

# EDUCATION

## 1. JAPAN'S SCHOOL SYSTEM

In Japan, schooling is provided over 12 years through elementary, junior high and senior high schools, divided into six, three and three years, respectively. Attendance at elementary and junior high school is compulsory. In most cases, students must take entrance exams to enter high schools and universities. In Japan, 98% of schoolchildren progress to high school, and 53% subsequently move into higher education. In recent years, with available university places equal to the number of prospective students, in fiscal 2007, ended March 2008, more universities are adopting the admission office system by which students are asked to submit school grades and attend interviews to supplement existing entrance exams.

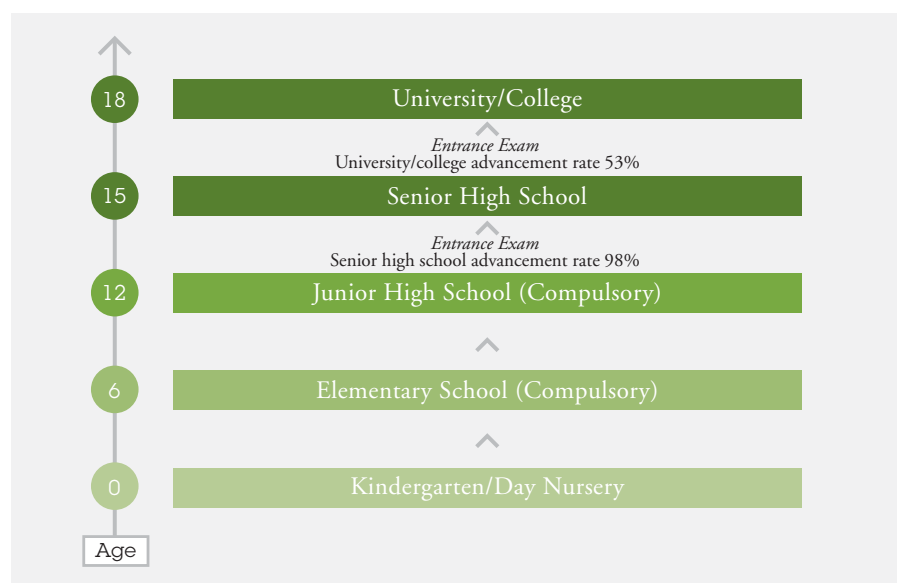
## 2. JAPAN'S SUPPLEMENTARY EDUCATION MARKET

Children in Japan have access to a wide range of education materials to supplement their school education and help them pass entrance exams. In fiscal 2007, this supplementary education market was worth ¥1,529 billion. The market is mainly categorized into cram and prep schools\* targeting elementary, junior and senior high school students, correspondence courses, supplementary study guides and workbooks, and preschool education. Benesse has captured around 80% of the correspondence course market in Japan.

\* Cram schools

Cram or prep schools are private and for-profit facilities that provide learning after school or on weekends and holidays to help students pass entrance exams or supplement school-based learning. There is a variety of providers in the market, including major cram school companies focused on helping students pass entrance exams for junior and senior high schools, and small and medium-sized companies outside the major urban centers. With learning needs becoming more diverse and the desire to accommodate varying levels of ability, cram schools that provide teaching environments with one teacher for groups of one to four students, as opposed to large group classes, are becoming more popular.

### JAPAN'S SCHOOL SYSTEM



### 3. BENESSE'S EDUCATION BUSINESS MODEL

#### 1) What's *Shinken*zemi?

*Shinken*zemi is Benesse's correspondence course brand. Course materials are designed entirely for self-study and the students can choose how they want to use them—to supplement their school-based learning or to help them pass entrance exams. Most students use *Shinken*zemi after they return home from school.

*Shinken*zemi differs from correspondence courses in Europe and the U.S., where they are primarily used for distance learning to help students living in isolated areas gain credits, or to educate children who are not willing to go to school.

*Shinken*zemi homework and course materials are sent by mail to students once a month. Students return completed work for marking within a set time to Red Pen Teachers, specialist coursework markers.

Any child aged between 0 and 18 can be enrolled in *Shinken*zemi courses. One in five Japanese children in this age group is currently enrolled in a *Shinken*zemi course. One of the strengths of *Shinken*zemi is that it can be customized to individual student needs by matching coursework with textbooks used at school, the pace of learning, levels of ability, regional differences, or the entrance exam the student is planning to take.

#### 2) *Shinken* Simulated Exams

Benesse provides *Shinken* Simulated Exams, mock university entrance exams for high school students. We also offer other products such as a comprehensive study path learning system to help schools provide guidance to students on the best study path after graduating from high school. In Japan, 82% of high schools nationwide use these products.

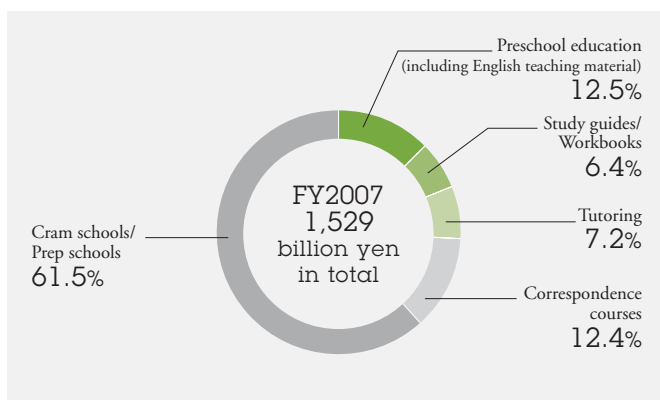
#### SHINKENZEMI ENROLLMENT AND FEES

		Enrollment* (Thousands)	Monthly Fees** (per person)
Senior High School Courses	3 courses for 16–18 year olds	340	¥8,500
Junior High School Courses	3 courses for 13–15 year olds	770	¥5,500
Elementary School Courses	6 courses for 7–12 year olds	1,710	¥3,700
<i>Kodomo Challenge</i> (Preschool Courses)	6 courses for 0–6 year olds	1,220	¥1,900

\* Enrollment as of April 2009

\*\* Monthly fees for the year ended March 31, 2009

#### SUPPLEMENTARY EDUCATION MARKET IN JAPAN



Source: Yano Research Institute, Ltd.  
"Education Industry 2008"  
modified by Benesse.



*Kodomo Challenge* (Preschool Courses)



Junior High School Courses