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June 9, 2017

To Shareholders:

Tamotsu Adachi  
Representative Director and President, CEO  
**Benesse Holdings, Inc.**  
3-7-17 Minamigata, Kita-ku, Okayama-shi, Okayama,  
Japan  
(Ticker Code: 9783)

**Notice of Convocation of the  
Ordinary General Shareholders' Meeting for the 63<sup>rd</sup> Period**

You are cordially invited to attend the Ordinary General Shareholders' Meeting for the 63<sup>rd</sup> period to be held as described below.

**If you are unable to attend the meeting, it would be appreciated if you would exercise your voting rights by one of the following methods after reviewing the enclosed reference materials.**

***Exercise of voting rights by postal mail***

Please indicate your approval or disapproval of each proposal on the enclosed Voting Rights Exercise Form and return your completed form to us **by 5:00 p.m. on Friday, June 23, 2017 (JST)**.

***Exercise of voting rights via the Internet***

Please access the website for exercising voting rights (<http://www.evotep.jp/> [in Japanese only]), use the "Login ID" and "Temporary Password" shown on the enclosed Voting Rights Exercise Form, and then indicate your approval or disapproval of each proposal by following the instructions on the screen. Internet voting must be completed **by 5:00 p.m. on Friday, June 23, 2017 (JST)**.

1. Date and Time: June 24, 2017 (Saturday), 1:30 p.m. (The reception desk will open at 12:30 p.m.)
2. Venue: Head Office, Benesse Holdings, Inc.  
3-7-17 Minamigata, Kita-ku, Okayama-shi, Okayama

3. Meeting Agenda

Reports:

1. Report on the business report, consolidated financial statements, and financial statements for the 63<sup>rd</sup> period (April 1, 2016 to March 31, 2017)
2. Report on the audit results of the consolidated financial statements for the 63<sup>rd</sup> period by the Independent Auditors and the Audit & Supervisory Board

Resolutions:

- Proposal 1: Partial Amendment to Articles of Incorporation
- Proposal 2: Election of Ten Directors
- Proposal 3: Election of One Audit & Supervisory Board Member

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**Proposal 4: Decision on Amount and Content of Remuneration, etc., for Granting Restricted  
Stock to Directors**



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## Proposal 2: Election of Ten Directors

All directors (nine) will complete their terms as of the end of this general shareholders' meeting. The Company has decided to increase the number of directors by one in order to further strengthen its management structure; the proposal is therefore to elect ten directors, including five outside directors.

The candidates for director are as shown below.

In order to ensure appropriate selection of candidates for director and transparency in the associated decision making process, the Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors. Outside directors account for more than half the members of this committee, which deliberates on the selection of candidates for director.

No.	Name			Record of attendance at Board of Directors meetings during 63 <sup>rd</sup> period*
1	Tamotsu Adachi	Reappointment		100% (9/9)
2	Shinjiro Iwata	Reappointment	Candidate for outside director Candidate for independent director	100% (12/12)
3	Kenichi Fukuhara	Reappointment		100% (12/12)
4	Hitoshi Kobayashi	Reappointment		92% (11/12)
5	Shinya Takiyama	Reappointment		100% (9/9)
6	Masaki Yamasaki	New appointment		—
7	Kiyoyuki Tsujimura	Reappointment	Candidate for outside director Candidate for independent director	100% (12/12)
8	Hideaki Fukutake	Reappointment	Candidate for outside director	100% (12/12)
9	Ryuji Yasuda	Reappointment	Candidate for outside director Candidate for independent director	100% (12/12)
10	Nobuo Kuwayama	Reappointment	Candidate for outside director Candidate for independent director	100% (9/9)

\* Occasions when written resolutions took the place of actual meetings of the Board of Directors are omitted.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
1	Tamotsu Adachi (Oct. 12, 1953)	<p>Apr. 1977    Joined Mitsubishi Corporation</p> <p>Jan. 1988    Joined McKinsey &amp; Company, Inc. Japan</p> <p>June 1995    Partner at McKinsey &amp; Company, Inc. Japan</p> <p>Mar. 1997    Managing Director of Business Development Department, GE Capital Japan</p> <p>Mar. 1999    President and CEO of Japan Lease Auto Co.</p> <p>Dec. 2000    President and CEO of GE Fleet Services Co.</p> <p>May 2003    Managing Director and Japan Representative of Carlyle Japan LLC</p> <p>June 2003    Director of the Company</p> <p>Nov. 2007    Managing Director and Co-Representative of Carlyle Japan LLC</p> <p>June 2009    Director of the Company</p> <p>June 2016    Director of the Company</p> <p>June 2016    Chairman of Carlyle Japan LLC</p> <p>Oct. 2016    Representative Director and President, CEO of the Company (current)</p> <p>Oct. 2016    Senior Advisor of Carlyle Japan LLC (current)</p> <p>(Other current key positions) Outside director of Yamaha Motor Co., Ltd.</p>	52,400 shares

### Reason for Election for the Director Candidate

Tamotsu Adachi has a proven track record of involvement in the management of the Group as an outside director of the Company since June 2003. In addition, he has international experience and considerable experience and expertise in management strategy formulation and investment, and his capabilities in corporate restructuring are rated highly. Since October 2016, Mr. Adachi has been engaged in management supervision and execution as Representative Director and President, CEO of the Company. At the same time, he has demonstrated leadership in driving changes to bring about recovery in the Group's performance, key among which were improving the quality of products and services, restructuring brands, and reforming the corporate culture.

The Company therefore proposes him as a candidate for director, judging that he can be expected to contribute to further enhancement of the Group's corporate value.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
2	Shinjiro Iwata (June 6, 1948)  *Candidate for outside director and independent director	<p>Apr. 1972    Joined Hitachi, Ltd.  Sep. 2001    CEO, Hitachi Data Systems Corporation  Oct. 2007    EVP, Hitachi Global Storage Technologies,  Inc.  Apr. 2009    Vice President and Executive Officer,  Hitachi, Ltd.  Apr. 2011    Senior Vice President and Executive Officer,  Hitachi, Ltd.  Apr. 2013    Representative Executive Officer, Executive  Vice President and Executive Officer,  Hitachi, Ltd.  June 2014    Director of the Company  Apr. 2016    Adviser of Hitachi, Ltd. (current)  June 2016    Director and Chairman of the Company  (current)</p> <p>(Other current key positions)  Adviser of Hitachi, Ltd.  Outside director of Hitachi Transport System, Ltd.</p>	1,200 shares

#### **Reason for Election and Time in Office for the Outside Director Candidate**

Shinjiro Iwata has considerable experience and expertise in corporate management of global corporations within the information and telecommunications field. In addition, he acts from the standpoint of an outside director to run the Board of Directors appropriately as Director and Chairman of the Company and comments actively as chairman of the Nomination and Compensation Committee. Thus, he contributes to management supervision and enhancing the transparency of decision making processes within the Company's management.

The Company therefore proposes him as a candidate for outside director. As of the end of this general shareholders' meeting, he will have served as outside director for three years.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
3	Kenichi Fukuhara (Apr. 19, 1951)	<p>Apr. 1976 Joined Nomura Securities Co., Ltd.</p> <p>Apr. 1986 Head of Equity Sales at Nomura International Ltd., London</p> <p>June 2000 Director of Nomura Securities Co., Ltd.</p> <p>June 2003 Executive Officer of Nomura Securities Co., Ltd. and Executive Officer of Nomura Holdings, Inc.</p> <p>Apr. 2004 Corporate Senior Executive Vice President of the Company</p> <p>June 2004 Corporate Senior Executive Vice President of the Company and Representative Director and President of Benesse Style Care Co., Ltd.</p> <p>June 2005 Director of the Company and Representative Director and President of Benesse Style Care Co., Ltd.</p> <p>June 2006 Director and Corporate Senior Executive Vice President of the Company and Representative Director and President of Benesse Style Care Co., Ltd.</p> <p>Apr. 2007 Representative Director, Vice Chairman, and Deputy CEO of the Company</p> <p>June 2007 Representative Director, Vice Chairman, and Deputy CEO of the Company and Chairman of the Board and CEO of Berlitz International, Inc.</p> <p>Apr. 2008 Representative Director, Vice Chairman, and Deputy CEO of the Company and Representative Director, Chairman, and President of Telemarketing Japan, Inc.</p> <p>Jan. 2009 Representative Director, Vice Chairman, and Deputy CEO of the Company and Representative Director and Chairman of Telemarketing Japan, Inc.</p> <p>Oct. 2009 Representative Director, Executive Vice President, and Chief Financial Officer (CFO) of the Company and Representative Director and Chairman of Telemarketing Japan, Inc.</p> <p>June 2011 Representative Director, Executive Vice President, and CFO of the Company</p> <p>Oct. 2014 Representative Director, Executive Vice President, Chief Administrative Officer (CAO), and CFO of the Company</p> <p>Apr. 2015 Representative Director, Executive Vice President, and CAO of the Company</p>	10,200 shares

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
		<p>June 2016 Representative Director, President, CEO and CAO of the Company, and Chairman of the Board &amp; CEO of Berlitz Corporation</p> <p>Oct. 2016 Representative Director, Vice Chairman, and Head of Language Learning Company of the Company, and Chairman of the Board &amp; CEO of Berlitz Corporation (current)</p> <p>(Other current key positions) Chairman of the Board &amp; CEO of Berlitz Corporation Vice Chairman of the Board, Fukutake Foundation</p> <p>(Current responsibilities) Language Learning Company and Naoshima business</p>	

#### **Reason for Election for the Director Candidate**

Kenichi Fukuhara has a proven track record of involvement in the management of the Group as a director of the Company since June 2005. In addition, he has experience of management at key Group subsidiaries such as Benesse Style Care Co., Ltd. and Berlitz Corporation, experience of working overseas, and considerable experience and expertise in the financial business field. He is currently engaged in management supervision and execution as Representative Director and Vice Chairman of the Company. At the same time, he is pursuing changes and recovery in performance at Berlitz Corporation as director in charge of the language business.

The Company therefore proposes him as a candidate for director, judging that he can be expected to contribute to further enhancement of the Group's corporate value.



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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
4	Hitoshi Kobayashi (Sept. 25, 1960)	<p>Apr. 1985    Joined the Company</p> <p>Apr. 2000    Director of Benesse Care Corporation</p> <p>Aug. 2002    Representative Director and President of Benesse MCM Corp.</p> <p>Dec. 2003    Director of Benesse Style Care Co., Ltd.</p> <p>June 2006    Senior Executive Director of Benesse Style Care Co., Ltd.</p> <p>Apr. 2007    Representative Director and President of Benesse Style Care Co., Ltd.</p> <p>June 2007    Group Executive of the Company</p> <p>June 2012    Director of the Company</p> <p>July 2013    Director of Corporate Planning Division of the Company</p> <p>Apr. 2014    Managing Director of Corporate Planning Division of the Company</p> <p>June 2014    Managing Director of Corporate Planning Division of the Company and Representative Director and President of Benesse Corporation</p> <p>Oct. 2014    Managing Director and Head of Overseas Business Development Company of the Company</p> <p>Apr. 2016    Managing Director and Head of Overseas Business Company of the Company</p> <p>May 2016    Representative Director, Executive Vice President, and Head of Overseas Business Company of the Company, and Representative Director and Executive Vice President of Benesse Corporation</p> <p>June 2016    Representative Director, Executive Vice President, and Head of Zemi Business Company and Overseas Business Company of the Company, and Representative Director and President of Benesse Corporation</p> <p>Oct. 2016    Representative Director, Executive Vice President, and Head of Zemi Business Company of the Company, and Representative Director and President of Benesse Corporation (current)</p> <p>(Other current key positions) Representative Director and President of Benesse Corporation</p>	2,400 shares

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
		(Current responsibilities) Zemi Business Company, School and Teacher Support Business Company, Kids & Family Business Company, “Area” and “Classroom” Education Business Company, and Benesse Educational Research and Development Institute	

### **Reason for Election for the Director Candidate**

Hitoshi Kobayashi has a proven track record of involvement in the management of the Group as a director of the Company since June 2012. In addition, he has experience of management at key Group subsidiaries such as Benesse Style Care Co., Ltd. and Benesse Corporation, as well as considerable experience and expertise in the education, nursing care, and childcare business fields. He is currently engaged in management supervision and execution as Representative Director and Executive Vice President of the Company. At the same time, he is spearheading efforts to pursue recovery in performance at Benesse Corporation as director in charge of the domestic education business.

The Company therefore proposes him as a candidate for director, judging that he can be expected to contribute to further enhancement of the Group’s corporate value.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
5	Shinya Takiyama (June 2, 1971)	<p>Apr. 1996 Joined the Company</p> <p>Mar. 2003 Director of Benesse Care Corporation</p> <p>July 2011 Director of Benesse Style Care Co., Ltd.</p> <p>July 2013 Representative Director and President of Benesse Style Care Co., Ltd.</p> <p>Apr. 2014 Executive Officer and Head of Senior/Nursing Care and Childcare Company of the Company, and Representative Director and President of Benesse Style Care Co., Ltd.</p> <p>Nov. 2014 Executive Officer and Head of Nursing Care and Childcare Business Company of the Company, and Representative Director and President of Benesse Style Care Co., Ltd.</p> <p>June 2016 Director and Head of Nursing Care and Childcare Business Company of the Company, and Representative Director and President of Benesse Style Care Co., Ltd. (current)</p> <p>(Other current key positions) Representative Director and President of Benesse Style Care Co., Ltd.</p> <p>(Current responsibilities) Nursing Care and Childcare Business Company</p>	400 shares

#### Reason for Election for the Director Candidate

Shinya Takiyama has a proven track record of involvement in the management of the Group as a director of the Company since June 2016. In addition, he has experience of management at Benesse Style Care Co., Ltd., as well as considerable experience and expertise in the nursing care and childcare business fields. He is currently engaged in management supervision and execution as a director of the Company. At the same time, he is leading efforts to steadily grow business and further enhance services as director in charge of the nursing care and childcare business.

The Company therefore proposes him as a candidate for director, judging that he can be expected to contribute to further enhancement of the Group's corporate value.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
6	Masaki Yamasaki (July 8, 1966)  *New candidate for director	<p>Apr. 1989 Joined the Company</p> <p>Nov. 2007 Representative Director and President of Ochanomizu Seminar Co., Ltd.</p> <p>Apr. 2014 Executive Officer and Head of School and Teacher Support Business Company of the Company, and Representative Director and President of Classi Corp.</p> <p>Oct. 2014 Representative Director and President of Classi Corp.</p> <p>Apr. 2015 Representative Director and President of Benesse i-Career Co., Ltd., and Representative Director and President of Classi Corp.</p> <p>July 2015 Executive Officer and Head of School and Teacher Support Business Company of the Company, Representative Director and President of Benesse i-Career Co., Ltd., and Representative Director and President of Classi Corp.</p> <p>June 2016 Executive Officer and Head of School and Teacher Support Business Company of the Company, Director of Benesse Corporation, Representative Director and President of Benesse i-Career Co., Ltd., and Representative Director and President of Classi Corp. (current)</p> <p>(Other current key positions) Representative Director and President of Benesse i-Career Co., Ltd. Representative Director and President of Classi Corp.</p>	578 shares

#### Reason for Election for the Director Candidate

Masaki Yamasaki has considerable experience and expertise as the person responsible for operations in the school and teacher support business field. In addition, he has experience of management at the Group's cram school and a proven track record of launching new businesses at subsidiaries. He is currently demonstrating strong leadership in pursuing operational changes targeting educational reforms as Head of the School and Teacher Support Business Company of the Company.

The Company therefore proposes him as a candidate for director, judging that he can be expected to contribute to further enhancement of the Group's corporate value.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
7	Kiyoyuki Tsumimura (Jan. 11, 1950)  *Candidate for outside director and independent director	<p>Apr. 1975 Joined NTT Public Corporation</p> <p>June 2001 Member of the Board of Directors of NTT DOCOMO, Inc.</p> <p>June 2004 Executive Vice President and Member of the Board of Directors of NTT DOCOMO, Inc.</p> <p>June 2005 (Implementation of executive officer system) Executive Vice President and Member of the Board of Directors of NTT DOCOMO, Inc.</p> <p>June 2008 Senior Executive Vice President and Member of the Board of Directors of NTT DOCOMO, Inc.</p> <p>June 2012 President and Chief Executive Officer and Member of the Board of Directors of DOCOMO Engineering Inc.</p> <p>June 2014 Director of the Company (current)</p> <p>June 2014 Chief Strategic Advisor of DOCOMO Engineering Inc. (currently DOCOMO CS, Inc.)</p> <p>Nov. 2014 Professor at Tokyo Institute of Technology</p> <p>June 2015 Representative Director and CEO of CarpeDiem, Inc. (current)</p> <p>(Other current key positions) Representative Director and CEO of CarpeDiem, Inc.</p>	1,200 shares

#### Reason for Election and Time in Office for the Outside Director Candidate

Kiyoyuki Tsumimura supervises management appropriately as an outside director, having considerable experience and expertise in corporate management of global corporations within the information and telecommunications field. In the Board of Directors, he draws on this experience and expertise to actively offer opinions and recommendations regarding important matters associated with the management of the Company.

The Company therefore proposes him as a candidate for outside director. As of the end of this general shareholders' meeting, he will have served as outside director for three years.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
8	Hideaki Fukutake (May 14, 1977)  *Candidate for outside director	<p>Apr. 2000    Joined KEYENCE CORPORATION  Feb. 2006    Joined SMS CO., LTD.  Apr. 2007    Division President of Nursing Care and  Medical Care, and Media of SMS CO., LTD.  Feb. 2009    Director of efu Investment Limited (current)  June 2009    Vice Chairman of the Board, Naoshima  Fukutake Art Museum Foundation  June 2009    Vice Chairman of the Board, Fukutake  Foundation for the Promotion of Regional  Culture  Dec. 2012    Vice Chairman of the Board, Fukutake  Foundation (current)  Apr. 2013    Director of Berlitz Corporation (current)  June 2013    Outside director of Benesse Corporation  June 2014    Director of the Company (current)  Mar. 2015    Director of FUKUTAKE FINE ART PTE.  LTD. (current)</p> <p>(Other current key positions)  Vice Chairman of the Board, Fukutake Foundation  Director of efu Investment Limited  Director of FUKUTAKE FINE ART PTE. LTD.</p>	0 shares  Note 1(3)

#### **Reason for Election and Time in Office for the Outside Director Candidate**

Hideaki Fukutake supervises management appropriately as an outside director, drawing on his experience as an outside director of a key Group subsidiary and his shareholder's perspective. In the Board of Directors, he draws on this experience and expertise to actively offer opinions and recommendations regarding important matters associated with the management of the Company. He also comments actively in committee meetings as a member of the Nomination and Compensation Committee. Thus, he contributes to enhancing the transparency of decision making processes within the Company's management.

The Company therefore proposes him as a candidate for outside director. As of the end of this general shareholders' meeting, he will have served as outside director for three years.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
9	Ryuji Yasuda (Apr. 28, 1946)  * Candidate for outside director and independent director	<p>Jan. 1979    Joined McKinsey &amp; Company</p> <p>June 1991    Director of McKinsey &amp; Company</p> <p>June 1996    Managing Director and Chairman of A.T. Kearney, Asia</p> <p>June 2003    Chairman of J-Will Partners Co., Ltd.</p> <p>Apr. 2004    Professor at the Graduate School of International Corporate Strategy at Hitotsubashi University</p> <p>Apr. 2015    Adjunct Professor at the Graduate School of International Corporate Strategy at Hitotsubashi University (current)</p> <p>June 2015    Director of the Company (current)</p> <p>(Other current key positions)</p> <p>Adjunct Professor at the Graduate School of International Corporate Strategy at Hitotsubashi University</p> <p>Director of Yakult Honsha Co., Ltd.</p> <p>Director of ORIX Corporation</p>	2,500 shares

#### **Reason for Election and Time in Office for the Outside Director Candidate**

Ryuji Yasuda supervises management appropriately as an outside director, having broad experience and extensive specialized expertise including his work as a management consultant at international consulting firms, as a university professor, and as outside director of other companies. In the Board of Directors, he draws on this experience and expertise to actively offer opinions and recommendations regarding important matters associated with the management of the Company. He also comments actively in committee meetings as a member of the Nomination and Compensation Committee. Thus, he contributes to enhancing the transparency of decision making processes within the Company's management.

The Company therefore proposes him as a candidate for outside director. As of the end of this general shareholders' meeting, he will have served as outside director for two years.

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No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
10	Nobuo Kuwayama (Nov. 20, 1948)  *Candidate for outside director and independent director	Apr. 1971 Joined ITOCHU Corporation June 2003 Executive Officer of ITOCHU Corporation Apr. 2004 General Manager for China at ITOCHU Corporation Apr. 2006 Managing Executive Officer at ITOCHU Corporation Apr. 2010 Senior Managing Executive Officer at ITOCHU Corporation June 2013 Chairman of the Board of Directors of DESCENTE Ltd. June 2016 Director of the Company (current)  (Other current key positions) None	300 shares

#### **Reason for Election and Time in Office for the Outside Director Candidate**

Nobuo Kuwayama supervises management appropriately as an outside director, having business experience in a trading company with global operations, and considerable experience and expertise in the Chinese business field in particular. In the Board of Directors, he draws on this experience and expertise to actively offer opinions and recommendations regarding important matters associated with the management of the Company.

The Company therefore proposes him as a candidate for outside director. As of the end of this general shareholders' meeting, he will have served as outside director for one year.



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Notes:

1. (1) Kenichi Fukuhara, a candidate for director, and Hideaki Fukutake, another candidate for director, are vice chairmen of the board of the Fukutake Foundation. The Company has dealings with the Fukutake Foundation, including those related to the operation of museums and the leasing of real estate.  
(2) Benesse i-Career Co., Ltd. of which Masaki Yamasaki, a candidate for director, is representative, has dealings with the Company, including those related to trading of assessment tests for college students.  
(3) efu Investment Limited, an asset management and investment corporation of which Hideaki Fukutake, a candidate for director, is representative, holds 7,858,000 shares of the Company and has placed 6,809,000 shares of the Company as trust assets with the Master Trust Bank of Japan, Ltd.  
(4) Fukutake Fine Art Pte. Ltd., of which Hideaki Fukutake, a candidate for director, is representative, has dealings with the Company related to trading of artworks.
2. No other candidate for director has any special interest in the Company.
3. The Company judges that Shinjiro Iwata, Kiyoyuki Tsujimura, Ryuji Yasuda, and Nobuo Kuwayama—each a candidate for director—meet its Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members. It has therefore designated these four men as independent directors based on the regulations of the Tokyo Stock Exchange, and has notified the exchange of the same. The Company has no monetary dealings with any of these four men other than remuneration for their work as outside director, and none of these four candidates has special interest ties with any of the executives of the Company.
4. Hideaki Fukutake, a candidate for director, is currently nonexecutive officer of Berlitz Corporation, a subsidiary of the Company, and in the past was nonexecutive officer of Benesse Corporation, a subsidiary of the Company.
5. The Company has formed agreements with outside directors Shinjiro Iwata, Kiyoyuki Tsujimura, Hideaki Fukutake, Ryuji Yasuda, and Nobuo Kuwayama limiting liability for damages provided in Paragraph 1 of Article 423 of the Companies Act. Based on the said agreements, in the case that such outside director has been in good faith and without gross negligence in performing his duties, the limit for liability for damages is the higher of the following: 10 million yen or the minimum liability amount provided in Paragraph 1 of Article 425 of the Companies Act.

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### Proposal 3: Election of One Audit & Supervisory Board Member

As of the end of this general shareholders' meeting, audit & supervisory board member Tomoji Wada will retire from office due to resignation and the proposal is therefore to elect one audit & supervisory board member. As the candidate for audit & supervisory board member will be elected as a replacement for Tomoji Wada, her term of office will last until the retired audit & supervisory board member's term of office would have expired, as provided in the Company's Articles of Incorporation.

The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The candidate for audit & supervisory board member is as shown below.

No.	Name (Date of birth)	Brief career summary (Position and responsibilities at the Company and other current key positions)	No. of Company shares owned
1	Miyuki Ishiguro (Oct. 26, 1964)  * New candidate for outside audit & supervisory board member	Apr. 1991 Enrolled as a Lawyer (current) Joined Tsunematsu Yanase & Sekine Jan. 1999 Partner at Tsunematsu Yanase & Sekine Jan. 2000 Partner at Nagashima Ohno & Tsunematsu (current)  (Other current key positions) Lawyer Outside director at Miraca Holdings Inc. Outside audit and supervisory board member at Lasertec Corporation	0 shares

### Reason for Election for the Outside Audit & Supervisory Board Member Candidate

Miyuki Ishiguro has considerable practical experience as well as advanced capabilities and insight in corporate affairs law as a partner in a major law firm. The Company believes that she will be able to draw on the considerable practical experience mentioned above and her experience as an outside officer in other companies to deal with auditing from a neutral and objective perspective. Ms. Ishiguro has no experience of direct involvement in company management through methods other than as an outside officer, but for the foregoing reasons the Company judges that she is capable of appropriately performing her duties as an outside audit & supervisory board member.

Notes:

1. Miyuki Ishiguro, the candidate for audit & supervisory board member, serves as a partner at Nagashima Ohno & Tsunematsu, a law firm that has a consulting contract with the Company. The Benesse Group consults Nagashima Ohno & Tsunematsu on legal matters as the situation requires, but the trading amount between the law firm and the Benesse Group was small in each of the past three fiscal years. Consequently, Ms. Ishiguro meets the Company's Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members and her independence is not at issue. However, Nagashima Ohno & Tsunematsu, the law firm to which Ms. Ishiguro belongs, has a policy preventing its lawyers who become outside officers at other companies from being notified to the Tokyo Stock Exchange as independent directors or

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independent audit & supervisory board members. The Company does not therefore plan to designate Ms. Ishiguro as an independent audit & supervisory board member.

2. If the audit & supervisory board member candidate Miyuki Ishiguro is elected, the Company plans to form an agreement with her limiting liability for damages provided in Paragraph 1 of Article 423 of the Companies Act. Based on the said agreement, in the case that Ms. Ishiguro has been in good faith and without gross negligence in performing her duties, the limit for liability for damages is the higher of the following: 10 million yen or the minimum liability amount provided in Paragraph 1 of Article 425 of the Companies Act.

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#### **Proposal 4: Decision on Amount and Content of Remuneration, etc., for Granting Restricted Stock to Directors**

The amount of remuneration, etc., paid to Company directors was revised to within 500 million yen (including 60 million yen for outside directors) per year at the Ordinary General Shareholders' Meeting for the 60<sup>th</sup> Period held on June 21, 2014. Subsequently, at the Ordinary General Shareholders' Meeting for the 61<sup>st</sup> Period held on June 27, 2015, approval was received to grant up to 70 million yen per year in stock acquisition rights as stock option remuneration to Company directors (excluding outside directors) and to designate these stock acquisition rights as part of the abovementioned 500 million yen per year remuneration, etc. This was followed by approval at the Ordinary General Shareholders' Meeting for the 62<sup>nd</sup> Period held on June 25, 2016, to increase the amount of remuneration, etc., paid to outside directors to within 70 million yen per year.

The Company's basic policy when determining the amount and content of director remuneration, etc., is to help achieve sustained medium- to long-term increase in corporate value for the entire Group. To this end, the Company has a compensation structure for directors that emphasizes medium- to long-term performance in conjunction with short-term business results. Furthermore, the Group has adopted competitive compensation standards within the abovementioned limit for remuneration, etc., that are commensurate with the roles, abilities, and responsibilities required of the Group's directors in the course of promoting Group management. Remuneration, etc., for directors (excluding outside directors) comprises basic compensation, which is set based on expectations for the director's role in each fiscal year; stock option remuneration, which is granted as an incentive to improve corporate performance based on each directors' annual salary and years of service; and performance-linked bonuses that are paid taking into account the Company's business results for each fiscal year and other factors.

The Company now intends to replace the current stock option remuneration by introducing a plan (hereinafter the "Plan") that grants restricted stock to directors (excluding outside directors; hereinafter "Eligible Director[s]"), as described below. In doing so, the Company aims to strengthen the correlation with its medium- to long-term performance, provide directors with a further incentive to sustainably increase corporate value, and promote greater sharing of values between directors and shareholders. This proposal seeks shareholders' approval to grant up to 70 million yen per year in monetary receivables as compensation in order to grant restricted stock to Eligible Directors in accordance with the Plan within the abovementioned limit for remuneration, etc. In order to ensure that the system for remunerating directors is appropriate and the associated decision making process is transparent, the Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors. Outside directors account for more than half the members of

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this committee, which has deliberated on the introduction of the Plan.

Provided this proposal is passed, the Company will abolish the system of stock option remuneration for Company directors (excluding outside directors) with the exception of stock options already granted, and it will no longer issue new stock acquisition rights as stock option remuneration to directors. The current number of Eligible Directors is four, and if Proposal 2 (Election of Ten Directors) is passed as proposed, the number of Eligible Directors would increase to five.

### **Details of the Plan**

Eligible Directors acquire common shares of the Company allocated to them in accordance with a resolution of the Company's Board of Directors by contributing the entire amount of monetary compensation receivables paid to them by the Company under the Plan as an in-kind contribution. Under the Plan, the total number of common shares of the Company to be issued or disposed of shall not exceed 30,000 per year (however, the total number may be adjusted within a reasonable range in the case of a stock split of the Company's common shares [including a gratis allocation of the Company's common shares], consolidation of the Company's common shares, or other reason necessitating adjustment of the total number of the Company's common shares to be issued or disposed of as restricted stock that arises on or after the date this proposal is passed).

The amount to be paid for each share shall be decided by the Company's Board of Directors in a range that does not represent a particularly advantageous sum for the Eligible Directors receiving the Company's common shares, based on the closing price for the Company's common shares on the Tokyo Stock Exchange on the business day preceding the Board of Directors meeting deciding the issuance or disposal in question (if there is no closing price on that day, then the closing price on the most recent day of trading before that). Furthermore, for the issuance and disposal of the Company's common shares under the Plan, the Company and the Eligible Directors shall conclude a restricted stock allocation agreement (hereinafter the "Allocation Agreement") including the provisions detailed below.

#### **(1) Transfer restriction period**

Eligible Directors are subject to restrictions (hereinafter "Transfer Restrictions") prohibiting them from transferring, creating a security interest upon, or otherwise disposing of the common shares of the Company allocated to them under the Allocation Agreement (hereinafter the "Allocated Shares") for a period of between three and five years from the date of allocation under the Allocation Agreement (hereinafter the "Transfer Restriction Period"), as determined in advance by the Company's Board of Directors.

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## (2) Treatment at retirement

If an Eligible Director retires as a director of the Company before the end of the Transfer Restriction Period, the Company will automatically acquire the Allocated Shares free of charge, unless there is a legitimate reason for the retirement, such as expiration of the director's term of office or death.

## (3) Lifting of Transfer Restrictions

Provided that an Eligible Director continues to hold his/her position as director of the Company continuously throughout the Transfer Restriction Period, the Company will lift the Transfer Restrictions with respect to all the director's Allocated Shares when the Transfer Restriction Period ends. However, if the Eligible Director in question retires as a director of the Company before the end of the Transfer Restriction Period due to a legitimate reason as stipulated in (2) above, such as expiration of the director's term of office or death, the Company will make rational adjustments to the number of Allocated Shares for which Transfer Restrictions are to be lifted and the timing of lifting the Transfer Restrictions, as necessary. Once Transfer Restrictions have been lifted for the relevant shares, the Company will automatically acquire the Eligible Director's remaining Allocated Shares free of charge.

## (4) Treatment following organizational restructuring, etc.

Notwithstanding the provision in (1) above, if during the Transfer Restriction Period the Company's general shareholders' meeting approves a matter relating to a merger agreement whereby the Company would become the defunct entity, a share exchange agreement whereby the Company would become a wholly owned subsidiary, a share transfer plan, or any other organizational restructuring, etc., the Company will lift the Transfer Restrictions with respect to a number of the Allocated Shares prior to the effective date for the organizational restructuring in question. The relevant number of Allocated Shares will be determined rationally by resolution of the Company's Board of Directors based on whether or not each Eligible Director's term of office has expired, as well as on the period of time from each Transfer Restriction Period's start date until the date on which the organizational restructuring was approved. If the above applies, as soon as the Transfer Restrictions have been lifted for the relevant shares, the Company will automatically acquire the Eligible Directors' remaining Allocated Shares free of charge.

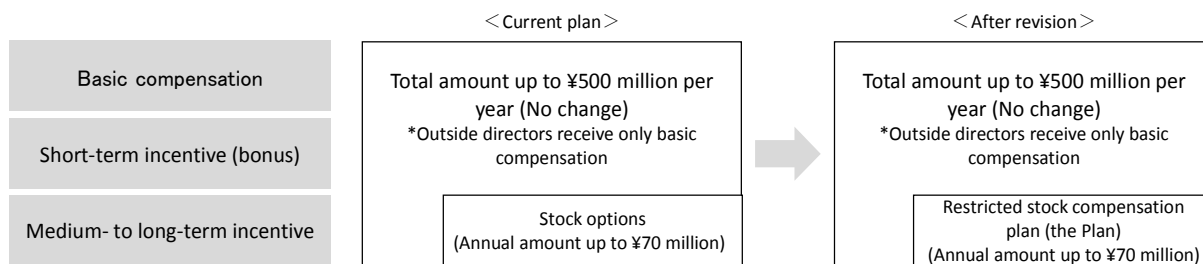
## (5) Other matters to be decided by the Board of Directors

In addition to the above, the method of indicating the parties' intentions and making notifications with regard to the Allocation Agreement, the method of changing the Allocation Agreement, and other matters to be decided by the Board of Directors will be included in the Allocation Agreement.

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*Reference*

Directors Compensation before and after Introduction of the Plan (Image)



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**Reference: Benesse Holdings, Inc. Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members (relates to Proposals 2 and 3)**

Benesse Holdings, Inc. (“the Company”) shall determine that the Company’s outside directors, outside audit & supervisory board members and the respective candidates for those posts possess a high degree of independence when all of the following criteria are satisfied:

- (1) The individual has not served as business personnel<sup>\*1</sup> of the Company or its Group companies (hereinafter, “the Benesse Group”) in the current fiscal year or the past nine fiscal years.
- (2) Individuals who have satisfied all of the following conditions (A) through (H) for the past three fiscal years:
  - (A) The individual is not an entity for which the Benesse Group is a major client<sup>\*2</sup> and does not serve as business personnel thereof.
  - (B) The individual is not a major client of the Benesse Group<sup>\*3</sup> and does not serve as business personnel thereof.
  - (C) The individual is not a major shareholder (directly or indirectly holding a voting interest of 10% or more) of the Company and does not serve as business personnel thereof.
  - (D) The individual does not serve as business personnel of an entity that is a major investee of the Benesse Group (in which the Benesse Group directly or indirectly holds a voting interest of 10% or more).
  - (E) The individual is not a consultant, accounting expert or legal expert who has received compensation in the form of a large amount of money or other assets,<sup>\*4</sup> other than officer’s compensation from the Benesse Group (or an individual belonging to an entity such as a corporation, association, or other group that has received such assets).
  - (F) The individual has not received a large charitable donation or subsidy<sup>\*5</sup> from the Benesse Group and does not serve as business personnel of such a recipient.
  - (G) The individual is not an independent auditor of the Benesse Group and does not belong to a corporation, association or other group that serves as an independent auditor of the Benesse Group.
  - (H) In cases where the business personnel of the Benesse Group have been appointed as outside officers of other companies, the individual does not serve as business personnel of the other company.
- (3) The individual is not a relative<sup>\*6</sup> of a person who meets either of the following conditions (a) or (b):
  - (a) An individual who does not satisfy any of the foregoing conditions (A) through (H) in (2) above for one of the past three fiscal years. However, the business personnel stipulated in conditions (A) through (D) and (F) and (H) shall refer only to key business personnel.<sup>\*7</sup> Condition (E) shall apply only to persons with specialized qualifications, such as certified public accountants and lawyers. Condition (G) shall apply only to key business personnel and persons with specialized qualifications, such as certified public accountants and lawyers, in the individual’s organization.
  - (b) Key business personnel of the Benesse Group in the current fiscal year or any of the past three fiscal years.

Notes:



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1. Business personnel refers to the executive directors and executive officers who execute the operations of corporations and other groups, or other officers who execute the operations of corporations, etc. Business personnel also refers to employees, directors and other equivalent posts based on the Companies Act of Japan, as well as ordinary employees and others who conduct business operations.
2. An entity for whom the Benesse Group is a major client refers to an entity that satisfies any of the following conditions:
  - (1) A supplier group that supplies products and services to the Benesse Group (an entity who belongs to the consolidated group of the direct supplier), where the supplier group's trading amount with the Benesse Group exceeds the higher of ¥100 million or 2% of the consolidated net sales of the supplier group, in the most recent fiscal year.
  - (2) A supplier group to which the Benesse Group owes liabilities, where the Benesse Group's total amount of liabilities toward the supplier group exceeds the higher of ¥100 million or 2% of the consolidated net sales of the supplier group, in the most recent fiscal year.
3. A major client of the Benesse Group refers to an entity that satisfies any of the following conditions:
  - (1) A client group to whom the Benesse Group supplies products and services, where the Benesse Group's trading amount with the client group exceeds the higher of ¥100 million or 2% of the Benesse Group's consolidated net sales, in the most recent fiscal year.
  - (2) A client group holding liabilities owed to the Benesse Group, where the client group's total liabilities owed to the Benesse Group exceeds the higher of ¥100 million or 2% of the client group's consolidated net sales, in the most recent fiscal year.
  - (3) A financial institution group (an entity belonging to the consolidated group to which the direct lender belongs) from which the Benesse Group has borrowed funds, where the total amount of the Benesse Group's borrowings from the financial institutions exceeds 2% of the Benesse Group's consolidated total assets in the most recent fiscal year.
4. A large amount of money or other assets refers to a monetary compensation value the average of which over the past three fiscal years exceeds the higher of ¥10 million or 2% of the entity's net sales or gross income in the most recent fiscal year.
5. An entity receiving a large charitable donation or subsidy from the Benesse Group refers to an entity receiving a charitable donation or subsidy from the Benesse Group, the average of which over the past three fiscal years exceeds the higher of ¥10 million or 2% of the entity's net sales or gross income in the past fiscal year.
6. Relatives refer to spouses, relatives within the second degree of kinship and those with whom a livelihood is shared.
7. Key business personnel refer to business personnel such as executive directors, executive officers and other officers who execute the operations of corporations, etc., as well as those who execute key operations, such as division managers.