millions of US \$; Lessons in Thousands)

	2010			2011			Change in Net Sales (%)	Change in EBITA (%)	Change in Lessons (%)
	Net Sales	EBITA	Lessons	Net Sales	EBITA	Lessons			
Americas	55.8	2.2	972.5	64.5	3.8	1,020.0	15.6%	72.7%	4.9%
Europe	88.4	4.8	1,291.7	92.5	3.1	1,269.3	4.6%	(35.4)%	(1.7)%
Asia	63.3	2.5	780.9	76.1	4.8	809.4	20.2%	92.0%	3.6%
Subtotal	207.5	9.5	3,045.1	233.0	11.7	3,098.7	12.3%	23.2%	1.8%
ELS	53.1	8.3	-	83.8	16.3	-	57.8%	96.4%	-
Head quarters and Other	2.7	(5.2)	-	3.1	(9.3)	-	14.8%	-	-
Total	263.3	12.6	3,045.1	319.9	18.7	3,098.7	21.5%	48.4%	1.8%

Berlitz Locations by Region

As of June 30, 2011

	Berlitz Operated		Berlitz Franchise		ELS Operated		ELS Franchise		Total	
Americas	137	(-4)	35	(1)	57	(1)	1	(0)	230	(-2)
Europe	160	(-1)	72	(2)	0	(0)	11	(-2)	243	(-1)
Asia	73	(0)	7	(0)	2	(1)	10	(-3)	92	(-2)
Japan	59	(0)	3	(0)	0	(0)	0	(0)	62	(0)
Total	370	(-5)	114	(3)	59	(2)	22	(-5)	565	(-5)

*Figures in parentheses indicate change from June 30, 2010

CAPEX/Depreciation and Amortization

Six months ended September 30

(Millions of Yen)

	2010	2011	Change	Change(%)
CAPEX	8,131	9,997	1,866	23.0
Depreciation and Amortization	6,691	6,806	115	1.7



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