



Benesse Holdings, Inc.

Corporate Communications & Investor Relations Department

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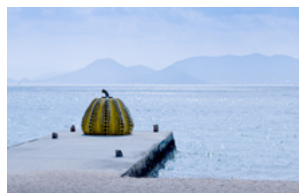
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DATA BOOK 2016

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For the Year Ended March 31, 2016



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 the Fukutake Foundation, the project supports a multitude of art-related activities. Benesse Art Site Naoshima is working to create special places by situating modern art and architecture within the nature and the unique culture of the Seto Inland Sea, a landscape with a powerful cultural and historical resonance.



Benesse Art Site Naoshima
<http://benesse-artsite.jp/en/>



At a Glance

SHARE OF NET SALES

MAJOR BUSINESS

MAJOR GROUP COMPANIES

MAIN PRODUCTS AND SERVICES

NET SALES/OPERATING INCOME

DOMESTIC EDUCATION COMPANY

The Domestic Education Company's operations include the correspondence course business and teacher support business, cram school/prep school business, domestic language education business, interpreting and translation business, and children's English language classes.

49.6%

Fiscal Year ended March 31, 2016

- Shinkenzeni and Kodomo Challenge correspondence courses
- School and teacher support business, centered on *Shinken Simulated Exams* (mock university entrance exams)
- Cram schools/prep schools
- Domestic language education business, interpreting and translation business

Benesse Corporation
Tokyo Individualized Educational Institute, Inc.
UP Inc.
Tokyo Educational Institute Co., Ltd.
Ochanomizu Seminar Co., Ltd.
Shinken-AD Co., Ltd.
Berlitz Japan, Inc.
Simul International, Inc.
Minerva Intelligence Co., Ltd.

Kodomo Challenge

Shinken Simulated Exams

Shinkenzeni Elementary School Courses

Year	Net Sales (Billions of Yen)	Operating Income (Billions of Yen)
2015	253.8	25.7
2016	220.1	3.7

OVERSEAS BUSINESS DEVELOPMENT COMPANY

The Overseas Business Development Company operates correspondence course businesses, mainly focused on preschool students in China and Taiwan.

6.1%

Fiscal Year ended March 31, 2016

- Correspondence course business focused on pre-school children in mainland China and Taiwan

Benesse Corporation
Benesse Corporation China

Preschool Courses in China

Benesse Shop in China

Year	Net Sales (Billions of Yen)	Operating Income (Billions of Yen)
2015	21.0	1.6
2016	27.1	2.5

NURSING CARE AND CHILDCARE COMPANY

The Nursing Care and Childcare Company operates the nursing home business (nursing homes and residences for the elderly), home help service business for the elderly, nursing care training business, medical and nursing care staff placement business, and the daycare and afterschool childcare center operation business.

21.4%

Fiscal Year ended March 31, 2016

- Operation of nursing homes for the elderly
- Home help service business
- Daycare and afterschool childcare operation business
- Medical and nursing care staff placement business
- Food delivery services for seniors business

Benesse Style Care Co., Ltd.
Benesse MCM Corp.
Benesse Palette Co., Ltd.
Benesse Senior Support Co., Ltd.

Bon Sejour

Granda

Year	Net Sales (Billions of Yen)	Operating Income (Billions of Yen)
2015	87.2	5.6
2016	94.9	7.0

BENESSE USA COMPANY

The Benesse USA Company operates the overseas language education business, the ESL business (overseas study support business), and the global leadership training business.

12.9%

Fiscal Year ended March 31, 2016

- Language education business, global leadership training business, ESL business

Berlitz Corporation

* Berlitz Corporation operates its language school and related businesses through a network of subsidiaries in countries all over the world. The Japanese subsidiary Berlitz Japan, Inc. is included in the Domestic Education Company, and the other subsidiaries are included in the Benesse USA Company.

A language center (Berlitz)

A lesson in a language center (Berlitz)

Year	Net Sales (Billions of Yen)	Operating Income (Billions of Yen)
2015	57.9	1.7
2016	57.3	2.2

OTHERS

The Others segment operates the telemarketing business, mail-order sales business, information system maintenance and operation business, and information processing service business, among others.

10.0%

Fiscal Year ended March 31, 2016

- Telemarketing business
- Mail-order business *Tamahiyo Shop*, *Tamahiyo Uchiwai* (family celebration items)
- Tamago Club* and *Hiyoko Club* — magazines dealing with pregnancy, childbirth, and child-rearing
- Operate and maintain an information system and information processing service businesses

TMJ, Inc.
Benesse Corporation
Benesse InfoShell Co., Ltd.

A call center

Tamago Club

Hiyoko Club

Tamahiyo Uchiwai

Year	Net Sales (Billions of Yen)	Operating Income (Billions of Yen)
2015	43.2	2.0
2016	44.5	2.1

01 Benesse Holdings, Inc. Data Book 2016

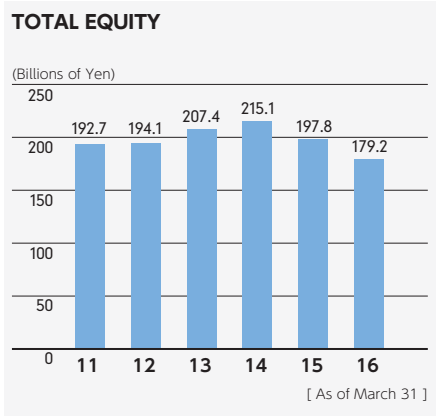
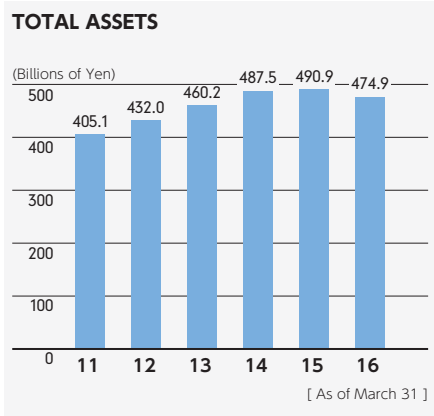
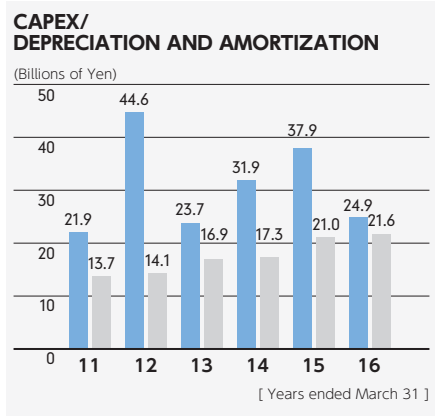
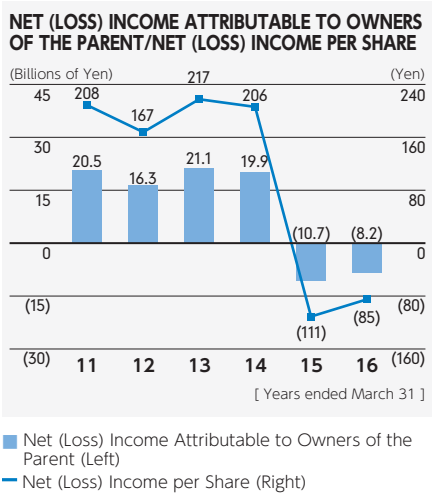
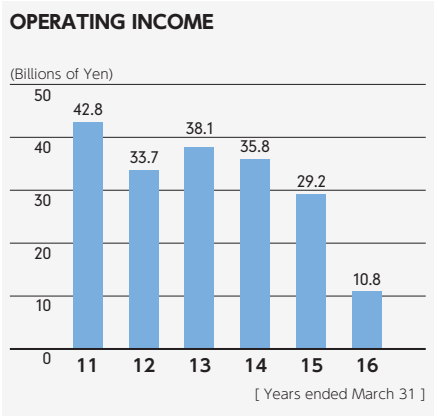
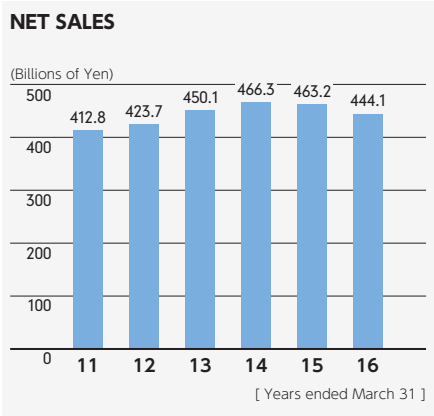
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Ten-Year Summary of Consolidated Financial Statements

Benesse Holdings, Inc. and Consolidated Subsidiaries

	Millions of Yen									
Years ended March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
For the Year:										
Net sales	¥ 354,595	¥ 384,514	¥ 412,711	¥ 406,602	¥ 412,828	¥ 423,706	¥ 450,182	¥ 466,399	¥ 463,264	¥ 444,190
Cost of sales	175,218	192,182	204,115	199,835	203,842	212,016	228,890	243,197	258,747	255,349
Selling, general and administrative expenses	148,060	157,449	169,469	168,877	166,118	177,892	183,146	187,371	175,290	177,977
Operating income	31,316	34,882	39,125	37,889	42,867	33,797	38,145	35,830	29,227	10,862
Income (loss) before income taxes	32,339	31,006	29,983	38,615	36,669	34,055	38,245	32,908	(3,475)	9,921
Income taxes	13,902	15,025	18,652	15,911	15,606	17,109	16,614	12,536	6,474	17,138
Net (loss) income attributable to owners of the parent	18,244	15,462	10,678	21,874	20,586	16,369	21,147	19,930	(10,705)	(8,211)
CAPEX	¥ 11,801	¥ 22,767	¥ 18,051	¥ 27,042	¥ 21,938	¥ 44,610	¥ 23,796	¥ 31,915	¥ 37,998	¥ 24,934
Depreciation and amortization	9,928	11,829	13,456	13,028	13,738	14,183	16,957	17,367	21,056	21,606
Yen										
Per Share of Common Stock:										
Net (loss) income	¥ 177.86	¥ 151.54	¥ 106.98	¥ 221.65	¥ 208.47	¥ 167.79	¥ 217.54	¥ 206.79	¥ (111.30)	¥ (85.37)
Cash dividends	85	90	90	90	95	95	95	95	95	95
Millions of Yen										
At Year-End:										
Total assets	¥ 349,098	¥ 366,584	¥ 343,128	¥ 356,153	¥ 405,119	¥ 432,080	¥ 460,259	¥ 487,594	¥ 490,954	¥ 474,926
Total equity	197,302	202,342	168,497	183,169	192,793	194,189	207,479	215,109	197,892	179,266
Yen										
Total equity per share of common stock	¥1,917.64	¥1,949.30	¥1,646.83	¥1,792.80	¥1,893.72	¥1,933.52	¥2,071.24	¥2,173.58	¥2,000.43	¥ 1,796.57
Number of shares of common stock issued (in thousands)	106,353	106,353	106,353	106,353	106,353	104,153	102,453	102,453	102,453	102,453

Notes:1. Cost of sales is the cost of sales shown on pages 9-10, minus reversal of reserve for goods return and plus provision for reserve for goods return.
2. The computation of net (loss) income per share of common stock is based on the weighted average number of shares of common stock outstanding during each year.
3. CAPEX for the fiscal year ended March 31, 2008 and before includes rental deposits.
4. Depreciation and amortization for the fiscal year ended March 31, 2008 and before includes depreciation of non-operating expenses.
5. Due to the application of the Accounting Standard for Business Combinations and so forth, from the fiscal year ended March 31, 2016 net (loss) income has been presented as net (loss) income attributable to owners of the parent.



Consolidated Balance Sheets

Benesse Holdings, Inc. and Consolidated Subsidiaries

	Millions of Yen									
As of March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assets										
Current Assets	¥173,566	¥175,899	¥179,850	¥179,687	¥233,544	¥230,014	¥248,663	¥262,779	¥251,278	¥243,602
Cash and time deposits	40,293	50,414	42,784	48,877	93,982	72,647	72,464	79,726	104,541	91,892
Notes and accounts receivable—trade	23,900	28,298	24,400	24,218	26,185	27,371	30,108	31,266	31,671	32,577
Marketable securities	44,366	38,296	43,517	31,631	32,053	49,128	57,491	51,279	24,313	44,501
Inventories	15,551	17,043	—	—	—	—	—	—	—	—
Merchandise and finished goods	—	—	14,112	13,969	14,334	16,900	21,105	31,750	25,873	18,316
Work in progress	—	—	3,685	3,334	4,255	4,098	3,911	4,611	3,737	3,481
Raw materials and supplies	—	—	1,780	1,707	1,693	1,634	1,807	1,643	1,595	1,726
Deferred tax assets	5,137	4,794	5,758	5,230	6,262	5,482	6,185	5,658	6,034	3,514
Accounts receivable—other	27,811	31,972	38,318	42,032	41,863	46,684	46,510	48,547	41,479	39,961
Other current assets	18,452	6,923	7,281	10,426	14,450	7,781	10,767	10,044	13,775	9,067
Allowance for doubtful receivables	(1,946)	(1,843)	(1,788)	(1,740)	(1,536)	(1,715)	(1,686)	(1,750)	(1,744)	(1,436)
Total Fixed Assets	175,532	190,684	163,278	176,466	171,575	202,066	211,595	224,815	239,676	231,324
Tangible Fixed Assets	71,811	72,606	74,609	75,994	75,122	91,105	97,765	107,440	121,996	129,743
Buildings and structures—net	28,759	28,598	29,223	29,016	28,223	31,675	31,166	31,527	31,819	31,446
Land	34,710	35,046	36,092	36,106	35,985	38,126	37,326	38,319	37,195	36,745
Lease assets—net	—	—	—	—	2,133	12,597	19,893	28,008	43,317	52,723
Other tangible fixed assets—net	8,341	8,961	9,293	10,871	8,780	8,705	9,378	9,584	9,664	8,827
Intangible Fixed Assets	53,767	59,066	29,895	42,500	43,535	55,330	54,970	58,031	58,355	51,327
Goodwill	41,836	44,848	13,157	18,537	15,620	23,452	20,233	19,325	18,526	16,150
Software	—	—	—	22,405	26,545	27,639	30,642	35,098	36,576	32,844
Other intangible fixed assets	11,931	14,217	16,737	1,557	1,369	4,238	4,094	3,607	3,252	2,332
Investments and Other Assets	49,953	59,011	58,773	57,970	52,917	55,630	58,859	59,343	59,324	50,253
Investment securities	28,568	33,057	29,374	25,101	16,756	16,497	19,072	18,040	13,771	13,806
Long-term loans receivable	—	—	—	—	4,536	4,837	4,780	4,490	4,896	4,583
Prepaid pension expenses	4,012	4,340	4,461	4,442	4,383	4,236	3,816	—	—	—
Asset for retirement benefits	—	—	—	—	—	—	—	1,376	2,457	385
Deferred tax assets	1,235	2,333	4,391	3,260	6,099	6,848	7,347	9,969	10,073	2,522
Other assets	16,513	19,508	20,818	25,259	21,226	23,279	23,907	25,526	28,188	29,056
Allowance for doubtful receivables	(376)	(227)	(272)	(93)	(84)	(69)	(65)	(60)	(62)	(101)
Total	¥349,098	¥366,584	¥343,128	¥356,153	¥405,119	¥432,080	¥460,259	¥487,594	¥490,954	¥474,926

Notes: 1. Inventories under current assets has been presented as merchandise and finished goods, work in progress, and raw materials and supplies since the fiscal year ended March 31, 2009.
2. Lease assets, which was previously included in other tangible fixed assets under tangible fixed assets, has been presented as a separate item since the fiscal year ended March 31, 2011 because the amount exceeded 1% of total assets.
3. Software, which was previously included in other intangible fixed assets under intangible fixed assets, has been presented as a separate item since the fiscal year ended March 31, 2010 because the amount exceeded 5% of total assets.
4. Long-term loans receivable, which was previously included in other assets under investments and other assets, has been presented as a separate item since the fiscal year ended March 31, 2011 because the amount exceeded 1% of total assets.

Consolidated Balance Sheets

Benesse Holdings, Inc. and Consolidated Subsidiaries

As of March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Millions of Yen										
Liabilities										
Current Liabilities	¥130,524	¥140,276	¥147,825	¥139,389	¥149,289	¥153,001	¥157,291	¥172,943	¥187,296	¥145,681
Notes and accounts payable—trade	12,262	11,762	12,398	12,025	13,114	14,198	14,721	18,037	19,937	12,695
Short-term bank loans	796	1,187	1,628	1,447	467	270	—	—	—	—
Current portion of long-term debt	546	683	281	122	44	259	250	6,250	25,033	9
Accounts payable—other	21,449	23,308	24,655	24,483	24,314	26,003	26,024	29,835	34,216	27,085
Accrued income taxes	9,232	7,667	11,458	4,864	14,323	6,647	9,048	6,278	3,430	5,053
Advances received	71,097	77,861	79,596	78,691	78,655	87,624	88,710	93,468	84,385	79,479
Reserve for after-service costs	794	748	768	770	728	677	679	628	406	312
Reserve for employees' bonuses	4,921	5,892	6,174	6,178	6,290	6,737	6,874	6,841	6,528	6,387
Reserve for directors' bonuses	254	295	287	188	194	206	324	331	300	410
Reserve for goods return	587	555	522	474	448	393	362	343	383	369
Other current liabilities	8,582	10,313	10,055	10,144	10,706	9,982	10,297	10,926	12,672	13,877
Long-Term Liabilities	21,271	23,965	26,806	33,593	63,036	84,889	95,488	99,541	105,766	149,979
Long-term debt, less current portion	740	536	269	219	25,009	31,500	31,250	25,000	5,014	37,805
Lease obligations	—	—	—	—	2,068	12,130	19,393	27,933	43,872	54,284
Guarantee deposits received from nursing home residents	—	—	—	21,099	25,300	27,804	30,152	30,885	32,902	34,375
Deferred tax liabilities	553	23	301	668	611	2,411	2,580	2,921	4,251	3,626
Reserve for employees' retirement benefits	2,371	2,598	2,774	2,835	2,980	3,152	3,471	—	—	—
Reserve for directors' retirement allowances	1,467	1,563	1,547	1,405	1,435	202	224	165	179	164
Liability for retirement benefits	—	—	—	—	—	—	—	6,708	7,240	7,241
Other long-term liabilities	16,138	19,244	21,913	7,364	5,631	7,687	8,415	5,926	12,305	12,480
Total Liabilities	151,796	164,242	174,631	172,983	212,326	237,890	252,780	272,484	293,062	295,660
Equity										
Shareholders' Equity	197,524	200,522	169,746	181,803	194,255	195,976	207,886	214,907	195,146	177,915
Common stock	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600
Capital surplus	29,358	29,358	29,358	29,358	29,381	29,358	29,358	29,358	29,358	29,479
Retained earnings	164,004	170,337	152,239	165,372	177,342	176,863	182,935	193,679	173,920	156,571
Treasury stock-at-cost	(9,439)	(12,773)	(25,451)	(26,527)	(26,067)	(23,844)	(18,007)	(21,730)	(21,732)	(21,735)
Accumulated Other Comprehensive Income	(566)	(1,999)	(6,860)	(4,967)	(7,212)	(8,014)	(6,538)	(5,830)	(2,726)	(5,106)
Unrealized gain (loss) on available-for-sale securities	786	(473)	(1,634)	88	(17)	280	1,183	1,712	2,235	1,363
Foreign currency translation adjustments	(1,352)	(1,526)	(5,226)	(5,056)	(6,793)	(7,855)	(7,172)	(5,456)	(3,468)	(3,732)
Pension liability adjustments for a foreign consolidated subsidiary	—	—	—	—	(401)	(440)	(549)	—	—	—
Defined retirement benefit plans	—	—	—	—	—	—	—	(2,086)	(1,494)	(2,737)
Stock Acquisition Rights	82	304	551	667	683	683	458	141	—	41
Noncontrolling Interests	261	3,514	5,059	5,667	5,065	5,543	5,671	5,891	5,472	6,415
Total Equity	197,302	202,342	168,497	183,169	192,793	194,189	207,479	215,109	197,892	179,266
Total	¥349,098	¥366,584	¥343,128	¥356,153	¥405,119	¥432,080	¥460,259	¥487,594	¥490,954	¥474,926

Notes: 1. Lease obligations, which was previously included in other long-term liabilities under long-term liabilities, has been presented as a separate item since the fiscal year ended March 31, 2011 because the amount exceeded 1% of the sum of total liabilities and total equity.
2. Guarantee deposits received from nursing home residents, which was previously included in other long-term liabilities under long-term liabilities, has been presented as a separate item since the fiscal year ended March 31, 2010 because the amount exceeded 5% of the sum of total liabilities and total equity.
3. Due to the application of the Accounting Standard for Business Combinations and so forth, from the fiscal year ended March 31, 2016 minority interests has been presented as noncontrolling interests.

Consolidated Statements of Operations

Benesse Holdings, Inc. and Consolidated Subsidiaries

	Millions of Yen									
Years ended March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Sales	¥354,595	¥384,514	¥412,711	¥406,602	¥412,828	¥423,706	¥450,182	¥466,399	¥463,264	¥444,190
Cost of Sales	175,184	192,214	204,148	199,883	203,868	212,071	228,921	243,217	258,707	255,367
Reversal of reserve for goods return	553	587	555	522	474	448	393	362	343	383
Provision for reserve for goods return	587	555	522	474	448	393	362	343	383	366
Adjusted Gross Profit	179,377	192,331	208,595	206,766	208,986	211,690	221,292	223,201	204,517	188,840
Selling, General and Administrative Expenses	148,060	157,449	169,469	168,877	166,118	177,892	183,146	187,371	175,290	177,977
Promotion expenses	—	—	—	—	—	—	—	18,045	20,852	20,663
Direct mail expenses	27,157	27,345	28,495	30,340	28,268	31,887	31,575	29,269	10,794	14,391
Advertising expenses	13,819	13,474	14,741	13,207	11,344	12,015	12,418	13,729	18,594	14,399
Transportation and communication expenses	18,557	19,033	20,280	20,757	20,654	20,698	20,070	19,374	15,830	14,782
Customer management expenses	10,892	9,939	11,245	12,007	11,247	12,580	14,350	15,784	18,876	23,406
Wages and salaries	28,569	32,403	34,380	34,126	33,164	34,825	36,412	38,200	37,842	37,838
Provision for reserve for employees' bonuses	2,739	3,195	3,512	3,676	3,479	3,591	3,602	3,545	3,282	2,995
Provision for reserve for directors' bonuses	254	295	287	200	196	206	321	329	295	410
Net periodic benefit costs	—	—	—	—	—	—	—	—	2,056	1,995
Provision for reserve for employees' retirement benefits	622	719	877	844	1,134	1,203	1,454	1,910	—	—
Provision for reserve for directors' retirement allowances	194	170	166	133	115	65	77	79	42	22
Provision for allowance for doubtful receivables	1,030	595	751	706	691	830	729	947	843	758
Other	44,223	50,275	54,729	52,876	55,823	59,988	62,132	46,154	45,978	46,311
Operating Income	31,316	34,882	39,125	37,889	42,867	33,797	38,145	35,830	29,227	10,862
Non-Operating Income	3,708	3,404	3,219	2,367	3,012	1,917	3,451	2,481	1,794	2,378
Interest income	753	1,340	1,372	681	515	423	441	440	472	433
Dividend income	70	171	197	173	124	52	77	85	110	84
Rent income	448	451	456	431	452	485	476	486	505	467
Foreign exchange gain	138	—	—	646	—	—	1,670	94	—	—
Gain on sales of investment securities	—	—	—	—	513	119	115	191	—	632
Gain on investments in partnership	—	—	—	—	—	—	71	535	125	196
Equity in net earnings of unconsolidated subsidiaries and affiliates	78	81	81	96	527	243	179	164	49	66
Income from leveraged lease assets	1,581	—	—	—	—	—	—	—	—	—
Gain on derivatives	—	686	749	—	423	—	—	—	—	—
Other	636	672	361	337	455	593	419	483	531	497
Non-Operating Expenses	1,745	2,366	3,069	1,091	1,176	1,017	2,601	3,095	4,182	4,508
Interest expense	327	42	58	64	86	290	868	1,418	2,426	3,219
Rent expenses	175	169	177	164	160	251	237	223	212	186
Foreign exchange loss	—	1,355	2,002	—	536	131	—	—	279	453
Loss on derivatives	389	—	—	517	—	32	1,159	1,067	503	112
Other	852	798	830	344	393	311	336	385	762	537
Ordinary Income	33,279	35,920	39,276	39,165	44,703	34,698	38,995	35,216	26,838	8,732
Special Gain	319	196	2,848	1,294	223	550	273	1,998	327	2,506
Gain on sales of fixed assets	254	161	9	1	8	—	48	98	115	2,258
Gain on sales of investments of a consolidated subsidiary	—	—	2,737	1,152	117	—	—	1,537	—	—
Gain on revision of retirement benefit plan	—	—	—	—	—	—	—	—	—	248
State subsidy	—	—	—	114	—	—	—	45	70	—
Reversal of reserve for directors' retirement allowances	65	—	—	—	—	—	—	—	—	—
Gain on step acquisitions	—	—	—	—	—	357	—	—	—	—
Gain on transfer of business	—	—	100	—	80	193	—	—	—	—
Gain on reversal of subscription rights to shares	—	—	—	—	—	—	224	317	141	—
Gain on change in equity	—	—	—	2	—	—	—	—	—	—
Other	—	34	1	23	17	—	—	—	—	—
Special Losses	1,260	5,109	12,141	1,843	8,256	1,192	1,023	4,306	30,642	1,317
Loss on sales and disposal of fixed assets	475	755	601	491	1,002	1,009	34	44	13	17
Loss on reduction of non-current assets	—	—	—	114	—	—	—	44	70	—
Amortization of goodwill	—	—	7,619	—	—	—	—	—	—	—
Loss on impairment of long-lived assets	246	2,769	587	33	6,401	79	842	3,190	221	157
Valuation loss on investment securities	308	225	2,154	17	20	97	38	2	49	353
Restructuring expenses of foreign consolidated subsidiary	—	—	—	—	—	—	—	357	1,129	—
Loss on restructuring of business	201	979	150	1,105	—	—	102	—	792	788
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	—	—	—	614	—	—	—	—	—
Loss on cancellation of system development	—	284	—	—	—	—	—	—	—	—
Litigation loss	—	52	277	—	—	—	—	—	—	—
Loss on liquidation of subsidiaries	—	—	—	—	205	—	—	107	—	—
Business structure improvement expenses	—	—	420	—	—	—	—	550	2,315	—
Information security management expenses	—	—	—	—	—	—	—	—	26,039	—
Other	28	42	330	81	13	6	6	7	10	—
Income (Loss) before Income Taxes	32,339	31,006	29,983	38,615	36,669	34,055	38,245	32,908	(3,475)	9,921
Income Taxes	13,902	15,025	18,652	15,911	15,606	17,109	16,614	12,536	6,474	17,138
Income taxes—current	14,830	15,425	20,389	14,548	19,346	16,202	18,120	14,042	6,228	7,099
Income taxes—deferred	(927)	(400)	(1,736)	1,363	(3,740)	906	(1,505)	(1,506)	245	10,038
Net (Loss) Income	—	—	—	—	21,063	16,946	21,631	20,372	(9,950)	(7,216)
Net Income Attributable to Noncontrolling Interests	192	519	652	829	476	577	483	442	755	994
Net (Loss) Income Attributable to Owners of the Parent	¥ 18,244	¥ 15,462	¥ 10,678	¥ 21,874	¥ 20,586	¥ 16,369	¥ 21,147	¥ 19,930	¥ (10,705)	¥ (8,211)

Notes: 1. Gain on investments in partnership, which was previously included in other under non-operating income, has been presented as a separate item since the fiscal year ended March 31, 2013 because the amount exceeded 10% of total non-operating income.

2. Promotion expenses, which was previously included in other under selling, general and administrative expenses, has been presented as a separate item since the fiscal year ended March 31, 2014 because the amount exceeded 10% of total selling, general and administrative expenses.

Consolidated Statements of Cash Flows

Benesse Holdings, Inc. and Consolidated Subsidiaries

	Millions of Yen									
Years ended March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Cash Provided by Operating Activities	¥ 28,240	¥ 27,483	¥ 38,664	¥ 30,310	¥ 44,937	¥ 40,631	¥ 33,709	¥ 32,295	¥ 27,839	¥ 26,195
Income (loss) before income taxes	32,339	31,006	29,983	38,615	36,669	34,055	38,245	32,908	(3,475)	9,921
Depreciation and amortization	9,928	11,829	13,600	13,156	13,865	14,396	17,152	17,548	21,225	21,758
Loss on impairment of long-lived assets	246	2,769	587	33	6,401	79	842	3,190	221	157
Amortization of goodwill	—	—	7,619	—	—	—	—	—	—	—
(Decrease) increase in allowances and reserves—net	1,133	939	751	(340)	263	484	363	(3,952)	(759)	(420)
Loss on restructuring of business	201	979	150	1,105	—	—	—	—	792	788
Gain on sales of investments of a consolidated subsidiary	—	—	(2,737)	(1,152)	(117)	—	—	(1,537)	—	—
Business structure improvement expenses	—	—	—	—	—	—	—	550	2,315	—
Information security management expenses	—	—	—	—	—	—	—	—	26,039	—
Other non-cash income and expenses—net	(1,898)	(410)	2,247	407	538	604	549	135	3,218	1,291
(Increase) decrease in notes and accounts receivable—trade	(1,000)	(3,668)	2,741	648	(2,348)	(497)	(1,990)	456	257	(1,254)
Decrease (increase) in inventories	(485)	(1,633)	(2,671)	(158)	(1,375)	(2,338)	(4,013)	(11,497)	6,005	7,547
Decrease (increase) in accounts receivable—other	(5,336)	(9,485)	(6,466)	(3,315)	(147)	(4,963)	205	(1,951)	7,112	2,836
(Decrease) increase in notes and accounts payable—trade	(591)	(495)	817	(598)	1,211	974	220	2,724	1,891	(7,111)
(Decrease) increase in accounts payable—other	3,088	1,368	263	(195)	(1,406)	4,591	(1,450)	2,846	4,323	(6,351)
(Decrease) increase in advances received	1,351	6,519	3,819	817	976	7,876	(313)	3,080	(10,954)	(3,796)
Decrease (increase) in prepaid pension expenses	(328)	(328)	(120)	18	59	146	420	3,816	—	—
Decrease (increase) in asset for retirement benefits	—	—	—	—	—	—	—	(3,446)	(819)	2,071
(Decrease) increase in liability for retirement benefits	—	—	—	—	—	—	—	5,772	(90)	—
Changes in other assets and liabilities—net	924	4,064	3,184	1,675	5,105	4,975	2,325	(1,400)	7,830	3,725
Total Adjustment	39,574	43,455	53,770	50,717	59,695	60,385	52,558	49,246	65,133	31,164
Interest and dividends received	795	1,523	1,593	907	684	536	535	545	631	545
Interest paid	(380)	(42)	(57)	(64)	(107)	(297)	(867)	(1,421)	(2,422)	(3,226)
Business structure improvement expenses paid	—	—	—	—	—	—	—	(46)	(2,024)	—
Information security management expenses paid	—	—	—	—	—	—	—	—	(21,366)	—
Income taxes paid	(11,749)	(17,453)	(16,642)	(21,250)	(15,335)	(25,876)	(18,518)	(19,310)	(13,865)	(6,463)
Income taxes refund	—	—	—	—	—	5,882	—	3,281	1,753	4,177
Net Cash (Used in) Provided by Investing Activities	(11,223)	(15,152)	(5,217)	(36,449)	(14,632)	(33,524)	(23,012)	(24,729)	3,048	(26,191)
Purchases of marketable securities	(20,706)	(15,074)	(66,034)	(59,169)	(73,627)	(56,541)	(74,464)	(82,221)	(24,758)	(64,616)
Proceeds from sales of marketable securities	28,055	24,939	73,881	55,177	70,435	59,952	72,078	80,031	56,447	53,518
Purchases of tangible fixed assets	(5,519)	(5,727)	(7,454)	(5,350)	(4,973)	(5,610)	(5,245)	(8,434)	(6,319)	(5,736)
Proceeds from sales of tangible fixed assets	174	227	37	4	53	15	849	1,650	1,429	2,003
Purchases of software	(5,680)	(6,547)	(6,083)	(13,680)	(11,768)	(10,146)	(8,802)	(12,563)	(12,296)	(7,028)
Purchases of investment securities	(8,539)	(14,688)	(4,854)	(2,965)	(6,054)	(6,363)	(5,768)	(3,997)	(2,262)	(4,059)
Proceeds from sales of investment securities	3,660	9,580	3,878	5,034	11,565	4,498	1,316	2,047	668	1,664
Cash increase due to acquisition of controlling interest in a company	106	—	—	—	—	—	—	—	—	—
Cash decrease due to acquisition of controlling interest in a company	—	(10,259)	—	(5,725)	—	—	—	(313)	(1,179)	—
Cash decrease due to sale of interests in subsidiary previously consolidated	—	—	—	(1,000)	—	—	—	(477)	—	—
Purchases of investments in a consolidated subsidiary	—	—	—	—	—	(10,683)	—	—	—	—
Proceeds from sales of investments of a consolidated subsidiary	—	—	4,470	—	229	—	—	—	—	—
Additional acquisition of shares of a consolidated subsidiary	(128)	—	—	—	—	(4,006)	—	(302)	(1,092)	—
Proceeds from acquisition of business	—	—	—	—	—	—	—	—	—	—
Payments for transfer of business	—	—	(690)	—	—	—	—	—	—	—
Proceeds from transfer of business	—	—	100	—	153	297	—	—	—	—
Payments for absorption-type of company split	—	—	—	(1,681)	—	—	—	—	—	—
Decrease (increase) in time deposits—net	(6)	(231)	911	(2,510)	2,953	(1,918)	(1,449)	1,775	(3,457)	806
Other—net	(2,638)	2,629	(3,378)	(4,581)	(3,599)	(3,018)	(1,525)	(1,923)	(4,132)	(2,743)
Net Cash (Used in) Provided by Financing Activities	(10,629)	(13,825)	(23,261)	(11,711)	12,923	(11,254)	(11,270)	(14,514)	(13,112)	(3,236)
(Decrease) increase in short-term bank loans—net	(4)	391	440	(722)	(970)	(197)	(269)	—	(786)	—
Proceeds from long-term debt	—	—	—	—	25,019	5,000	—	—	5,071	32,805
Repayment of long-term debt	(3,862)	(828)	(668)	(280)	(304)	(44)	(259)	(250)	(6,269)	(25,027)
Dividends paid	(8,201)	(9,199)	(9,065)	(8,888)	(9,125)	(9,315)	(9,234)	(9,185)	(9,137)	(9,137)
Proceeds from exercise of stock options	470	294	408	337	499	—	—	—	—	—
Purchases of treasury stock	(8)	(3,696)	(13,264)	(1,514)	(18)	(5,339)	(2)	(3,723)	(3)	—
Purchases of treasury stock by consolidated subsidiaries	—	(560)	(668)	(0)	(1,117)	(0)	—	—	—	—
Repayments of lease obligations	—	—	—	—	(799)	(1,089)	(1,262)	(1,431)	(1,723)	(1,858)
Other—net	976	(224)	(443)	(642)	(258)	(267)	(242)	75	(262)	(17)
Foreign Currency Translation Adjustment on Cash and Cash Equivalents	560	(94)	(4,380)	443	(1,712)	(601)	1,433	2,982	1,343	(1,368)
Net (Decrease) Increase in Cash and Cash Equivalents	6,948	(1,587)	5,803	(17,406)	41,516	(4,748)	859	(3,966)	19,119	(4,600)
Cash and Cash Equivalents, Beginning of Year	66,417	73,365	71,777	77,581	60,174	101,691	96,942	97,802	93,835	112,955
Cash and Cash Equivalents, End of Year	¥ 73,365	¥ 71,777	¥ 77,581	¥ 60,174	¥101,691	¥ 96,942	¥ 97,802	¥ 93,835	¥112,955	¥108,355

Notes: 1. As proceeds from long-term debt and repayments of lease obligations included in other—net under financing activities have increased in importance, they are separately presented from the fiscal year ended March 31, 2011.
2. Business structure improvement expenses, and business structure improvement expenses paid included in other non-cash income and expenses-net, and decrease (increase) in inventories under net cash provided by operating activities are separately presented from the fiscal year ended March 31, 2015, as they have increased in importance. To reflect this presentation method, figures from the year ended March 31, 2014, have been restated.

3. (Decrease) increase in liability for retirement benefits, which had been presented as a separate item under net cash provided by operating activities, and purchases of treasury stock, which had been presented as a separate item under net cash (used in) provided by financing activities, have been included under other-net from the fiscal year ended March 31, 2016 due to their decreased materiality.

Segment Information

Benesse Holdings, Inc. and Consolidated Subsidiaries

From the fiscal year ended March 31, 2016, the Company changed its reportable segments. Figures for the fiscal year ended March 31, 2015 have been restated in line with the new segments.

Before Change

Years ended March 31	Millions of Yen						
	2009	2010	2011	2012	2013	2014	2015
Net Sales	¥412,711	¥406,602	¥412,828	¥423,706	¥450,182	¥466,399	¥463,264
Domestic Education	234,304	240,011	240,576	240,178	256,246	253,499	238,815
Overseas Education	6,855	7,670	9,394	10,830	13,041	17,818	21,006
Lifestyle	29,531	30,587	28,260	25,337	22,925	20,938	15,324
Senior/Nursing Care	40,354	44,612	58,897	66,539	73,907	79,598	87,271
Language/Global Leadership Training	68,353	53,794	53,989	59,427	61,547	70,830	74,570
Others	33,311	29,926	21,709	21,392	22,515	23,713	26,276
Operating Income (Loss)	39,125	37,889	42,867	33,797	38,145	35,830	29,227
Domestic Education	37,115	38,380	40,619	32,857	37,316	32,489	26,202
Overseas Education	(1,748)	(983)	(691)	(1,343)	(1,361)	(698)	1,367
Lifestyle	(1,390)	(1,524)	(473)	(1,277)	(1,072)	(232)	(826)
Senior/Nursing Care	2,634	3,009	4,078	4,668	4,897	5,869	5,610
Language/Global Leadership Training	4,166	313	767	543	568	1,850	2,699
Others	814	1,212	952	979	1,887	1,084	2,037
Reconciliation	(2,465)	(2,518)	(2,385)	(2,631)	(4,090)	(4,532)	(7,863)

Notes: 1. Segment sales are based on sales to external customers, and intersegment sales or transfers are not included.
2. Operating income for each segment is before eliminations in consolidated totals.

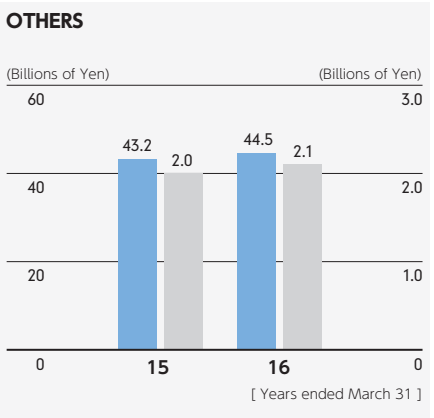
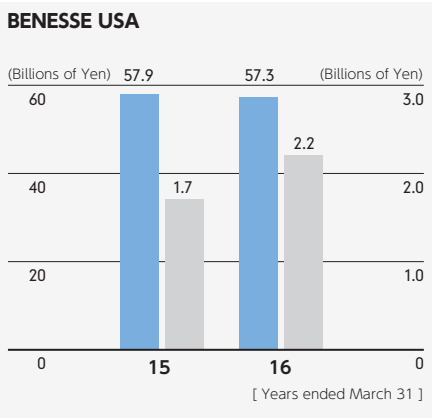
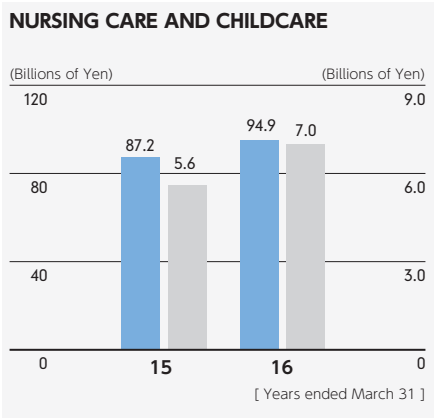
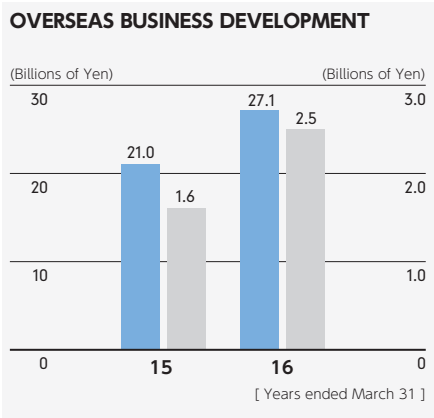
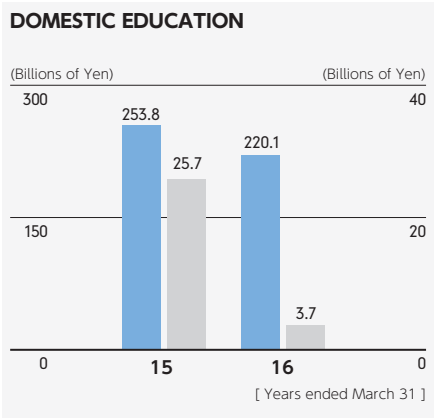
After Change

Net Sales	¥463,264	¥444,190
Domestic Education	253,879	220,173
Overseas Business Development	21,006	27,114
Nursing Care and Childcare	87,271	94,966
Benesse USA	57,906	57,341
Others	43,200	44,594
Operating Income	29,227	10,862
Domestic Education	25,775	3,734
Overseas Business Development	1,638	2,596
Nursing Care and Childcare	5,610	7,023
Benesse USA	1,712	2,207
Others	2,064	2,152
Reconciliation	(7,573)	(6,852)

Notes: 1. Segment sales are based on sales to external customers, and intersegment sales or transfers are not included.
2. From the fiscal year ended March 31, 2016, the Company has changed its classification of segments in line with a reorganization.
3. Operating income for each segment is before eliminations in consolidated totals.

AFTER CHANGE

■ Net Sales (Left) ■ Operating Income (Right)



Business Data

Benesse Holdings, Inc. and Consolidated Subsidiaries

	Thousands of Students									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Shinkenzemi Enrollments as of April (Domestic + Overseas)	4,180	4,300	4,470	4,600	4,680	4,870	4,670	4,570	3,770	3,680
Domestic Enrollments	3,910	3,960	4,040	4,080	4,030	4,090	3,850	3,650	2,710	2,430
Senior High School Courses	300	310	340	340	300	320	310	280	170	150
Junior High School Courses	750	750	770	760	740	780	730	690	450	390
Elementary School Courses	1,590	1,660	1,710	1,770	1,800	1,840	1,760	1,660	1,330	1,150
Kodomo Challenge (Preschool Courses)	1,270	1,240	1,220	1,210	1,180	1,150	1,050	1,020	760	740
Overseas Enrollments	270	340	430	520	650	780	820	920	1,060	1,250
China		100	150	220	340	480	510	600	730	930
Taiwan		170	160	170	170	170	180	180	170	160
South Korea		70	120	130	140	130	130	140	160	150

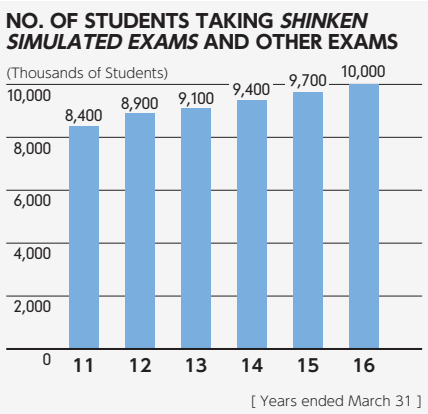
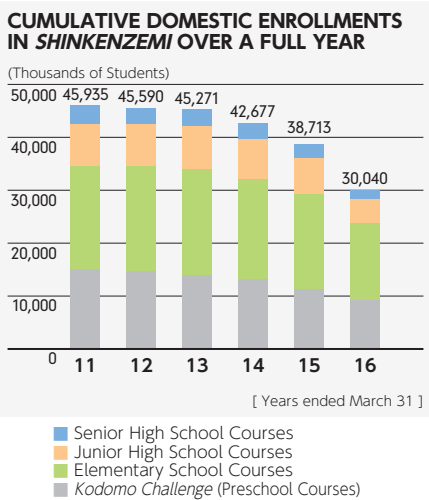
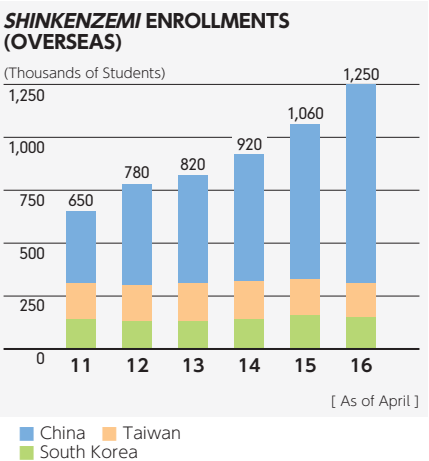
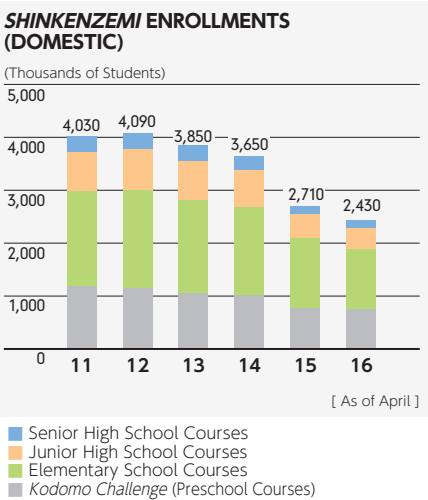
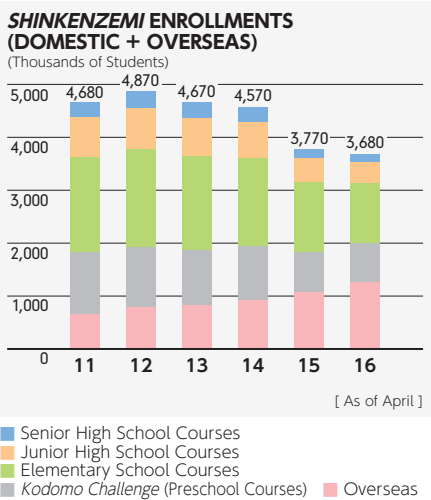
Note: Overseas enrollments from April 2014, including enrollment in preschool correspondence courses in South Korea based on a licensing contract.

	Thousands of Students									
Years ended March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cumulative Domestic Enrollments in Shinkenzemi Over a Full Year	44,683	43,413	43,900	45,512	45,935	45,590	45,271	42,677	38,713	30,040
Senior High School Courses	3,289	3,060	3,279	3,418	3,428	3,150	3,188	3,052	2,698	1,765
Junior High School Courses	8,315	7,903	7,967	8,113	7,923	7,925	8,058	7,583	6,838	4,416
Elementary School Courses	17,862	17,733	18,395	18,911	19,540	19,906	20,092	18,973	17,845	14,667
Kodomo Challenge (Preschool Courses)	15,216	14,716	14,257	15,068	15,042	14,608	13,931	13,067	11,330	9,189

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.

	Thousands of Students									
Years ended March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of Students Taking Shinken Simulated Exams and Other Exams	7,000	7,300	7,700	8,100	8,400	8,900	9,100	9,400	9,700	10,000

Note: Cumulative enrollment for Shinken Simulated Exams and other exams is retrospectively restated as the total number of enrollments in Shinken Simulated Exams, Study Support, and Course Map.



Business Data

Benesse Holdings, Inc. and Consolidated Subsidiaries

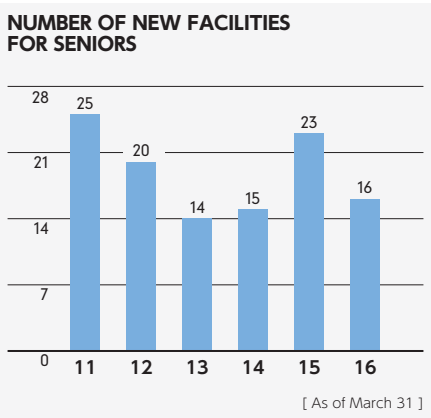
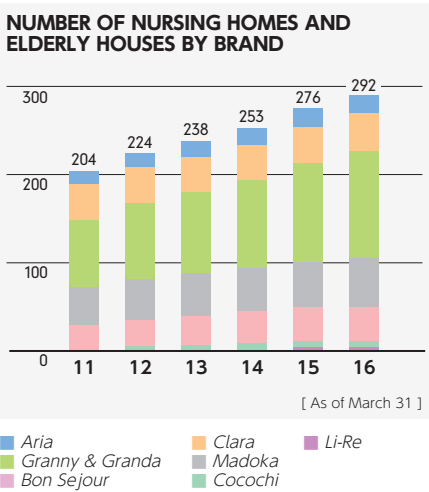
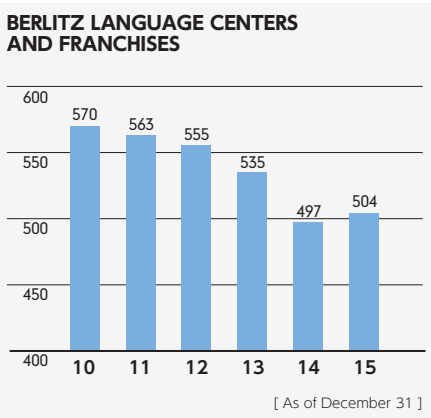
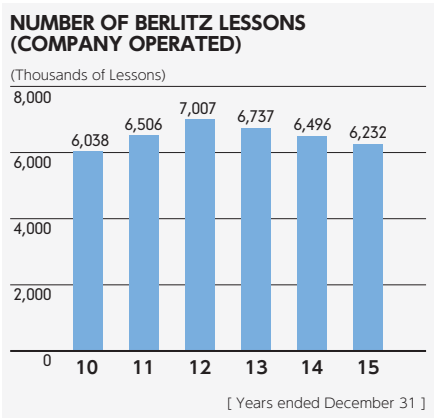
	Thousands of Lessons									
Years ended December 31	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of Berlitz Lessons (Company Operated)	6,872	7,145	7,256	6,216	6,038	6,506	7,007	6,737	6,496	6,232
North America	970	966	906	756	740	—	—	—	—	—
Latin America	1,400	1,462	1,453	1,174	1,214	—	—	—	—	—
Americas	—	—	—	—	1,954	2,058	2,035	1,921	1,803	1,674
Europe	2,538	2,647	2,844	2,649	2,453	2,727	3,177	3,093	3,006	2,931
Asia	1,962	2,068	2,051	1,636	1,630	1,720	1,793	1,723	1,685	1,626

Notes: 1. At Telelangue SA, which became a subsidiary of Berlitz Corporation in August 2011, the number of lessons previously included undelivered lessons at the end of the customers' contract periods. However, since Telelangue has established a management system for aggregating lesson numbers, the undelivered lessons have been excluded from the figures for Europe and for the total number from the fiscal year ended December 31, 2014. Figures for the fiscal year ended December 31, 2013 have been retrospectively restated on this basis.
The numbers of undelivered lessons that have been excluded for the fiscal year ended December 31, 2014 and the fiscal year ended December 31, 2013 were 63 thousand lessons and 100 thousand lessons, respectively.
2. From the fiscal year ended December 31, 2011, North America and Latin America have been combined as "Americas".

As of December 31	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Berlitz Language Centers and Franchises	542	557	561	567	570	563	555	535	497	504
Berlitz Language Centers (Company Operated)	382	385	380	379	375	374	370	345	307	305
Berlitz (Franchises)	84	92	101	108	111	112	108	112	113	120
ELS (Company Operated)	42	46	49	51	57	61	64	64	66	69
ELS (Franchises)	34	34	31	29	27	16	13	14	11	10

As of March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of Nursing Homes and Elderly Houses by Brand	115	129	139	172	204	224	238	253	276	292
Aria	9	11	11	12	15	16	18	20	21	21
Clara	37	37	39	40	40	40	40	40	41	42
Granny & Granda	43	51	59	67	77	87	92	99	112	122
Madoka	26	30	30	31	43	46	48	49	52	55
Bon Sejour	—	—	—	22	29	31	34	37	38	39
Cocochi	—	—	—	—	—	4	6	8	11	11
Li-Re	—	—	—	—	—	—	—	—	1	2
Number of New Facilities	9	14	10	11	25	20	14	15	23	16
Number of Succeeded Facilities	—	—	—	22	7	—	—	—	—	—
Occupancy Rate for Existing Facilities					95%	95%	94%	95%	94%	93%

Notes: 1. On April 1, 2012, Benesse Style Care Co., Ltd. merged as the surviving company with Bon Sejour Corporation. Since the fiscal year-end for Bon Sejour Corporation was at the end of February, the data for *Bon Sejour* and *Cocochi* prior to the end of March 2012 uses the figures at the end of February.
2. The number of new facilities includes the number of facilities reduced through closure and consolidation.



Indicators

Benesse Holdings, Inc. and Consolidated Subsidiaries

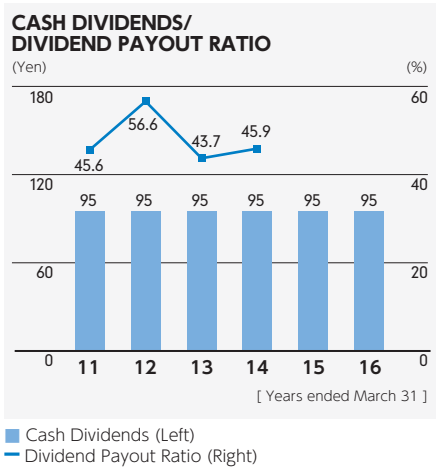
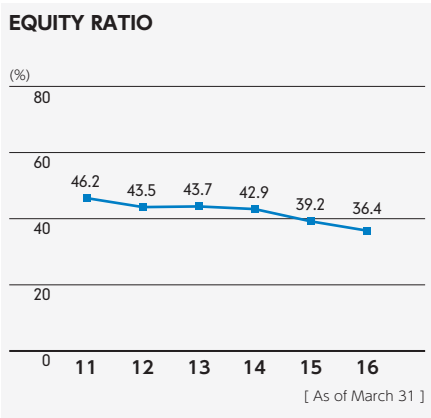
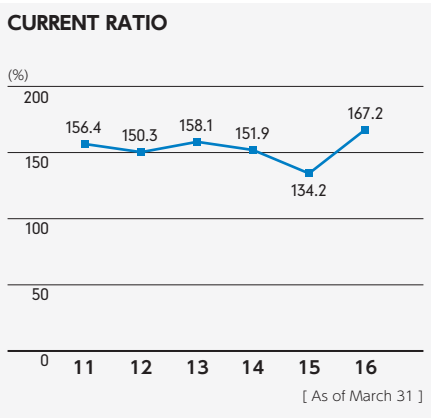
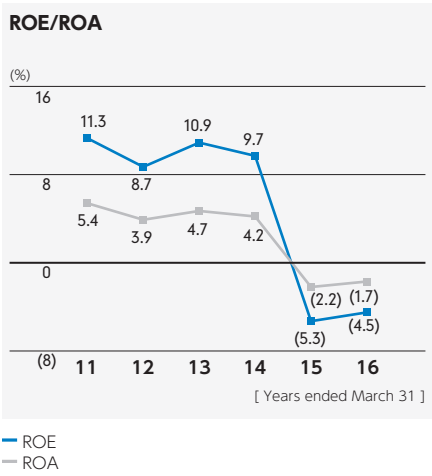
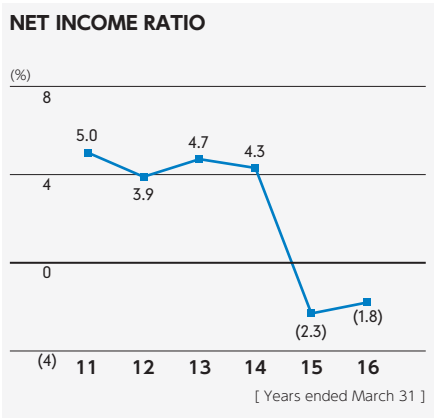
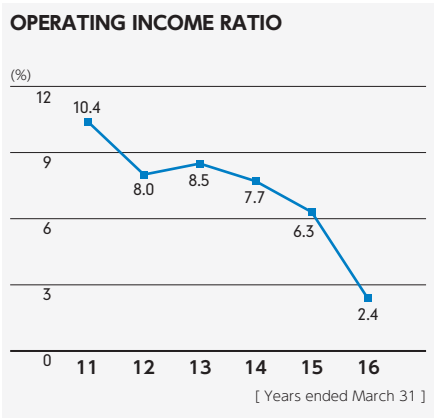
Years ended March 31	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Profitability:										
Operating income ratio (%)	8.8	9.1	9.5	9.3	10.4	8.0	8.5	7.7	6.3	2.4
Net income ratio (%)	5.1	4.0	2.6	5.4	5.0	3.9	4.7	4.3	(2.3)	(1.8)
Return on equity (ROE) (%)	9.5	7.8	5.9	12.9	11.3	8.7	10.9	9.7	(5.3)	(4.5)
Return on assets (ROA) (%)	5.4	4.3	3.0	6.3	5.4	3.9	4.7	4.2	(2.2)	(1.7)
Operating income per employee (thousands of yen)	2,455	2,528	2,656	2,467	2,538	1,784	1,932	1,791	1,450	527
Net (loss) income per employee (thousands of yen)	1,430	1,120	725	1,424	1,219	864	1,071	996	(531)	(398)
Number of employees	12,753	13,796	14,726	15,353	16,888	18,941	19,739	20,005	20,145	20,607

Growth Trends:										
(Decrease) increase of net sales (%)	6.2	8.4	7.3	(1.5)	1.5	2.6	6.2	3.6	(0.7)	(4.1)
(Decrease) increase of operating income (%)	10.2	11.4	12.2	(3.2)	13.1	(21.2)	12.9	(6.1)	(18.4)	(62.8)
(Decrease) increase of net income (%)	13.7	(15.2)	(30.9)	104.8	(5.9)	(20.5)	29.2	(5.8)	—	—

Stability:										
Current ratio (%)	133.0	125.4	121.7	128.9	156.4	150.3	158.1	151.9	134.2	167.2
Fixed assets ratio (%)	89.0	94.2	96.9	96.3	89.0	104.1	102.0	104.5	121.1	129.0
Equity ratio (%)	56.4	54.2	47.5	49.7	46.2	43.5	43.7	42.9	39.2	36.4
Liquidity (months)	3.1	2.9	2.5	2.5	3.0	3.5	3.4	3.4	3.4	3.6
Debt-to-equity ratio (%)	1.8	1.2	1.6	2.4	9.0	19.7	25.0	27.5	33.9	46.4
Interest coverage (times)	98.2	848.4	697.5	597.2	504.4	118.0	44.5	25.6	12.3	3.5

Per Share of Common Stock:										
Net (loss) income (yen)	177.86	151.54	106.98	221.65	208.47	167.79	217.54	206.79	(111.30)	(85.37)
Cash dividends (yen)	85	90	90	90	95	95	95	95	95	95
Dividend payout ratio (%)	47.8	59.4	84.1	40.6	45.6	56.6	43.7	45.9	—	—

Notes: 1. ROE and ROA are calculated using the average amounts of equity and total assets at the beginning and end of each fiscal year.
2. Liquidity = (Cash and time deposits (yearly average) + marketable securities (yearly average)) / average monthly sales
3. Debt-to-equity ratio = Interest-bearing liabilities (yearly average) / equity (yearly average) x 100
4. Interest coverage = (Operating income + interest and dividend income) / interest expense
5. The computation of net (loss) income per share of common stock is based on the weighted-average number of shares of common stock outstanding during each year.



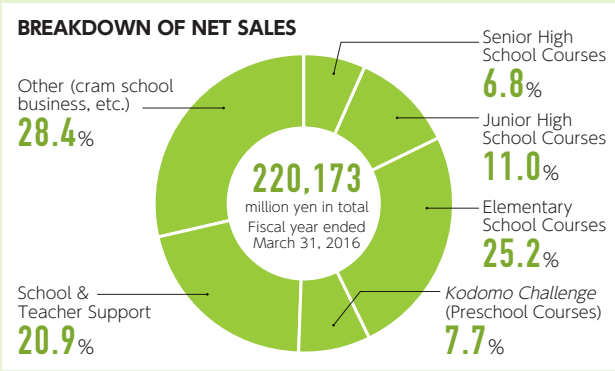
DOMESTIC EDUCATION

1. Overview

The Domestic Education Company is a core business segment, accounting for 49.6% of the Benesse Group’s consolidated sales in fiscal 2015. The main products in this segment are *Shinken zemi* and *Kodomo Challenge*, correspondence courses for children of all ages up to 18. About 12% of children in Japan are enrolled in these courses. The Benesse Group is enhancing personalized support and interactivity by combining tablets and other digital study materials as well as paper-based study materials with human support such as the Red Pen Teachers. In this manner, the Group is developing products and services that are finely calibrated to increasingly diverse and individualized customer needs. 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. We also provide a range of educational services, such as cram and prep schools and preschool and elementary school English-learning materials, as well as English language classes for children to respond to their diversifying study methods and needs.

BREAKDOWN OF NET SALES (Millions of Yen)				
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Change	Change (%)
Senior High School Courses	22,565	14,864	(7,701)	(34.1)
Junior High School Courses	37,975	24,328	(13,647)	(35.9)
Elementary School Courses	67,768	55,459	(12,309)	(18.2)
<i>Kodomo Challenge</i> (Preschool Courses)	21,052	16,996	(4,056)	(19.3)
Subtotal	149,363	111,648	(37,714)	(25.3)
School & Teacher Support	44,516	46,083	1,566	3.5
Other (cram school business, etc.)	59,999	62,440	2,441	4.1
Total Domestic Education	253,879	220,173	(33,706)	(13.3)

* Net sales by segment does not include intersegment sales or transfers.



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* 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. 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 in coordination with the entrance exam of a school the student is planning to take.

In April 2016, we launched *Shinken zemi Plus* as a new hybrid course option combining paper-based materials with use of an iPad. *Shinken zemi Plus* enables us to provide even better personalized support and human support, which are two of the product’s strengths.

* Details differ for the *Challenge Touch Shinken zemi* elementary school course using original tablets launched in April 2014.

SHINKENZEMI AND KODOMO CHALLENGE			
	April 2016		Fiscal year ended March 31, 2016
	Enrollment (Thousands)	Share* (%)	Average monthly fee per person (Yen)
Senior High School Courses	150	4.2	8,422
Junior High School Courses	390	11.1	5,509
Elementary School Courses	1,150	17.8	3,781
<i>Kodomo Challenge</i> (Preschool Courses)	740	11.8	1,850
Total	2,430	12.3	3,717

* Share is the proportion of enrollees relative to the target population.

Shinken Simulated Exams

Benesse provides *Shinken Simulated Exams*, mock university entrance exams for senior high school students. In addition, it also provides *Study Support*, which helps students choose and plan their optimal educational path. Benesse programs and services were used in approx. 90% of senior high schools across Japan.

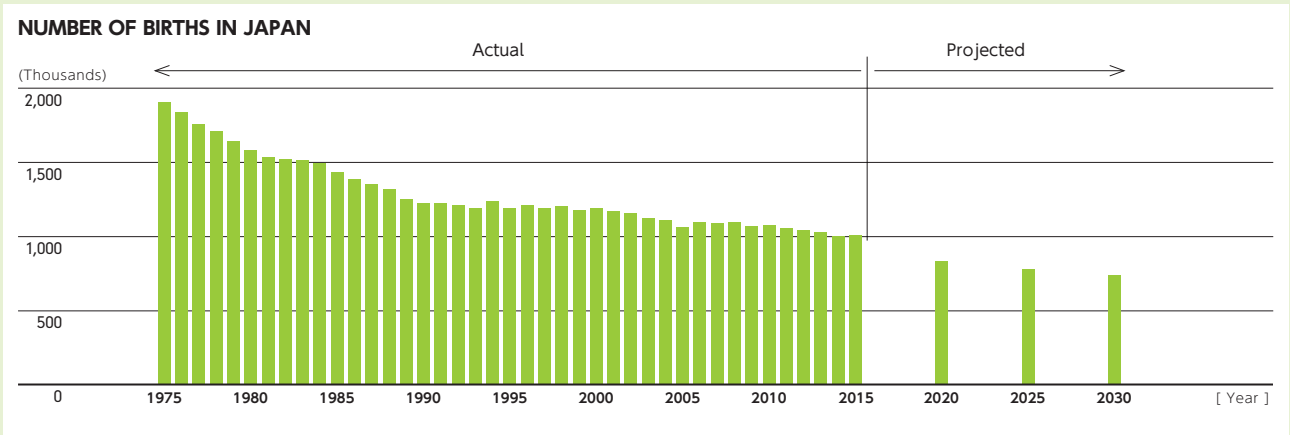
2. Market Trends

The annual number of births in Japan peaked at 2 million in 1975, and has been on a downward trend ever since. In 2015, the number of births had decreased by nearly half of the peak level, at 1 million. Going forward, the number of children is expected to continue to decrease, with the annual number of births projected to decline by around 2% per year on average.

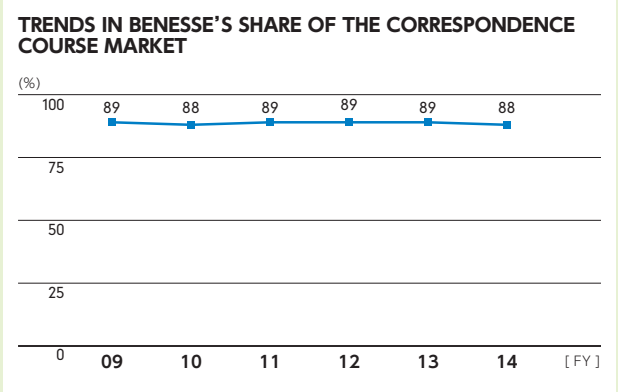
Although Japan’s birthrate has continued to decline, the supplementary education market was worth ¥1,494.1 billion in fiscal 2014 and remained mostly on a par with fiscal

2009. The supplementary education market includes cram and prep schools, correspondence courses, tutoring, study guides and workbooks and preschool education.

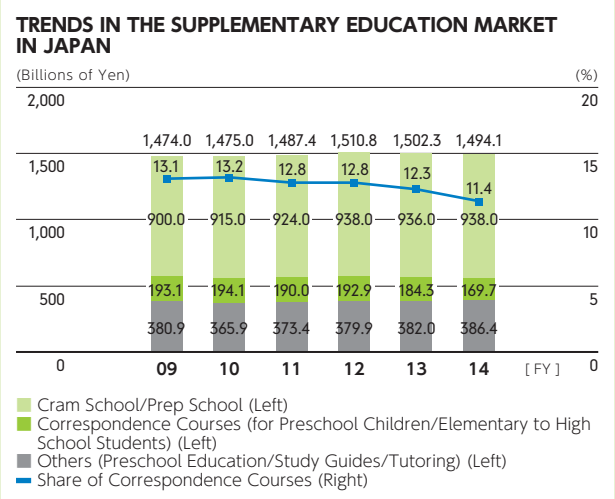
The correspondence course market (for preschool children/elementary to senior high school students) in fiscal 2014 was worth ¥169.7 billion. This figure accounted for 11.4% of the supplementary education market, and represented a decrease of 12.1% from ¥193.1 billion in fiscal 2009. Benesse has a large share of the correspondence course market, at 88% in fiscal 2014. The size of the cram and prep schools market accounted for 62.8% of the supplementary education market as a whole in fiscal 2014, demonstrating a slight increase in comparison with fiscal 2009.



Source: Up to 2015, Vital Statistics, Ministry of Health, Labour and Welfare; from 2020 onward, National Institute of Population and Social Security Research "Population Projection for Japan (January 2012 estimate)"



Note: The correspondence course market includes preschool children and elementary to high school students in total.
Source: The figures were calculated by Benesse based on data in the Yano Research Institute Ltd.’s "Education Industry 2015"



Source: The figures were calculated by Benesse based on data in the Yano Research Institute Ltd.’s "Education Industry 2015"

3. Review of Fiscal 2015

Consolidated net sales in the Domestic Education Company in fiscal 2015 amounted to ¥220,173 million, a decrease of 13.3% from the previous fiscal year.

The main factors behind the decline were a drop in cumulative enrollment for the Company’s mainstay *Shinkenzeni*

and *Kodomo Challenge* correspondence courses in fiscal 2015, mainly due to voluntarily refraining from sales activities following the customers’ personal information leak incident.

Operating income declined 85.5% to ¥3,734 million, mainly due to lower sales, despite increased income from cost reduction.

FREQUENTLY ASKED QUESTIONS

Q1.
How does the number of members in April differ from cumulative enrollments?

A1.
The former equals the number of members receiving *Shinkenzeni* materials in April, while cumulative enrollments measures the total number of members receiving any *Shinkenzeni* materials from April to March of the following year.

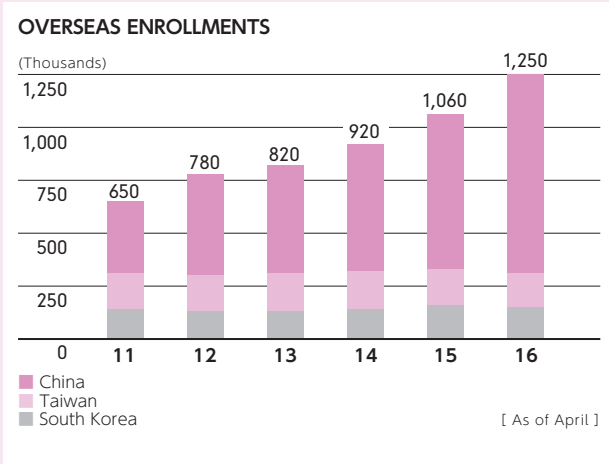
Q2.
Why are enrollments among senior high school students so much lower than for junior high school students?

A2.
In Japan, while about 99% of students graduate to senior high school, the proportion of students going on to university or junior college is roughly half of this (at around 55%). For this reason, the number of senior high school students taking *Shinkenzeni* courses to prepare for university entrance examinations is significantly fewer than that of junior high school students taking *Shinkenzeni* courses to get into senior high school.

OVERSEAS BUSINESS DEVELOPMENT

1. Overview

The Overseas Business Development Company accounted for 6.1% of the Benesse Group’s consolidated sales in fiscal 2015. The Group’s current focus is correspondence courses for preschool children in China and Taiwan and enrollment in both markets is growing steadily. As of April 2016, enrollment in overseas correspondence courses in China stood at 930,000, while the figure for Taiwan was 160,000 and for South Korea 150,000 (under a licensing contract), for a total enrollment of 1,250,000.



* Enrollments from 2014 onward include enrollment in correspondence courses for preschoolers in South Korea based on a licensing contract.

2. Market Trends

China is a colossal market. The number of births in China in 2014 was 16.9 million*, 17 times greater than the number in Japan (1.0 million). Moreover, in 2016, the Chinese government officially ended the one-child policy that had been in place since 1979 to control the population. This decision is expected to increase China’s annual birthrate.

* Source: Ministry of Internal Affairs and Communications Statistics Bureau “International Statistical Compendium 2016”

3. Review of Fiscal 2015

Consolidated net sales in the Overseas Business Development Company in fiscal 2015 amounted to ¥27,114 million, an increase of 29.1% over the previous fiscal year. The main contributing factors were an increase in cumulative enrollment in correspondence courses in China. Operating income increased 58.5% to ¥2,596 million, mainly due to higher sales, despite increased costs due to business investment in Indonesia.

FREQUENTLY ASKED QUESTIONS

* References to Benesse in the main text refer to the Benesse Group.

Q1.
What are the target age ranges and prices for courses being developed in China?

A1.
In China, the target age ranges for the courses being developed are from newborn to eight years of age (elementary school second grade) and prices average 125 yuan per month. As of April 2016, the membership of children ranging from newborn to age eight in China totaled 930,000.

Q2.
Is Benesse moving alone in developing business in China?

A2.
In China, Benesse launched a local version of our *Kodomo Challenge* preschool correspondence courses in fiscal 2006, marketed under a Chinese brand name. The course is published under license by CWI Publishing House, a branch of our Chinese partner, China Welfare Institute.

NURSING CARE AND CHILDCARE

1. Overview

The Nursing Care and Childcare Company accounted for 21.4% of the Benesse Group’s total consolidated sales in fiscal 2015, and is a core segment of the Group second only to the Domestic Education Company. In this segment, Benesse Style Care Co., Ltd. operates the nursing home business (nursing homes for seniors and elderly houses with care services), the home help service business for the elderly, and daycare and afterschool childcare centers, among others, while Benesse MCM Corp. provides medical and nursing care staff placement and dispatching services.

Nursing homes for seniors and elderly houses with care services

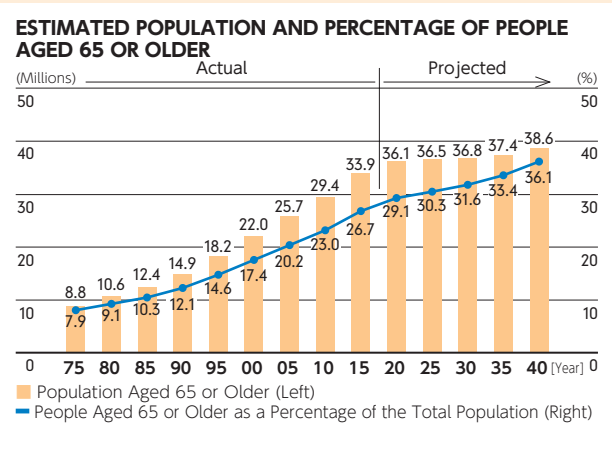
Benesse nursing homes provide nursing care and other necessary support for elderly residents’ daily lives, such as meal provision, and the business centers on day-to-day care of residents in specified nursing homes licensed to provide nursing care. We operate seven different brands of nursing homes and housing for the elderly with various prices and services offered to meet a broad range of customer needs.

2. Market Trends

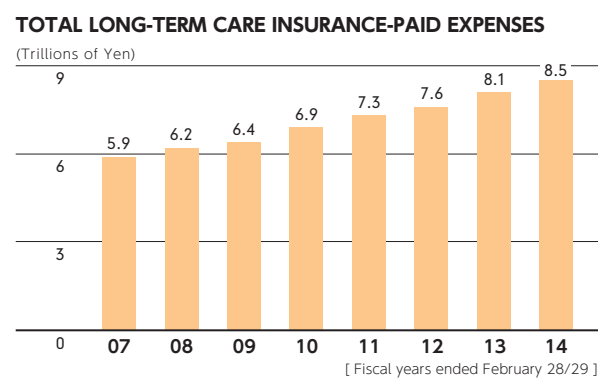
In 2015, Japan’s total population continued to age rapidly, with the number of people aged 65 or older topping 26.7% of the total population*1, an increase of 0.7 of a percentage point compared to the previous year. This trend is projected to continue into the future. By 2025, the number of people aged 65 or older is expected to represent over 30% of the population.

With the ongoing aging of the population, the number of people who require nursing care has also continued to increase. The nursing care insurance system under the social insurance system was enacted in 2000. Since then, the domestic nursing care market*2 has expanded rapidly, with the total cost of nursing care in fiscal 2013 at ¥8.5 trillion, a 4.7% increase over the previous fiscal year. As of April 2015, the number of people receiving nursing care insurance services in Japan had grown to 5.11 million, an increase of 190,000, or 3.9%, compared to a year earlier.

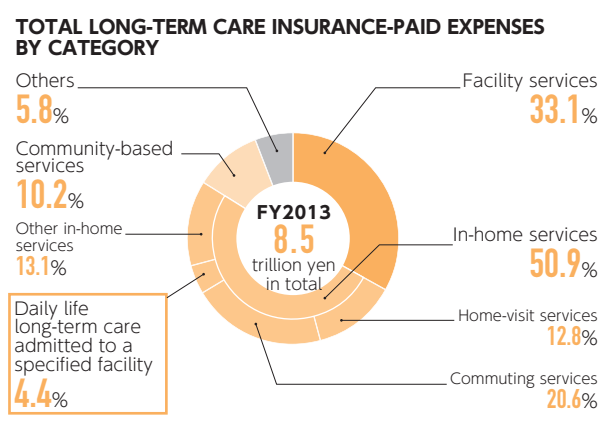
*1 Source: Ministry of Internal Affairs and Communications Statistics Bureau “Current Population Estimates (as of October 1, 2015)”
*2 Source: Ministry of Health, Labour and Welfare “Status Report on the Long-Term Care Insurance Projects”



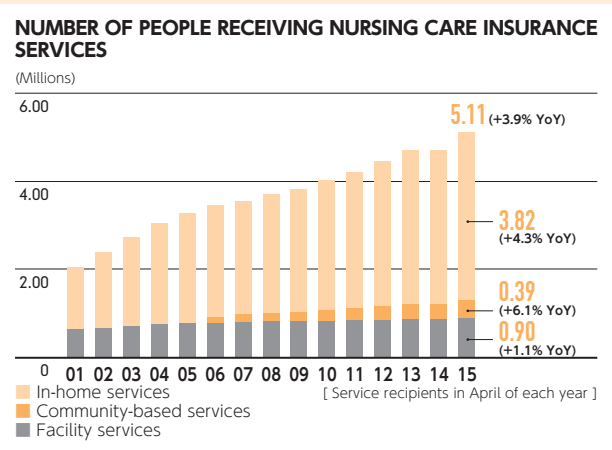
Source: Up to 2015, Ministry of Internal Affairs and Communications Statistics Bureau, “Current Population Estimates”; from 2020 onward, National Institute of Population and Social Security Research “Population Projection for Japan (January 2012 estimate)”



Source: Ministry of Health, Labour and Welfare “Status of Long-term Care Insurance”



Source: Ministry of Health, Labour and Welfare “Status of Long-term Care Insurance”



Source: Ministry of Health, Labour and Welfare “Status Report on the Long-term Care Insurance Projects”

3. Review of Fiscal 2015

Consolidated net sales in the Nursing Care and Childcare Company in fiscal 2015 were ¥94,966 million, an increase of 8.8% 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 and elderly houses by 16 locations year on year. This absorbed a decline in revenue following revisions to the long-term care insurance system. Operating income increased 25.2% to ¥7,023 million due higher earnings from increased sales, despite the decline in revenue following revisions to long-term care insurance system.

FREQUENTLY ASKED QUESTIONS

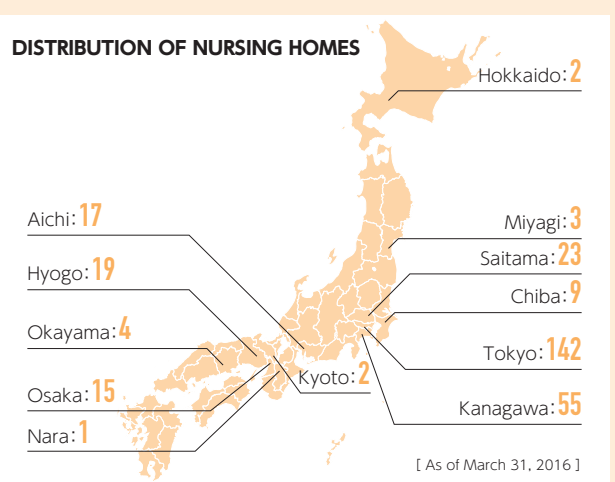
* References to Benesse in the main text refer to the Benesse Group.

Q1.
Does Benesse own the nursing homes that it operates?

A1.
The majority of the facilities are leased properties. As of the end of March 2016, Benesse owned the building or properties of 22 nursing homes, representing 8% of the total 292.

Q2.
In which parts of Japan is Benesse developing its nursing home business?

A2.
Benesse is targeting regions of high demand, particularly in and around Tokyo. As of the end of March 2016, the number of nursing homes in the Tokyo metropolitan area was 229, which represented 78.0% of the total. The other nursing homes are located in major urban areas such as the Kansai region and the Tokai region.



Q3.
Does Benesse operate daycare and afterschool childcare centers?

A3.
Benesse started a childcare business in 1994 and has continued to increase the number of its centers since opening the first one. We also started an afterschool childcare business in 2014. As of April 2016, Benesse operates 45 daycare centers and 10 afterschool childcare centers.

BENESSE USA

1. Overview

The Benesse USA Company accounted for 12.9% of the Benesse Group’s overall net sales in fiscal 2015. The U.S.-based subsidiary Berlitz Corporation operates 504 language centers in 70 countries and regions worldwide, making it the largest language and global leadership training company in the world.

NUMBER OF BERLITZ LANGUAGE CENTERS

Region	Berlitz	ELS	Total
Americas	135	66	201
Europe	205	5	210
Asia	85	8	93
Total	425	79	504

* Including franchises

* Includes the number of language centers at Berlitz Japan, Inc.

[As of December 31, 2015]

2. Market Trends

The worldwide language learning market*¹ was US\$54.1 billion in 2015, decreasing 3.9% compared to 2013. The overall size of the market is gradually shrinking due to the adoption of cost-efficient products and services using the Internet and other technologies.

The market for international student mobility*² is projected to grow from 3.04 million students in 2011 to 3.85 million students in 2024, representing an annual growth rate of 1.8%. This growth should be driven predominantly by increases in outbound mobile students from China, India and developing countries pursuing tertiary studies outside their home countries.

*¹ Source: Ambient Insight “The 2015–2020 Worldwide Digital English Language Learning Market”

*² Source: Education Intelligence, The British Council “The Future of the World’s Mobile Students to 2024”

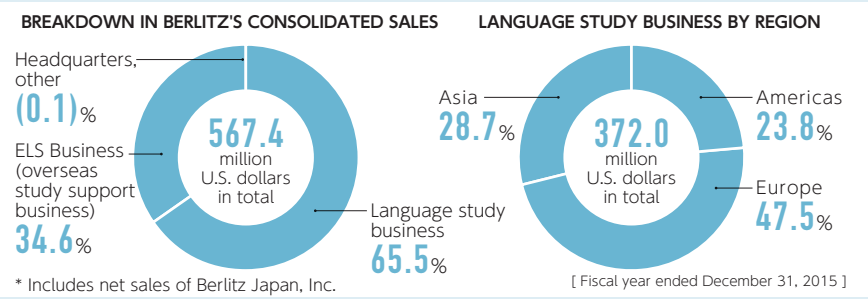
3. Review of Fiscal 2015

Consolidated net sales from the Benesse USA Company in fiscal 2015 amounted to ¥57,341 million, a decrease of 1.0% over the previous fiscal year. The main factors behind the decline were the negative impact of currency translation and decreased sales in the ELS business (overseas study support). Operating income rose 28.9% from the previous fiscal year to ¥2,207 million due to factors including reduced personnel costs from improvements in business structure.

FREQUENTLY ASKED QUESTIONS

Q1. What is the breakdown in Berlitz’s consolidated sales?

A1. The breakdown of consolidated sales is as follows:



Q2. What is the breakdown of lessons by region?

A2. The breakdown of lessons by region at directly-operated Berlitz language centers is as follows:

Region	Fiscal year ended		Change
	December 31, 2014	December 31, 2015	
Americas	1,803	1,674	(7.2)%
Europe	3,006	2,931	(2.5)%
Asia	1,685	1,626	(3.5)%
Total	6,496	6,232	(4.0)%

* Includes the number of lessons at Berlitz Japan, Inc.

(As of March 31, 2016)

NUMBER OF SHARES ISSUED:
102,453,453 shares

LISTED DATE:
October 26, 1995

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

TICKER CODE:
9783

ISIN CODE:
JP3835620000

UNIT OF TRADING:
100 shares

INDEPENDENT AUDITORS:
Deloitte Touche Tohmatsu LLC

TRANSFER AGENT:
Mitsubishi UFJ Trust and Banking Corporation

NUMBER OF SHAREHOLDERS:
45,029

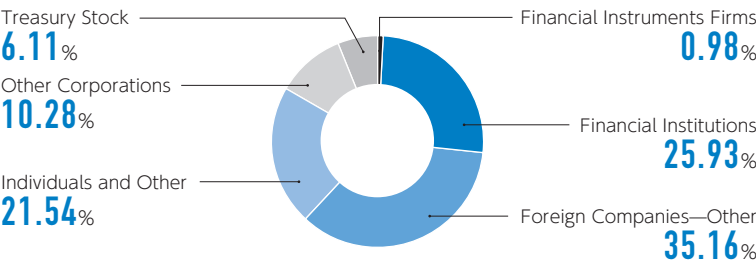
TOP 10 SHAREHOLDERS:

	Shares (Thousand)	Percentage (%)
The Master Trust Bank of Japan, Ltd.	9,433	9.80
Japan Trustee Services Bank, Ltd.	9,414	9.78
efu Investment Limited	7,858	8.16
Fukutake Foundation	5,008	5.20
State Street Bank and Trust Company	4,543	4.72
The Chugoku Bank, Ltd.	2,787	2.89
JP Morgan Chase Bank	2,758	2.86
Junko Fukutake	2,155	2.24
Minamigata Holdings, Inc.	1,836	1.90
Nobuko Fukutake	1,769	1.83

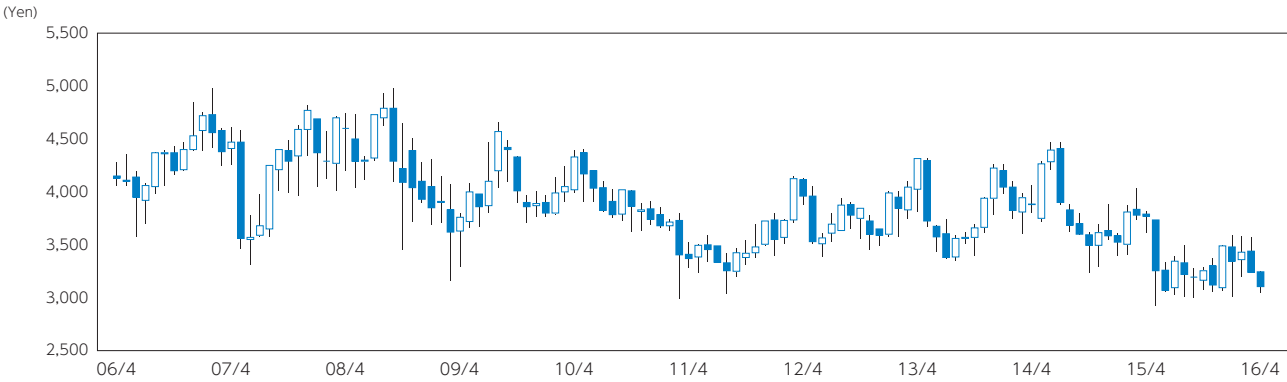
Notes: 1. The shares held by The Master Trust Bank of Japan, Ltd. include 6,809 thousand Company shares (a 7.07% investment ratio) contributed by efu Investment Limited as trust assets. efu Investment is an asset management and investment corporation of which Hideaki Fukutake serves as representative. The decision-maker with respect to the execution of voting rights’ related to the consigned trust assets is efu Investment Limited.

2. The Company owns 6,264 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 percentages.

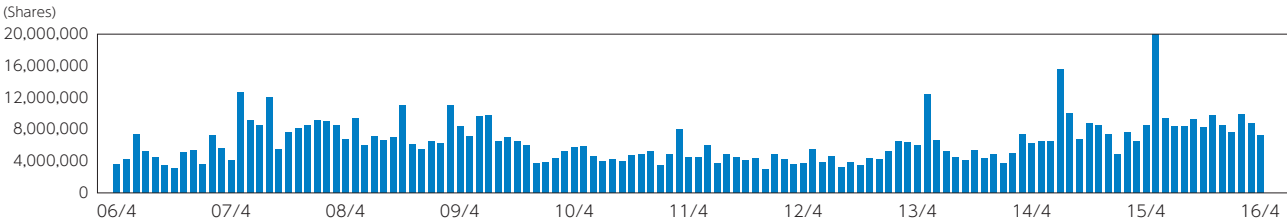
SHAREHOLDINGS BY TYPE OF SHAREHOLDER:



STOCK PRICE RANGE:



TRADING VOLUME:



* The stock price and trading volume are taken from the Osaka Securities Exchange prior to July 16, 2013 and from the Tokyo Stock Exchange from July 16, 2013 onward, due to the merging of the two exchanges on that date.

Corporate Information

OVERVIEW: (As of March 31, 2016)

Name:
Benesse Holdings, Inc.

Date established:
January 28, 1955

Headquarters:
3-7-17 Minamigata, Kita-ku, Okayama-shi,
Okayama 700-0807, Japan

Representative:
Representative Director, Chairman and CEO
Kenichi Fukuhara
(As of June 25, 2016)

Number of employees (Consolidated):
20,607

Capital:
13,600 million yen

Fiscal year-end:
March 31

BOARD OF DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBERS: (As of June 25, 2016)

Directors of the Board

Representative Director and President, CEO	Kenichi Fukuhara
Representative Director and Executive Vice President	Hitoshi Kobayashi
Director and Chairman*1*3	Shinjiro Iwata
Director	Shinya Takiyama
Director*1*3	Kiyoyuki Tsujimura
Director*1	Hideaki Fukutake
Director*1*3	Ryuji Yasuda
Director*1*3	Nobuo Kuwayama
Director*1*3	Tamotsu Adachi

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member	Yoshinori Matsumoto
Standing Audit & Supervisory Board Member	Kimie Sakuragi
Audit & Supervisory Board Member*2*3	Tomoji Wada
Audit & Supervisory Board Member*2	Eiichi Izumo

*1 Outside Directors

*2 Outside Audit & Supervisory Board Members

*3 Independent Officers

CONSOLIDATED SUBSIDIARIES: (As of March 31, 2016)

Name of company	Common stock (Millions of yen)	Ratio of shareholding (%)	Description of business
Benesse Corporation	3,000	100.0	Education, publishing, mail-order sales, etc.
UP Inc.	1,667	100.0	Operation of prep schools
Tokyo Individualized Educational Institute, Inc.	642	61.9	Operation of prep schools
Benesse i-Career, Co., Ltd.	261	51.0	Career education and career building support services for university students and working adults
Shinken-AD Co., Ltd.	65	100.0	Advertising services and creation of university
Okayama Language Center	50	100.0	Language instruction
Plandit Co., Ltd.	40	100.0	Planning and editing of study materials
Simul International, Inc.	40	100.0	Interpretation, translation and language instruction services
Minerva Intelligence Co., Ltd.	11	100.0	Operation of English-language schools up to age 15
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
Benesse Music Publishing Co.	10	100.0	Rights management of music publications
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 Style Care Co., Ltd.	100	100.0	Nursing care services for the elderly business, childcare business
Benesse Senior Support Co., Ltd.	100	100.0*2	Nursing care consultation service business
Benesse Palette Co., Ltd.	100	80.0*3	Food delivery services for seniors 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
TMJ, Inc.	300	60.0	Telemarketing and temporary staffing
Benesse InfoShell Co., Ltd.	150	70.0	Information system maintenance and operation business, information processing service business
Benesse Business-mate, Inc.	50	100.0*4	Office operational management, outsourcing and support services
Naoshima Cultural Village Co., Ltd.	20	100.0	Hotel and campsite operation and management
Benesse Base-Com, Inc.	20	100.0	Production, distribution and sales of study materials and software
Benesse Insurance Services, Inc.	20	94.0*5	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

Plus 15 other subsidiaries.

*1 Including an indirect stock holding of 50.0% through a subsidiary.

*2 Indirect stock holding through a subsidiary.

*3 Indirect stock holding of 80.0% through a subsidiary.

*4 Including an indirect stock holding of 4.0% through subsidiaries.

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

Disclaimer

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