

Announcement of Commencement of Tender Offer for Shares in UP Inc.

Benesse Holdings, Inc. (the “Company” or the “Offeror”) resolved at its board of directors meeting held on January 31, 2012, to acquire the stock of UP Inc. (stock code: 9630, Second Section of the Tokyo Stock Exchange; the “Target Company”) through a tender offer (the “Tender Offer”).

1. Purpose of Tender Offer

(1) Outline of Tender Offer

As of today, the Company holds 1,560,282 shares of common stock of the Target Company listed on the Second Section of the Tokyo Stock Exchange Group, Inc. (the “Tokyo Stock Exchange”) (the ratio of shares owned (“Ownership Ratio”) of the total number of issued shares of the Target Company as of September 30, 2011 (10,309,200 shares) as set out in the 35th fiscal year second quarter report submitted by the Target Company on November 14, 2011: 15.13% (rounded to two decimal places)), and the Target Company is an equity method affiliate of the Company. The Company resolved at its board of directors meeting held on January 31, 2012 to commence the Tender Offer as part of a series of transactions to privatize the common stock of the Target Company by acquiring all of the issued shares of common stock of the Target Company other than the common stock owned by the Company, the treasury shares owned by the Target Company, and 1,040,000 shares (Ownership Ratio: 10.09% (rounded to two decimal places); the “Shares Not Subject to Tender”) of the 2,040,000 shares (Ownership Ratio: 19.79% (rounded to two decimal places)) of common stock of the Target Company owned by Maruyu, Inc. (“Maruyu”), which is the largest shareholder of the Target Company and the representative director of which is Masakatsu Kinoshita (“Mr. Kinoshita”), a director and chairman of the Target Company.

Upon the Tender Offer, the Company has entered into a tender offer acceptance agreement (the “Tender Offer Acceptance Agreement”) as of January 31, 2012 with Maruyu and Mr. Kinoshita, and has agreed (i) to accept upon the Tender Offer 1,000,000 shares (Ownership Ratio: 9.70% (rounded to two decimal places)) of the shares of common stock of the Target Company owned by Maruyu (2,040,000 shares, Ownership Ratio: 19.79% (rounded to two decimal places)) after cancelling pledges created thereover (according to Maruyu, no agreement has been made as of today with the pledgees of such pledges about cancelling such pledges, but Maruyu plans to conduct negotiations relating to the cancellation of the pledges today or at a later date), and to continue to own, and not to tender shares to the Tender Offer or otherwise dispose of, the Shares Not Subject to Tender, and (ii) to accept the Tender Offer in respect of all shares of common stock of the Target Company owned by Mr. Kinoshita (1,160,900 shares, Ownership Ratio: 11.26% (rounded to two decimal places)), and (iii) to provide necessary cooperation as requested by the Company in order for the tendering to the Tender Offer of all shares of common stock of the Target Company owned by the employees and officers of the Target Company (including shares of common stock of the Target Company owned through an employee shareholding association or officer shareholding association of the Target Company) (for a summary of the Tender Offer Acceptance

Agreement, please refer to “(7) Matters relating to material agreements for acceptance of the Tender Offer between the Offeror and the shareholders of the Target Company” below).

As the minimum number of shares to be purchased in the Tender Offer has been set as 4,272,418 shares (the total number of shares after subtracting the total of the number of Shares Not Subject to the Tender Offer (1,040,000 shares) and the number of shares of the Target Company owned as of today by the Company (1,560,282 shares) from the number of shares of the Target Company (6,872,700 shares) for the number of voting rights 68,727 (fractional voting rights rounded up) equivalent to two thirds of the voting rights (103,090) for the number of shares (10,309,095 shares) obtained by subtracting the number of treasury shares (105 shares) owned by the Target Company as of September 30, 2011 as set out in the “Summary of financial results for second quarter of fiscal year ending March 2012 (Japanese accounting standards) (unconsolidated)” released on October 28, 2011 by the Target Company from the total number of issued shares of the Target Company (10,309,200 shares) as of September 30, 2011 as set out in the 35th fiscal year second quarter report submitted by the Target Company on November 14, 2011), the Company will purchase none of the tendered shares if the total number of tendered shares is less than the minimum number of shares to be purchased. On the other hand, as the Company has not set a maximum number of shares to be purchased in the Tender Offer, the Company will purchase all of the tendered shares if the total number of tendered shares is equal to or greater than the minimum number of shares to be purchased.

As set out in “(5) Policy for organizational restructuring, etc. after Tender Offer (matters relating to so-called “Two-Tier Acquisitions”)", if the Company is unable to acquire all of the issued shares of common stock of the Target Company through the Tender Offer (except for the shares of the Target Company owned by the Company, the treasury shares owned by the Target Company, and the Shares Not Subject to Tender), the Company also plans to request the Target Company after the Tender Offer to perform procedures (the “Squeeze-Out Procedures”) to make the Company and Maruyu (or the Company only, if the Company decides that it would be difficult to make the Company and Maruyu the sole shareholders of the Target Company based on such considerations as the situation of the shareholders of the Target Company following the Tender Offer) the sole shareholders of the Target Company.

The Company, Maruyu, and Mr. Kinoshita have agreed in the Tender Offer Acceptance Agreement that, in order for either of Maruyu or Mr. Kinoshita to become a shareholder of the Target Company even if the Company becomes the sole shareholder of the Target Company following the completion of the Squeeze-Out Procedures, if the Company becomes the sole shareholder of the Target Company through the implementation of the Squeeze-Out Procedures, either of Maruyu or Mr. Kinoshita will invest in the Target Company (the “Reinvestment”) so that the investment ratio (meaning the ratio of shares owned to the total number of issued shares of the Target Company) of either Maruyu or Mr. Kinoshita in the Target Company becomes approximately 5%, as requested by the Company, promptly after the completion of the Squeeze-Out Procedures.

According to the Target Company’s press release titled “Notice of Opinion on the Tender Offer to the Shares of Common Stock of UP Inc. by Benesse Holdings, Inc.” released on January 31, 2012 (the “Target Company’s Press Release”), at the Target Company’s board of directors meeting held on the same date, the board gave careful consideration to the conditions of the Tender Offer based on such matters as the valuation report on the value of the shares of the Target Company obtained from Daiwa Securities Co. Ltd. (“Daiwa

Securities”), which is a third-party valuation institution independent from the Company, Maruyu and the Target Company, and the legal advice from Doujima Sougou Law Office, which is a legal adviser independent from the Company, Maruyu and the Target Company, and concluded that the conditions of the tender offer price of the Tender Offer (the “Tender Offer Price”) and other conditions are appropriate, the protection of the interests of minority shareholders has been sufficiently considered, and all shareholders of the Target Company have been offered a reasonable opportunity to sell their shares. It states that an opinion to agree to the Tender Offer was expressed, and a resolution to recommend all shareholders of the Target Company to tender their shares to the Tender Offer was made.

According to the Target Company’s Press Release, at the said board of directors meeting, all directors except Mr. Kinoshita, who serves as the chairman of the Target Company’s board of directors and as an adviser to the Benesse Corporation, which is a wholly owned subsidiary of the Company, and two outside directors (Eiji Aketa and Shinsuke Tsuboi), who are dispatched from the Company and Benesse Corporation, attended that board of directors meeting which was duly held with a quorum, and with unanimous approval by all attending directors, an opinion to agree to the Tender Offer was expressed and a resolution to recommend all shareholders of the Target Company to tender their shares to the Tender Offer was made. All statutory auditors of the Target Company including the outside statutory auditors who are independent officers also took part in that board of directors meeting, and each statutory auditor stated an opinion that the statutory auditor had no objection against the Target Company’s board of directors expressing an opinion to agree to the Tender Offer and to recommend all shareholders of the Target Company to tender their shares in the Tender Offer.

(2) Background and process of decision making on implementation of Tender Offer

Under the corporate philosophy that “Benesse empowers people to solve issues for themselves and to enjoy life to the full at every stage by offering them the tools and support they need to create well-being”, the Company group has expanded its businesses, namely its education business, lifestyle business, senior/nursing care business, and language/global leadership training business. Of these businesses, the education business lies at the heart of our efforts to achieve the corporate philosophy above. In Japan, the society will continue to transform in the years ahead, as aging demographics become more pronounced and trends such as digitalization and globalization gain momentum. In this context, the Company group has an extremely vital role to play in helping children to survive and flourish, and to carve out their own future, in any environment they may face.

In its education business, the Company group has developed correspondence courses as its core business, namely, the Kodomo Challenge series of courses aimed at young children, and Shinkenzeni courses for students in each grade from primary school through high school. The Company group has overwhelming backing throughout Japan, with enrolments at 4,030,000 as of April 2011.

Within this changing environment of a declining birth rate and reviews by the government of Japan’s education content and system, to meet increasingly diverse and individual educational needs of customers, the Company group will offer correspondence courses that are attentively tailored to school textbooks, student aptitude, and other characteristics that meet customers’ needs. In addition, the Company group in April 2008 unveiled the revolutionary new “+i (plus i)” series of correspondence courses for junior high school students, which pair internet-based instructional materials with traditional paper-based

correspondence course materials. Spring 2011 saw the launch of a similar internet-based series for high school students, accessible both by PC and mobile phone. Going forward, the Company group intends to continue to proactively make revisions to its business model to adapt to a changing society.

To offer broader support to students so that they can take greater enjoyment in their studies, the Company group has begun to develop a robust network of private supplementary schools (“Juku”) and preparatory schools. Since 2006, it has acquired Ochanomizu Seminar Co., Ltd., Tokyo Individualized Educational Institute, Inc., and Tokyo Educational Institute Co., Ltd. (Tetsuryokukai), and as such, the Company group’s education business is set to expand even more. By combining education programs and know-how from the correspondence course business and the Juku and preparatory school business, the Company group is promoting greater synergies in its education business.

In addition, the Company group is making efforts in its education programs for schools, offering products and services to 90% of Japan’s high schools. The Company group has developed products such as Shinken Simulated Exams (tests that simulate university entrance exams) and Study Support (which helps students plan their educational path). Through the cooperation of schools and teachers, the Company group will try to foster a desire among young people to improve themselves by helping them to enjoy their studies and take pride in their sense of accomplishment.

On the other side, the Target Company carries on business activities to holistically develop children’s personalities, under the corporate philosophy “Cultivate Human Resources Capable of Creating Affluent Societies”, and has grown from a private supplementary school into an enterprise providing general educational services, by being attentive and quickly responding to educational needs that change with the times.

The Target Company is currently expanding the classroom business in the Osaka-Kobe area, Nara and Kyoto, centering on Nishinomiya city in Hyogo prefecture, targeting everyone from infants to working people. The classroom business includes “Kenshinkan for High School Students”, which aims to help students pass university entrance exams in the last year of high school, “Kenshinkan for Junior High”, which targets junior high students in well-known national and private combined junior and high schools for coaching when taking exams oriented to university entrance exams, “Shingakukan”, the division for national and private junior high school entrance exams, “Kaishinkan”, which targets primary, junior high, and first-year high school students, “Kobetsukan”, which responds to the individual needs of primary, junior high and high school students, “ANUP”, which is the English conversation division that nurtures genuine communication ability, targeting everyone from infants to adults, “Science Labo”, a science laboratory for teaching the next generation of intellectual scientists, “Kodomo College”, a classroom where wisdom is passed on to infants, and “Lego Education Center”, a unique classroom where Lego blocks are used in teaching. In addition, the Target Company employs a number of exceptional lecturers and is supported by the students taking exams and their guardians, resulting in extensive brand power.

The Target Company is introducing a new education service that includes “E-Lecture”, which enables students to participate in live (interactive) lessons using communication technology, even from distant locations, and the video on demand (VOD) learning system, which enables lessons to be automatically recorded in full. The Target Company’s objective is to further pursue future possibilities in digitalization.

The Company and the Target Company first started capital and business tie-ups between companies in August 2002. They entered into a new Capital and Business Tie-up Agreement and a Share Transfer Agreement in May 2010 to further strengthen both parties' relationships, to further promote the business of Juku and preparatory schools, especially in the Tokyo metropolitan area, and for mutual development in the general education business.

On May 31, 2010, the Target Company acquired 50% (acquisition value of 229 million yen) of all issued shares of Ochanomizu Seminar Co., Ltd., a wholly owned subsidiary of the Company, in accordance with the Capital Business Tie-up Agreement and the Share Transfer Agreement above, making it an affiliate company, and dispatched three outside directors to Ochanomizu Seminar Co., Ltd. on May 31, 2010.

The Company dispatched two outside directors to the Target Company on June 24, 2010, in accordance with the Capital Business Tie-up Agreement above, and increased its Ownership Ratio of shares in the Target Company to a little over 15% by subscribing for 479,382 treasury shares of the Target Company on December 17, 2010, making the Target Company an equity method affiliate.

Furthermore, the Company and the Target Company are, in accordance with the Capital Business Tie-up Agreement above, (i) further considering cooperative work by exchanging and sharing a range of management information and know-how through the combination of content and know-how, such as the development of the Company group's existing teaching materials and the Target Company's exceptional lecturers and education content, for the purpose of synergy effects, and (ii) inviting Mr. Kinoshita to assume the position of advisor to Benesse Corporation, a wholly owned subsidiary of the Company, where he will advise the Company group as a whole on the correspondence education business and Juku and preparatory schools business, and the simulated examination business.

As one of the results of this capital and business tie-up, Ochanomizu Seminar Co., Ltd., where both companies cooperate on matters of management, has achieved a substantial improvement in business results, as a result of utilizing experience and know-how gained from the Target Company's classroom business, and policies utilizing the Company's management resources, such as reinforced marketing methods via means such as DM and the internet, Shinken Simulated Exams explanatory lessons, and guidance counseling utilizing extensive data.

Furthermore, by the Target Company's executives participating in the project team, which investigates the Company group's future classroom business strategy, interaction between both companies' personnel is deepened and both companies are able to confirm the strengths of each others' thoughts on "education" and whether they have similar management ideals.

Since November 2011, the Company and the Target Company have had a number of specific discussions on, and considered, policies that contribute to further improvement of corporate value and customer satisfaction for both companies.

As a result of these discussions and consideration, the set restrictions between the Company and the Target Company on proactively using each other's management resources, such as products, services, classrooms, and human resources, in the current equity ratio of the Company in the Target Company, and the situation for both the Company and the Target

Company where their main concern must be to be aware of their own profits, have come under much scrutiny as issues that make it difficult to efficiently pursue the total optimization of strategies, and they have gradually come to recognize that they should cooperate as part of the same group. Also, with regard to the timing as to when both companies should form a cooperative relationship as part of the same group, there were once again activities to reorganize the industry under the intensified competition, and an increase in new trends by a number of companies, such as the commencement of new services utilizing the internet and information terminals. Therefore, there was an increased feeling that the business tie-up should be carried out quickly.

Furthermore, with regard to specific policies that contribute to further improving the corporate value and customer satisfaction, the Company and the Target Company have determined that the following results can be achieved, pursuant to the Company and the Target Company becoming the same group by the Target Company going private.

- (i) As with the above action regarding Ochanomizu Seminar Co., Ltd., the Target Company is also expected to further improve its business results, which have been effected by the declining birth rate and intensified competition, following the implementation of policies utilizing the Company's management resources, such as reinforced marketing methods via means such as DM and the internet, etc., Shinken Simulated Exams explanatory lessons, and guidance counseling utilizing extensive data.
- (ii) The Target Company's abundance of experience and know-how in its classroom business and its numerous human resources who are acquainted with that business are extremely attractive to the Company group, which was late in launching into the classroom business, and this will be extremely useful when increasing the degree of success and the speed of initiatives, not just within Japan, but also in the overseas expansion of the Company's education business, and in particular with the expansion of the classroom business planned for the future.
- (iii) Even for the Target Company, which has acknowledged the current issue of limited activities for employee, career choice for its employees may substantially expand through a stronger relationship with the Company group, which has a vision for global expansion, and as a result, employee motivation may increase.

As a result of the discussions and consideration above, both companies believe that, in order to improve the corporate value and customer satisfaction early on by the Company and either Maruyu or Mr. Kinoshita being the only shareholders of the Target Company, reinforced cooperation between the Company and the Target Company, and more effective application of both companies' management resources, a plan for further expansion of business with the Target Company as a member of the Company group would contribute to the profits of both companies' stakeholders. Therefore, the Company and the Target Company decided today to implement the Tender Offer.

(3) Management policy after Tender Offer

As the Target Company's management policy after the success of the Tender Offer, the Company will discuss and put into effect the necessary policies and the system for implementing them to realize early on the creation of synergy that utilizes both parties' management resources to operate. There are plans to increase the number of officers dispatched by the Company in order to maximize synergy in the early stages, while fundamentally maintaining the current condition of the Target Company's management policy

after the Tender Offer. The details of the officers being dispatched are scheduled to be settled after the success of the Tender Offer.

Mr. Kinoshita, director and chairman of the Target Company, is the founder of the Target Company. Mr. Kinoshita has engaged in management for the Target Company for many years, and has an abundance of experience and networks within the industry of the classroom business. Therefore, he has assumed the position of advisor to Benesse Corporation, a wholly owned subsidiary of the Company, where he advises the Company group as a whole on the correspondence education business and Juku and preparatory schools business, and the simulated examination business. The Company believes that Mr. Kinoshita's continued cooperation is indispensable to the future realization of synergy between the Company and the Target Company through the execution of the Tender Offer, and to the achievement of matters such as an expansion of the Company group's classroom business and improved business results for the Target Company.

In light of these circumstance, the Company and Mr. Kinoshita have agreed in the Tender Offer Acceptance Agreement that, except in unavoidable circumstances, during the period until March 31, 2015, Mr. Kinoshita will not resign from the position of director at the Target Company or refuse reappointment, and if the Company so wishes, Mr. Kinoshita will sincerely cooperate with the Company to assume office as director or otherwise at the Target Company after that period passes.

The Target Company has made an announcement on January 31, 2012, in the "Notice on Revision and Cessation of Dividends for fiscal year ending March 2012" to the Tokyo Stock Exchange. Thereby, the Target Company has announced its resolution at the board of directors meeting held on January 31, 2012 not to pay dividends for the fiscal year ending March 2012, on the condition that the Tender Offer is successful.

- (4) Measures to ensure fairness of Tender Offer such as measures to ensure fairness of Tender Offer Price and measures to avoid conflicts of interest

The Company is not a parent company of the Target Company as of today. However, in light of such factors as (i) that the Company owns 1,560,282 shares of the Target Company and that is an equity method affiliate of the Company and (ii) that the Company and the Target Company has a relationship of capital and business tie-ups as described in "(2) Background and process of decision making on implementation of Tender Offer" above, the Company and the Target Company are taking the following measures to ensure the fairness of the Tender Offer.

- (i) Obtainment by Company of valuation report from independent third-party valuation institution

In order to ensure the fairness of the Tender Offer Price, the Company requested Nomura Securities Co., Ltd. ("Nomura Securities"), a financial advisor and third-party valuation institution that is independent from the Company and the Target Company, to calculate the value of the shares of the Target Company upon determining the Tender Offer Price. Nomura Securities calculated the value of the shares of common stock of the Target Company based on the average market price method, comparable companies method and DCF (discounted cash flow) method, and the Company obtained a valuation report (the "Offeror's Valuation Report") from Nomura Securities on January 30, 2012.

The Company has not obtained an evaluation of the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

The valuation per share of the Target Company calculated by Nomura Securities is as follows:

Average market price method:	543 yen to 583 yen
Comparable companies method:	445 yen to 697 yen
DCF method:	810 yen to 1,879 yen

For the average market price method, the record date was set at January 30, 2012, and the valuation per share of common stock of the Target Company quoted on the Second Section of the Tokyo Stock Exchange was based on 546 yen (which is the closing price on the record date) and the average closing prices over the one week, one-month, three-month, and six-month periods prior to the record date (554 yen, 543 yen, 568 yen, and 583 yen respectively (rounded to the nearest whole yen)). The range of 543 yen to 583 yen per share of the Target Company was derived from the analysis using the average market price method.

For the comparable companies method, multiple listed companies in a similar business as that conducted by the Target Company were selected to evaluate the share value of the Target Company by comparing the market value of shares and financial indicators representing profitability. The range of 445 yen to 697 yen per share of the Target Company was derived from the analysis using the comparable companies method.

For the DCF Method, the free cash flow that the Target Company is expected to create in the future (based on the Target Company's estimated future earnings in its business plan, investment plan, publicly disclosed information, etc.) was discounted to the current value by using a certain discount rate, in order to analyze the Target Company's corporate value and share value. The range of 810 yen to 1,879 yen per share of the Target Company was derived from the analysis using the DCF Method.

With the valuation results from each method described in the Offeror's Valuation Report obtained from Nomura Securities as a reference, the Company considered the Tender Offer Price by comprehensively taking into account such factors as examples of the premiums added when determining purchase prices in tender offers conducted in the past by a party other than an issuer, endorsement of the Tender Offer by the Target Company's board of directors, trends in the market value of shares of common stock of the Target Company, and the estimated number of shares to be tendered in the Tender Offer, and in light of the results of discussion and negotiation with the Target Company and its major shareholders, who are Maruyu and Mr. Kinoshita, the Company's board of directors ultimately decided on a Tender Offer Price of 1,050 yen per share at its meeting held on January 31, 2012.

The Tender Offer Price of 1,050 yen per share includes (a) a premium of 92.3% (rounded to one decimal place) on 546 yen, which is the closing price in regular trading of the Target Company's shares of common stock quoted on the Second Section of the Tokyo Stock Exchange on January 30, 2012, which is the business day immediately preceding today, (b) a premium of 93.4% (rounded to one decimal place) on 543 yen

(rounded to the nearest whole yen), which is the simple average closing price in regular trading of the Target Company's shares of common stock quoted for the one-month period from January 4, 2012 to January 30, 2010, (c) a premium of 84.9% (rounded to one decimal place) on 568 yen (rounded to the nearest whole yen), which is the simple average closing price in regular trading for the three-month period from October 31, 2011 to January 30, 2012, and (d) a premium of 80.1% (rounded to one decimal place) on 583 yen (rounded to the nearest whole yen), which is the simple average closing price in regular trading for the six-month period from August 1, 2011 to January 30, 2012.

(ii) Obtainment by Target Company of valuation report from independent third-party valuation institution

According to the Target Company's Press Release, in order to ensure the fairness of its decision making process, in valuing the Tender Offer Price presented by the Company, the Target Company's board of directors requested Daiwa Securities, who is a third-party valuation institution independent from the Company, Maruyu and the Target Company and does not constitute a related party, to calculate the value of the shares of common stock of the Target Company, and obtained a valuation report dated January 30, 2012 from Daiwa Securities. According to Daiwa Securities, it has, based on the information from the materials on the Target Company's business environment, future business plan, and so on received from the Target Company's board of directors, conducted the calculation of the value per share of the Target Company using the market price method and the DCF method. According to the Target Company's Press Release, the value per share of the Target Company calculated using each method is as follows.

i Market price method

For the market price method, the record date was set at January 27, 2012. Taking into account of the movement of the share price and trading volume of the shares of common stock of the Target Company quoted on the Second Section of the Tokyo Stock Exchange, and based on the simple average closing prices over the one-month, three-month, and six-month periods prior to the record date (544 yen, 570 yen, and 583 yen respectively (rounded to the nearest whole yen)), the range of 544 yen to 583 yen per share of common stock of the Target Company was derived from the analysis using the market price method.

ii DCF method

For the DCF Method, the free cash flow that the Target Company is expected to create in the future (based on the Target Company's estimated future earnings on and after the March 2012 period in light of its business plan, movement of its business results up to the most recent period, publicly disclosed information, etc.) was discounted to the current value by using a discount rate in proportion to business and financial risks (weighted average cost of capital), in order to analyze the Target Company's corporate value and share value. The range of 916 yen to 1,130 yen per share of common stock of the Target Company was derived under the analysis using the DCF Method.

No drastic increase or decrease of earnings is expected in the Target Company's business plan.

The Target Company has not obtained an evaluation of the fairness of the Tender Offer Price (a fairness opinion) from Daiwa Securities.

(iii) Advice from Target Company's independent legal counsel

According to the Target Company's Press Release, the Target Company's board of directors has, in order to ensure the transparency and reasonability of the decision making process and other matters regarding the Tender Offer, selected and obtained legal advice from Doujima Sougou Law Office, which is a legal adviser independent from the Company, Maruyu, and the Target Company, with respect to the process of decision making regarding the Tender Offer, method of such decision making and other matters to note during the decision making for the Tender Offer.

(iv) Approval of disinterested Target Company directors and all statutory auditors

According to the Target Company's Press Release, Mr. Kinoshita, who serves as the chairman of the Target Company's board of directors and as an adviser to the Benesse Corporation, which is a wholly owned subsidiary of the Company, and two outside directors (Eiji Aketa and Shinsuke Tsuboi), who are dispatched from the Company and Benesse Corporation, have not, from a perspective of avoiding suspicions of conflicts of interest, participated in any discussion on the Tender Offer including the Target Company's board of directors meeting held on January 31, 2012. All directors except the said three persons attended that board of directors meeting which was duly held with a quorum, and with unanimous approval by all attending directors, an opinion to agree to the Tender Offer was expressed and a resolution to recommend all shareholders of the Target Company to tender their shares to the Tender Offer was made. All statutory auditors of the Target Company including the outside statutory auditors who are independent officers also took part in that board of directors meeting, and each statutory auditor stated an opinion that the statutory auditor had no objection against the Target Company's board of directors expressing an opinion to agree to the Tender Offer and to recommend all shareholders of the Target Company to tender their shares in the Tender Offer.

According to the Target Company's Press Release, the Target Company's board of directors has carefully considered the conditions of the Tender Offer based on such matters as the valuation report on the value of the shares of the Target Company obtained from Daiwa Securities, which is a third-party valuation institution independent from the Company, Maruyu and the Target Company, and the legal advice from Doujima Sougou Law Office, which is a legal adviser independent from the Company, Maruyu and the Target Company, and concluded that the conditions of the Tender Offer Price and other conditions are appropriate, the protection of the interests of minority shareholders has been sufficiently considered, and all shareholders of the Target Company have been offered a reasonable opportunity to sell their shares. It states that an opinion to agree to the Tender Offer was expressed, and a resolution to recommend all shareholders of the Target Company to tender their shares to the Tender Offer was made.

(v) Setting a comparatively long tender offer period

While the minimum tender offer period stipulated by law is 20 business days, the Company has set the tender offer period for the Tender Offer at 30 business days (the “Tender Offer Period”). Setting a comparatively long Tender Offer Period ensures an appropriate opportunity for the shareholders of the Target Company to make a decision about the Tender Offer, while ensuring an opportunity for counter offers by other parties, as a means to guarantee fairness.

(5) Policy for organizational restructuring, etc. after Tender Offer (matters relating to so-called “Two-Tier Acquisitions”)

In the event that the Tender Offer has been successful, but if the Company fails to acquire all issued shares of common stock of the Target Company (other than shares of the Target Company owned by the Company, the treasury shares owned by the Target Company and the Shares Not Subject to Tender) through the Tender Offer, the Company plans to carry out the Squeeze-Out Procedures by the following method after the Tender Offer.

Specifically, after the successful completion of the Tender Offer, the Company intends to request the Target Company to submit the following proposals at its 35th annual shareholders meeting (the “Shareholders Meeting”) scheduled to be held in June 2012: (a) to partially amend the articles of incorporation of the Target Company to enable the Target Company to issue a different class of shares to common stock; (b) to partially amend the articles of incorporation of the Target Company to impose an option to call all shares (which refers to the matters stipulated by Article 108, Paragraph 1, Item (7) of the Companies Act; hereinafter the same) of common stock issued by the Target Company; and (c) to deliver a different class of shares in the Target Company in exchange for the acquisition of all those shares of common stock by the Target Company (other than the treasury shares owned by the Target Company).

If (a) above is approved at the Shareholders Meeting and that partial amendment to the articles of incorporation comes into force, the Target Company will be a corporation with class shares as stipulated in the Companies Act. In order to cause the partial amendment to the articles of incorporation mentioned in (b) above to come into force, pursuant to Article 111, Paragraph 2, Item 1 of the Companies Act, a resolution will be required at a class shareholders meeting which members are the shareholders of the shares of common stock of the Target Company all of whose shares are to be imposed an option to call as those feature (the “Class Shareholders Meeting”), in addition to the resolution at the Shareholders Meeting for the endorsement of (b) above. The Company intends to request the Target Company to hold the Class Shareholders Meeting with proposals including the partial amendment to the articles of incorporation as mentioned in (b) above on the same day as the Shareholders Meeting.

The Company plans to approve each of the above proposals at the Shareholders Meeting and the Class Shareholders Meeting once those proposals are submitted to the Shareholders Meeting and the Class Shareholders Meeting.

If each procedure above is implemented, all shares of common stock of the Target Company will be made subject to the option to call all shares and all of which (other than the treasury shares owned by the Target Company) will thereafter be acquired by the Target Company. While the shareholders of the Target Company (other than the Target Company)

will be delivered a different class of shares of the Target Company as consideration for the acquisition of those shares, the shareholders of the Target Company who will be allocated a fraction of one share of such different class of shares in the Target Company will instead receive an amount of money obtained by selling such different class of shares in the Target Company equal to the aggregate of the fractions (such aggregate will be rounded down to the nearest whole unit) or otherwise, in accordance with the procedures provided for in Article 234 of the Companies Act and other relevant laws and ordinances. It is planned that the amount of money to be delivered to each shareholder upon the sale of each such class of shares in the Target Company will be equal to the price obtained by multiplying the Tender Offer Price by the number of shares of common stock of the Target Company owned by each such shareholder. The feature and number of different class of shares in the Target Company to be delivered as consideration for the acquisition of shares with an option to call all shares have not been determined as of today. However, it is planned to determine such feature and number so that the number of different class of shares in the Target Company to be delivered to those shareholders of the Target Company who did not tender their shares in the Tender Offer other than the Company and Maruyu (or the Company, if the Company decides that it would be difficult to make the Company and Maruyu the sole shareholders of the Target Company based on such considerations as the situation of the shareholders of the Target Company following the Tender Offer) will be a fraction of one share in order for the Company and Maruyu (or the Company only, if the Company decides that it would be difficult to make the Company and Maruyu the sole shareholders of the Target Company based on such considerations as the situation of the shareholders of the Target Company following the Tender Offer) to own all of the issued shares of the Target Company (other than the treasury shares owned by the Target Company).

The acquisition by the Target Company of the shares with an option to call all shares in the Squeeze-Out Procedures will be in principle carried out by the end of July, 2012.

With respect to the provisions under the Companies Act that are designed to protect minority shareholders' rights in relation to the Squeeze-Out Procedures, the Companies Act provides that the shareholders may (i) request the Target Company for the purchase of their shares in accordance with Article 116 and Article 117 of the Companies Act and other provisions of relevant laws and ordinances if the articles of incorporation are amended to impose an option to call all shares of common stock of the Target Company mentioned in (b) above, or (ii) file a petition to determine the acquisition price of their shares in accordance with Article 172 of the Companies Act and other provisions of relevant laws and ordinances if the acquisition of all shares of common stock of the Target Company (other than the treasury shares owned by the Target Company) with an option to call all shares mentioned in (c) above is approved at the Shareholders Meeting. The purchase price or acquisition price per share under the methods in (i) and (ii) above will ultimately be determined by the court.

The Company may implement the Squeeze-Out Procedures not by the procedures mentioned in (a) through (c) above but by other methods that have generally a substantially the same effect depending on the interpretation of any relevant law or ordinance by relevant authorities, the holding ratio of share certificates, etc. of the Company after the Tender Offer, or the ownership of shares of the Target Company by the shareholders of the Target Company other than the Company after the Tender Offer. The timing of implementation may also change. However, even in that case, the Company intends to ultimately deliver money to the shareholders of the Target Company other than the Company and Maruyu (or the Company, if the Company decides that it would be difficult to make the Company and Maruyu the sole

shareholders of the Target Company based on such considerations as the situation of the shareholders of the Target Company following the Tender Offer) in accordance with the procedures under applicable laws and ordinances. The amount of money to be delivered to all shareholders of the Target Company other than the Company and Maruyu (or the Company, if the Company decides that it would be difficult to make the Company and Maruyu the sole shareholders of the Target Company based on such considerations as the situation of the shareholders of the Target Company following the Tender Offer) in that case is also expected to be calculated so that the amount of money will be equal to the Tender Offer Price multiplied by the number of the shares of common stock of the Target Company owned by those shareholders. Specific procedures to be implemented in that case will be announced as soon as they are decided upon consultation with the Target Company.

The shareholders of the Target Company are in no way being solicited through this document to endorse any proposal at the Shareholders Meeting and the Class Shareholders Meeting.

(6) Possibility of and reasons for delisting

As of today, the shares of common stock of the Target Company are listed on the Second Section of the Tokyo Stock Exchange. However, since the Company has not set a maximum number of shares to be purchased in the Tender Offer, the shares of common stock of the Target Company may be delisted pursuant to the procedures prescribed by the Tokyo Stock Exchange in accordance with the Tokyo Stock Exchange's criteria for delisting stock, depending on the results of the Tender Offer. Also, even if the shares in the Target Company do not fall under the criteria as of the completion of the Tender Offer, the Company plans to obtain all issued shares of the Target Company (other than the treasury shares owned by the Target Company) by the Company and Maruyu (or the Company, if the Company decides that it would be difficult to make the Company and Maruyu the sole shareholders of the Target Company based on such considerations as the situation of the shareholders of the Target Company following the Tender Offer) as described in "(5) Policy for organizational restructuring, etc. after Tender Offer (matters relating to so-called "Two-Tier Acquisitions")," in which case the shares of common stock of the Target Company will still be expected to be delisted pursuant to the procedures prescribed by the Tokyo Stock Exchange's criteria for delisting. Shares of common stock of the Target Company will not be able to be sold or purchased at the Tokyo Stock Exchange after delisting.

(7) Matters relating to material agreements for acceptance of Tender Offer between the Offeror and the shareholders of the Target Company

Upon the Tender Offer, the Company has entered into the Tender Offer Acceptance Agreement as of January 31, 2012 with Maruyu and Mr. Kinoshita, and has agreed (i) to accept upon the Tender Offer 1,000,000 shares (Ownership Ratio: 9.70% (rounded to two decimal places)) of the shares of common stock of the Target Company owned by Maruyu (2,040,000 shares, Ownership Ratio: 19.79% (rounded to two decimal places)) after cancelling pledges created thereover (according to Maruyu, no agreement has been made as of today with the pledgees of such pledges about cancelling such pledges, but Maruyu plans to conduct negotiations relating to the cancellation of the pledges today or at a later date), and to continue to own, and not to tender shares to the Tender Offer or otherwise dispose of, the Shares Not Subject to Tender, and (ii) to accept the Tender Offer in respect of all shares of common stock of the Target Company owned by Mr. Kinoshita (1,160,900 shares, Ownership

Ratio: 11.26% (rounded to two decimal places)), and (iii) to provide necessary cooperation as requested by the Company in order for the tendering to the Tender Offer of all shares of common stock of the Target Company owned by the employees and officers of the Target Company (including shares of common stock of the Target Company owned through an employee shareholding association or officer shareholding association of the Target Company).

The Company, Maruyu, and Mr. Kinoshita have agreed in the Tender Offer Acceptance Agreement that, in order for either of Maruyu or Mr. Kinoshita to become a shareholder of the Target Company even if the Company becomes the sole shareholder of the Target Company following the completion of the Squeeze-Out Procedures, if the Company becomes the sole shareholder of the Target Company through the implementation of the Squeeze-Out Procedures, either of Maruyu or Mr. Kinoshita will make the Reinvestment so that the investment ratio (meaning the ratio of shares owned to the total number of issued shares of the Target Company) of either Maruyu or Mr. Kinoshita in the Target Company becomes approximately 5%, as requested by the Company, promptly after the completion of the Squeeze-Out Procedures.

A summary of the Tender Offer Acceptance Agreement is as follows.

(i) Matters agreed upon in relation to the Squeeze-Out Procedures

Maruyu and Mr. Kinoshita have agreed with the Company that Maruyu and Mr. Kinoshita shall (a) not exercise their shareholder rights for shares of the Target Company they own until the completion of the Squeeze-Out Procedures, (b) if, in the case the Tender Offer is successful and Maruyu or Mr. Kinoshita hold voting rights for all or a portion of the issued shares of the Target Company for the Shareholders Meeting or an extraordinary shareholders meeting of the Target Company held on or after the execution date of the Tender Offer Acceptance Agreement (the record date of that extraordinary shareholders meeting is set as the date preceding the completion date of the Squeeze-Out Procedures) (the “Extraordinary Shareholders Meeting”) and for the Class Shareholders Meeting held on the same day as the Shareholders Meeting or the Extraordinary Shareholders Meeting, comply with the Company’s instructions in relation to the exercise of such voting rights at such shareholders meeting, and (iii) provide necessary cooperation in accordance with the requests of the Company in order for the Squeeze-Out Procedures to be implemented.

(ii) Matters agreed upon in relation to officers of the Target Company

Maruyu and Mr. Kinoshita have agreed with the Company to provide necessary cooperation in accordance with the requests of the Company in order for those persons nominated by the Company to be appointed as directors or statutory auditors of the Target Company at the shareholders meeting of the Target Company set out in (i)(b) above.

Mr. Kinoshita has also agreed with the Company that, except in unavoidable circumstances, during the period until March 31, 2015, Mr. Kinoshita will not resign from the position of director at the Target Company or refuse reappointment, and if the Company so wishes, Mr. Kinoshita will sincerely cooperate with the Company to assume office as director or otherwise at the Target Company after that period passes.

(iii) Matters agreed upon in relation to the shares of the Target Company

Maruyu and Mr. Kinoshita have agreed with the Company that Maruyu and Mr. Kinoshita shall not transfer or similarly dispose of the shares of the Target Company they own until after whichever is longer of the three year period following the execution date of the Tender Offer Acceptance Agreement or the period during which Mr. Kinoshita is in the position of director or the like of the Target Company (the “Nontransferable Period”), and that, if either of Maruyu or Mr. Kinoshita desire to transfer or similarly dispose of the shares of the Target Company after the Nontransferable Period, the Company may request that such shares be transferred to the Company or a person designated by the Company in preference to the other party to such desired transfer.

The Tender Offer Acceptance Agreement also states that the Company may request that all shares of the Target Company owned by either Maruyu or Mr. Kinoshita be transferred to the Company or a person designated by the Company at a given price if any of a given set of grounds arise (namely, (i) if Mr. Kinoshita ceases to be a director of the Target Company, (ii) if the shareholder structure of Maruyu changes during the period in which Maruyu owns all or a portion of the Shares Not Subject to Tender, the shares of the Target Company which Maruyu is delivered in place of the Shares Not Subject to Tender through the Squeeze-Out Procedures, or the shares of the Target Company obtained by either Maruyu or Mr. Kinoshita investing in the Target Company after the completion of the Squeeze-Out Procedures (the “Shares, Etc. Not Subject to Tender”), (iii) if Maruyu or Mr. Kinoshita breach their obligations under the Tender Offer Acceptance Agreement (Note 1), (iv) if Maruyu or Mr. Kinoshita breach their representations and warranties in the Tender Offer Acceptance Agreement (Note 2), or (v) if the Squeeze-Out Procedures are completed), and the Tender Offer Acceptance Agreement also states that Maruyu or Mr. Kinoshita may request the Company to buy up all of the shares in the Target Company they own at a given price if any of a given set of grounds arise (namely, (i) if there is any breach by the Company of its obligations provided for in the Tender Offer Acceptance Agreement (Note 3), (ii) if there is any breach by the Company of its representations and warranties provided for in the Tender Offer Acceptance Agreement (Note 4), or (iii) if three years have passed after the execution date of the Tender Offer Acceptance Agreement). The Tender Offer Acceptance Agreement also states that if the Company desires the transfer or similar disposal to a third party of all of the shares of the Target Company owned by the Company during the period in which either Maruyu or Mr. Kinoshita owns Shares, Etc. Not Subject to Tender of the Target Company, either Maruyu or Mr. Kinoshita may request transfer or similar disposal to such third party, under the same conditions as such transfer or similar disposal to such third party by the Company, of all the Target Company Shares, Etc. Not Subject to Tender owned by Maruyu or Mr. Kinoshita.

(iv) Cancellation of Tender Offer Acceptance Agreement

Maruyu and Mr. Kinoshita may cancel the Tender Offer Acceptance Agreement if there is a material breach by the Company of its representations and warranties provided for in the Tender Offer Acceptance Agreement (Note 4), or if there is a material breach by the Company of its obligations provided for in the Tender Offer Acceptance Agreement (Note 3)

The Company may cancel the Tender Offer Acceptance Agreement if there is a material breach by Maruyu or Mr. Kinoshita of their representations and warranties in the Tender Offer Acceptance Agreement (Note 2), if there is a material breach by Maruyu or Mr. Kinoshita of their obligations provided for in the Tender Offer Acceptance Agreement (Note 1), or if a Target Company board of directors resolution is not made to the effect that the board of directors accepts the Tender Offer and recommends the shareholders to tender their shares to the Tender Offer, if such board of directors resolution is amended or revoked, if an announcement is not made to the effect that such board of directors resolution was made, if an announcement is made to the effect that such board of directors resolution was amended or revoked, or if the Company reasonably determines that it is not certain that an opinion report (*ikenhyoumei houkokusho*) is not submitted by the Target Company to the effect that such board of directors resolution was made.

Note that even if the Tender Offer Acceptance Agreement is cancelled by either Maruyu, Mr. Kinoshita, or the Company, this will not prohibit or restrict Maruyu or Mr. Kinoshita from tendering their shares to the Tender Offer at their voluntary discretion.

Note 1 In the Tender Offer Acceptance Agreement, Maruyu and Mr. Kinoshita bear, in addition to the obligations described above, (i) an obligation to not cause the Target Company to take any action outside the scope of its ordinary course of business, (ii) an obligation prohibiting solicitation or similar actions that conflict with the Tender Offer, (iii) an obligation prohibiting the disposal or the like to a third party of shares of the Target Company by a method other than tendering such shares to the Tender Offer, (iv) an obligation prohibiting competition with the education business of the Company or the business of the Target Company and an obligation prohibiting solicitation or similar action to the officers of the Target Company, (v) confidentiality obligations, and (vi) an obligation prohibiting assignment or similar disposal of contractual status.

Note 2 In the Tender Offer Acceptance Agreement, Maruyu and Mr. Kinoshita represent and warrant the following matters relating to Maruyu and Mr. Kinoshita: (i) the lawful and valid incorporation and continued lawful and valid existence of Maruyu, (ii) the existence of capacity to hold rights and capacity to act necessary for the execution and performance of the Tender Offer Acceptance Agreement by Maruyu and Mr. Kinoshita, and the implementation of procedures necessary for the execution and performance of the Tender Offer Acceptance Agreement by Maruyu, (iii) the legally binding nature and enforceability of the Tender Offer Acceptance Agreement, (iv) the obtainment, performance, or implementation of permits, approvals, or the like necessary for the execution or performance of the Tender Offer Acceptance Agreement, (v) the absence of any infringements with laws or ordinances in the execution or performance of the Tender Offer Acceptance Agreement, (vi) the absence of any relationship to an anti-social force, (vii) the lawful and valid ownership of the shares of the Target Company, the absence of any obligations or restrictions on the shares of the Target Company owned by Maruyu and Mr. Kinoshita, the absence of any rights to acquire the shares of the Target Company and that there is no ownership of dilutive or other potential shares, absence of requests or the like from third parties relating to the ownership of shares of the Target Company owned by Maruyu and Mr. Kinoshita, absence of agreements or the like relating to rights as shareholders of the Target Company, and (viii) the lawful and valid issuance of the issued shares of Maruyu and absence of dilutive or other potential shares of Maruyu, and the shareholder structure of Maruyu. In the Tender Offer Acceptance Agreement, Maruyu and Mr. Kinoshita also represent and warrant the following matters relating to the Target Company: (i) the lawful and valid incorporation of the Target Company and its continued lawful and valid existence, (ii) the absence of any relationship to an anti-social force, (iii) the lawful and valid issuance of the issued shares of the Target Company, the absence of dilutive or other potential shares of the Target Company, and the absence of agreements with shareholders in relation to the handling of shares or management matters, (iv) the

accuracy of securities reports and the like, (v) the accuracy and fairness of, and absence of unstated liabilities or the like in, financial statements, (vi) absence of any material subsequent event, (vii) legally binding nature and enforceability of material agreements entered into by the Target Company, and the absence of any litigation or the like, claims or the like, or judgments or the like by judicial or administrative organs or the like in respect of such agreements, (viii) the absence of any circumstances that would negatively affect the lawful and valid ownership of or the holding of usage rights for assets necessary for the performance of the business, or the operation, management, or value thereof, or circumstances that would restrict or hinder the use thereof under the same conditions as hitherto, (ix) the lawful and valid ownership of and holding of usage rights for intellectual property rights necessary for the performance of the business, and the absence of any circumstances that would restrict or hinder the use thereof under the same conditions as hitherto, that no communication has been received notifying of an infringement of the intellectual property rights of a third party by the Target Company, and that no licenses have been granted to third parties, (x) the appropriate maintenance of IT systems and the like that the Target Company owns or uses, and the absence of circumstances that would restrict or hinder the use thereof under the same conditions as hitherto, (xi) the absence of violations of laws or ordinances relating to labor or employment, the absence of recommendations, guidance, or the like from a labor standards office or the like, the absence of industrial accidents, the performance of obligations to pay monies to officers and employees, the absence of industrial disputes, the absence of labor unions or the like, and the absence of agreements or the like with officers or employees that allow requests for profit sharing or the like or improving employment terms, (xii) the timely and lawful payment, etc. of taxes and other public duties, (xiii) compliance with laws and ordinances and obtainment and compliance with permits and approvals necessary for the performance of the business, and the absence of grounds for the invalidation, cancellation, or the like of any permits or approvals, (xiv) the absence of litigation, claims, or the like to which the Target Company is a party, (xv) the absence of any transactions, agreements, or the like between Maruyu or Mr. Kinoshita and persons related thereto, (xvi) the accuracy of disclosed information, that all material information has been disclosed or otherwise informed, and the absence of undisclosed material facts, and (xvii) the absence of obligations on the Company or the Target Company for payment to advisors or the like of Maruyu or Mr. Kinoshita in relation to the Tender Offer Acceptance Agreement.

Note 3 In the Tender Offer Acceptance Agreement, the Company bears obligations such as (i) confidentiality obligations and (ii) an obligation prohibiting the assignment or similar disposal of contractual status.

Note 4 In the Tender Offer Acceptance Agreement, the Company represents and warrants the following matters: (i) the lawful and valid incorporation and continued lawful and valid existence of the Company, (ii) the existence of capacity to hold rights and the capacity to act necessary for, and the implementation of procedures necessary for, the execution and performance of the Tender Offer Acceptance Agreement, (iii) the legally binding nature and enforceability of the Tender Offer Acceptance Agreement, (iv) the obtainment, performance, or implementation of permits, approvals, or the like necessary for the execution or performance of the Tender Offer Acceptance Agreement, (v) the absence of any infringements with laws or ordinances in the execution and performance of the Tender Offer Acceptance Agreement, and (vi) the absence of any relationship to an anti-social force.

2. Outline of Tender Offer

(1) Outline of Target Company

(i)	Name	UP Inc.																				
(ii)	Address	15-41, Takamatsu-cho, Nishinomiya-shi, Hyogo																				
(iii)	Name and title of representative	Representative Director and President: Yoshiki Onoue																				
(iv)	Description of business	Operation of schools providing educational guidance for people of all ages, from pre-school children to adults on preparation for entrance examinations for elementary school, junior high school, senior high school, and university; operation of non-examination focused schools, primarily instructional science laboratories and English conversation instruction; and sales of educational materials related to the previous two items.																				
(v)	Stated capital	1,667 million yen (as of December 31, 2011)																				
(vi)	Date of incorporation	October 18, 1977																				
(vii)	Major shareholders and shareholding ratios (as of September 30, 2011)	<table> <tr> <td>Maruyu, Inc.</td> <td>19.78%</td> </tr> <tr> <td>Benesse Holdings, Inc.</td> <td>15.13%</td> </tr> <tr> <td>Masakatsu Kinoshita</td> <td>11.26%</td> </tr> <tr> <td>BBH for Fidelity Low-Priced Stock Fund</td> <td>7.27%</td> </tr> <tr> <td>UP Employee Shareholding Association</td> <td>4.30%</td> </tr> <tr> <td>RBC Dexia Investor Services Trust London Client Account</td> <td>3.78%</td> </tr> <tr> <td>Wahei Takeda</td> <td>2.32%</td> </tr> <tr> <td>Yuji Kitajima</td> <td>1.94%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>1.74%</td> </tr> <tr> <td>Yoshiki Onoue</td> <td>0.85%</td> </tr> </table>	Maruyu, Inc.	19.78%	Benesse Holdings, Inc.	15.13%	Masakatsu Kinoshita	11.26%	BBH for Fidelity Low-Priced Stock Fund	7.27%	UP Employee Shareholding Association	4.30%	RBC Dexia Investor Services Trust London Client Account	3.78%	Wahei Takeda	2.32%	Yuji Kitajima	1.94%	Nippon Life Insurance Company	1.74%	Yoshiki Onoue	0.85%
Maruyu, Inc.	19.78%																					
Benesse Holdings, Inc.	15.13%																					
Masakatsu Kinoshita	11.26%																					
BBH for Fidelity Low-Priced Stock Fund	7.27%																					
UP Employee Shareholding Association	4.30%																					
RBC Dexia Investor Services Trust London Client Account	3.78%																					
Wahei Takeda	2.32%																					
Yuji Kitajima	1.94%																					
Nippon Life Insurance Company	1.74%																					
Yoshiki Onoue	0.85%																					
(viii)	Relationship between Company and Target Company																					
	Capital relationship	The Company owns 15.13% of the shares of the Target Company, and the Target Company is an equity method affiliate of the Company. Also, the Company has entered into a Capital and Business Tie-up Agreement and a Share Transfer Agreement in May 2010 with the Target Company. On May 31, 2010, the Target Company acquired 50% (acquisition value of 229 million yen) of all issued shares of Ochanomizu Seminar Co., Ltd., a wholly owned subsidiary of the Company, making it an affiliate company.																				
	Personnel relationship	The Company has dispatched two outside directors to the Target Company as of June 24, 2010. The Target Company has dispatched three outside directors to Ochanomizu Seminar Co., Ltd., a consolidated subsidiary of the Company, on May 31, 2010. The Company has invited Mr. Kinoshita, a director of the Target Company, to assume the position of advisor to Benesse Corporation, a wholly owned subsidiary of the Company.																				
	Business relationship	The Company has entered into Capital and Business Tie-up Agreement and a Share Transfer Agreement in May 2010																				

	with the Target Company. On May 31, 2010, the Target Company acquired 50% (acquisition value of 229 million yen) of all issued shares of Ochanomizu Seminar Co., Ltd., a wholly owned subsidiary of the Company, in accordance with the Capital Business Tie-up Agreement and the Share Transfer Agreement above, making it an affiliate company, and dispatched three outside directors to Ochanomizu Seminar Co., Ltd. on May 31, 2010. Also, the Company and the Target Company are, in accordance with the Capital Business Tie-up Agreement above, (i) further considering cooperative work by exchanging and sharing a range of management information and know-how through the combination of content and know-how, such as the development of the Company group's existing teaching materials and the Target Company's exceptional lecturers and education content, for the purpose of synergy effects, and (ii) inviting Mr. Kinoshita to assume the position of advisor to Benesse Corporation, a wholly owned subsidiary of the Company, where he will advise the Company group as a whole on the correspondence education business and Juku and preparatory schools business, and the simulated examination business.
Status as related party	The Target Company is an equity method affiliate of the Company, and therefore, the Target Company is a related party of the Company.

Note: The shareholding ratios described in "(vii) Major shareholders and shareholding ratios (as of September 30, 2011)" are the ratios of shares owned to the total number of issued shares of the Target Company, rounded down to two decimal places.

(2) Schedule, etc.

(i) Schedule

Meeting of Board of Directors	January 31, 2012 (Tuesday)
Date of public notice of commencement of Tender Offer	February 1, 2012 (Wednesday)
Name of newspaper in which public notice is issued	The Offeror will issue an electronic public notice and publish a statement to that effect in the <i>Nihon Keizai Shimbun</i> . (Address of electronic public notice http://info.edinet-fsa.go.jp/)
Filing date of Tender Offer registration statement	February 1, 2012 (Wednesday)

(ii) Tender Offer Period at time of filing of registration statement

From February 1, 2012 (Wednesday) through March 13, 2012 (Tuesday) (30 business days)

(iii) Possibility of extension of Tender Offer Period upon request of Target Company
Not applicable.

(3) Tender Offer Price

1,050 yen per share of common stock

(4) Basis of valuation of Tender Offer Price

(i) Basis of calculation

In order to ensure the fairness of the Tender Offer Price, the Company requested Nomura Securities, a financial advisor and third-party valuation institution that is independent from the Company and the Target Company, to calculate the value of the shares of the Target Company before determining the Tender Offer Price. Nomura Securities calculated the value of the shares of common stock of the Target Company based on the average market price method, comparable companies method and the DCF method, and the Company obtained the Offeror's Valuation Report from Nomura Securities on January 30, 2012. The Company has not obtained an evaluation of the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

The valuation per share of the Target Company calculated by Nomura Securities is as follows:

Average market price method:	543 yen to 583 yen
Comparable companies method:	445 yen to 697 yen
DCF method:	810 yen to 1,879 yen

For the average market price method, the record date was set at January 30, 2012, and the valuation per share of common stock of the Target Company quoted on the Second Section of the Tokyo Stock Exchange was based on 546 yen (which is the closing price on the record date) and the average closing prices over the one week, one-month, three-month, and six-month periods prior to the record date (554 yen, 543 yen, 568 yen, and 583 yen respectively (rounded to the nearest whole yen)). The range of 543 yen to 583 yen per share of the Target Company was derived from the analysis using the market price method.

For the comparable companies method, multiple listed companies in a similar business as that conducted by the Target Company were selected to evaluate the share value of the Target Company by comparing the market value of shares and financial indicators representing profitability. The range of 445 yen to 697 yen per share of the Target Company was derived from the analysis using the comparable companies method.

For the DCF Method, the free cash flow that the Target Company is expected to create in the future (based on the Target Company's estimated future earnings in its business plan, investment plan, publicly disclosed information, etc.) was discounted to the current value by using a certain discount rate, in order to analyze the Target Company's corporate value and share value. The range of 810 yen to 1,879 yen per share of the Target Company was derived from the analysis using the DCF Method.

With the valuation results from each method described in the Offeror's Valuation Report obtained from Nomura Securities as a reference, the Company considered the Tender Offer Price by comprehensively taking into account such factors as examples of

the premiums added when determining purchase prices in tender offers conducted in the past by a party other than an issuer, endorsement of the Tender Offer by the Target Company's board of directors, trends in the market value of shares of common stock of the Target Company, and the estimated number of shares to be tendered in the Tender Offer, and in light of the results of discussion and negotiation with the Target Company and its major shareholders, who are Maruyu and Mr. Kinoshita, the Company's board of directors ultimately decided on a Tender Offer Price of 1,050 yen per share at its meeting held on January 31, 2012.

The Tender Offer Price of 1,050 yen per share includes (a) a premium of 92.3% (rounded to one decimal place) on 546 yen, which is the closing price in regular trading of the Target Company's shares of common stock quoted on the Second Section of the Tokyo Stock Exchange on January 30, 2012, which is the business day immediately preceding today, (b) a premium of 93.4% (rounded to one decimal place) on 543 yen (rounded to the nearest whole yen), which is the simple average closing price in regular trading of the Target Company's shares of common stock quoted for the one-month period from January 4, 2012 to January 30, 2010, (c) a premium of 84.9% (rounded to one decimal place) on 568 yen (rounded to the nearest whole yen), which is the simple average closing price in regular trading for the three-month period from October 31, 2011 to January 30, 2012, and (d) a premium of 80.1% (rounded to one decimal place) on 583 yen (rounded to the nearest whole yen), which is the simple average closing price in regular trading for the six-month period from August 1, 2011 to January 30, 2012.

(ii) Background of calculation

Process of decision on Tender Offer Price

Since November 2011, the Company and the Target Company have had a number of specific discussions on, and considered, policies that contribute to further improvement of corporate value and customer satisfaction for both companies.

Furthermore, with regard to specific policies that contribute to further improving the corporate value and customer satisfaction, the Company and the Target Company have determined that the following results can be achieved, pursuant to the Company and the Target Company becoming the same group by the Target Company going private.

- (i) As with the above action regarding Ochanomizu Seminar Co., Ltd., the Target Company is also expected to further improve its business results, which have been effected by the declining birth rate and intensified competition, following the implementation of policies utilizing the Company's management resources, such as reinforced marketing methods via means such as DM and the internet, etc., Shinken Simulated Exams explanatory lessons, and guidance counseling utilizing extensive data.
- (ii) The Target Company's abundance of experience and know-how in its classroom business and its numerous human resources who are acquainted with that business are extremely attractive to the Company group, which was late in launching into the classroom business, and this will be extremely useful when increasing the degree of success and the speed of initiatives, not just within Japan, but also in the overseas expansion of the Company's education business, and in particular with the expansion of the classroom business planned for the future.
- (iii) Even for the Target Company, which has acknowledged the current issue of limited activities for employee, career choice for its employees may substantially

expand through a stronger relationship with the Company group, which has a vision for global expansion, and as a result, employee motivation may increase.

As a result of the discussions and consideration above, both companies believe that, in order to improve the corporate value and customer satisfaction early on by the Company and either Maruyu or Mr. Kinoshita being the only shareholders of the Target Company, reinforced cooperation between the Company and the Target Company, and more effective application of both companies' management resources, a plan for further expansion of business with the Target Company as a member of the Company group would contribute to the profits of both companies' stakeholders, and therefore, the Company and the Target Company decided the Tender Offer Price through the following process.

(a) Name of third party from which Offeror received advice upon calculation

The Company requested Nomura Securities, a financial advisor and third-party valuation institution that is independent from the Company and the Target Company, to calculate the value of the shares of the Target Company before determining the Tender Offer Price in order to ensure the fairness of the Tender Offer Price. Nomura Securities calculated the value of the shares of common stock of the Target Company based on the average market price method, comparable companies method and the DCF method, and the Company obtained the Offeror's Valuation Report from Nomura Securities on January 30, 2012. The Company has not obtained an evaluation of the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

(b) Outline of advice from Nomura Securities

The valuation per share of the Target Company calculated by Nomura Securities is as follows:

Average market price method	543 yen to 583 yen
Comparable companies method	445 yen to 697 yen
DCF method	810 yen to 1,879 yen

(c) Background for determination of Tender Offer Price upon consideration of advice

With the valuation results from each method described in the Offeror's Valuation Report obtained from Nomura Securities as reference, the Company considered the Tender Offer Price by comprehensively taking into account such factors as examples of the premiums added when determining purchase prices in tender offers conducted in the past by a party other than an issuer, endorsement of the Tender Offer by the Target Company's board of directors, trends in the market value of shares of common stock of the Target Company, and the estimated number of shares to be tendered in the Tender Offer, and in light of the results of discussion and negotiation with the Target Company and its major shareholders, who are Maruyu and Mr. Kinoshita, the company's board of directors ultimately decided on a Tender Price of 1,050 yen per share at its meeting held on January 31, 2012.

Measures to ensure fairness of tender offer such as measures to ensure fairness of tender offer price and measures to avoid conflicts of interest

Please refer to "(4) Measures to ensure fairness of Tender Offer such as measures to ensure fairness of Tender Offer Price and measures to avoid conflicts of interest" above under the section entitled "1. Purpose of Tender Offer."

(iii) Relationship with valuation institution

Nomura Securities is a financial advisor (valuation institution) of the Company and is not an affiliate of the Company and the Target Company and does not have any material interest regarding the Tender Offer.

(5) Number of shares to be purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
7,708,813 shares	4,272,418 shares	—

Note 1 If the total number of tendered shares is less than the minimum amount of shares to be purchased (4,272,418 shares), the Offeror will not purchase any of the tendered shares. If the total number of tendered shares is equal to or exceeds the minimum amount of shares to be purchased (4,272,418 shares), the Offeror will purchase all of the tendered shares.

Note 2 The Offeror does not intend to acquire the treasury shares owned by the Target Company through the Tender Offer.

Note 3 In the column “Number of shares to be purchased” above, the maximum number of shares of the Target Company to be acquired by the Offeror through the Tender Offer is indicated. The maximum number is the total number of issued shares of the Target Company as of September 30, 2011 (10,309,200 shares) indicated in the quarterly securities report for the second quarter of the 35th fiscal year filed by the Target Company on November 14 2011, less the sum of (a) the number of treasury shares owned by the Target Company as of September 30, 2011 (105 shares) indicated in the “Summary of financial results for second quarter of fiscal year ending March 2012 (Japanese accounting standards) (unconsolidated)” released by the Target Company on October 28, 2011, (b) the number of shares of the Target Company owned by the Offeror and the Shares Not Subject to Tender as of today (1,560,282 shares and 1,040,000 shares, respectively).

Note 4 Shares less than one unit are also subject to the Tender Offer. In the event that any shareholder exercises his/her right to demand purchase of shares less than one unit pursuant to the applicable provisions of the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with the relevant procedures under the applicable laws and regulations.

(6) Changes in ownership ratio of shares through Tender Offer

Number of voting rights represented by shares held by Offeror before Tender Offer	15,602 units	(Ownership ratio of shares before Tender Offer 15.13%)
Number of voting rights represented by shares held by special related parties before Tender Offer	33,631 units	(Ownership ratio of shares before Tender Offer 32.62%)
Number of voting rights represented by shares to be purchased	77,088 units	(Ownership ratio of shares after Tender Offer 100.00%)
Total number of voting rights of all shareholders of Target Company	103,083 units	

Note 1 “Number of voting rights represented by shares to be purchased” is the number of voting rights represented by the shares to be purchased in the Tender Offer (7,708,813 shares).

Note 2 “Number of voting rights represented by shares held by special related parties before Tender Offer” is the total number of voting rights represented by the shares held by the special related parties (other than those excluded from being considered special related parties in accordance with Article 3, Paragraph 2, Item 1, of the Cabinet Office Ordinance with respect to Disclosure of a Tender Offer for

Shares by an Offeror other than the Issuing Offeror (Ministry of Finance Ordinance No. 38, 1990, as amended; the “Cabinet Ordinance”) with respect to the calculation of ownership ratio of shares under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”). Since the shares held by the special related parties (other than the Shares Not Subject to Tender) are also subject to the Tender Offer, in calculating the “Ownership Ratio of Shares after Tender Offer,” the “Number of voting rights represented by shares held by special related parties before Tender Offer” less the number of voting rights represented by the Shares Not Subject to Tender (10,400 units) has not been added to the numerator.

Note 3 “Total number of voting rights of all shareholders of Target Company” is the number of voting rights of all shareholders of the Target Company indicated in the quarterly securities report for the second quarter of the 35th fiscal year filed by the Target Company on November 14, 2011. For the Tender Offer, however, because no maximum number of shares to be purchased has been set and all shares issued by the Target Company (other than shares of the Target Company owned by the Company, treasury shares owned by the Target Company, and the Shares Not Subject to Tender) are subject to the Tender Offer, when calculating the “Ownership ratio of shares before Tender Offer” and the “Ownership ratio of shares after Tender Offer,” the denominator used in that calculation is 103,090 rights, which is the number of voting rights represented by the number of shares equal to the total number of issued shares of the Target Company (10,309,200 shares) as of September 30, 2011 indicated in the quarterly report indicated above, less the number of the treasury shares owned by the Target Company (105 shares) as of September 30, 2011 indicated in the “Summary of financial results for second quarter of fiscal year ending March 2012 (Japanese accounting standards) (unconsolidated)” released by the Target Company on October 28, 2011. (The share unit number of the Target Company is 100 shares).

Note 4 “Ownership ratio of shares before Tender Offer” and “Ownership ratio of shares after Tender Offer” are rounded to two decimal places.

(7) Purchase Price 8,094 million yen

Note The purchase price provided above is the product of the Tender Offer Price (1,050 yen) multiplied by the number of shares to be purchased (7,708,813 shares).

(8) Method of settlement

(i) Name and address of head office of financial instruments dealer or bank in charge of settlement of Tender Offer

Nomura Securities Co., Ltd. 1-9-1 Nihonbashi, Chuo-ku, Tokyo

(ii) Commencement date of settlement

March 21, 2012 (Wednesday)

(iii) Method of settlement

A notice of purchase through the Tender Offer will be mailed to the address of the tendering shareholder (or to the address of their standing proxies for foreign shareholders) without delay after the expiration of the Tender Offer Period. If electronic delivery of documents has been approved by tendering shareholders on Nomura Net & Call, the notice of purchase will be given to the shareholders electronically on Nomura Net & Call’s website (<https://nc.nomura.co.jp/>).

The purchase price will be paid in cash. Tendering shareholders may receive the sales proceeds from the Tender Offer in the manner they designate, including by way of remittance (a remittance fee might be charged).

(9) Other conditions and procedures for Tender Offer

(i) Terms and conditions listed in each item of Article 27-13, Paragraph 4 of the Act

If the total number of tendered shares is less than the minimum amount of shares to be purchased (4,272,418 shares), the Offeror will not purchase any of the tendered shares. If the total number of tendered shares is equal to or exceeds the minimum amount of shares to be purchased (4,272,418 shares), the Offeror will purchase all of the tendered shares.

(ii) Terms and conditions for withdrawal of Tender Offer, and procedures for disclosing withdrawal

If any of the events listed in Article 14, Paragraph 1, Item 1.1 through 1.9 and 1.12 through 1.18, Item 2, Item 3.1 through 3.8 and 3.10, Article 14, Item 5, and Article 14, Paragraph 2, Item 3 through 6 of the Enforcement Order of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the “Enforcement Order”) occurs, the Offeror may withdraw the Tender Offer.

In the Tender Offer, with respect to Article 14, Paragraph 1, Item 3.10 of the Enforcement Order, “an event equivalent to those listed in Items 3.1 through 3.9” refers to an event in which a statutory disclosure document submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated.

If it seeks to withdraw the Tender Offer, the Offeror will issue an electronic public notice and publish a statement to that effect in the *Nihon Keizai Shimbun*. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement pursuant to Article 20 of the Cabinet Ordinance and then immediately issue a public notice.

(iii) Terms and conditions for reducing Tender Offer Price, and procedures for disclosing a reduction

In accordance with Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company performs any act listed in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Offeror may reduce the Tender Offer Price pursuant to the standards set out in Article 19, Paragraph 1 of the Cabinet Ordinance. When reducing the Tender Offer Price, the Offeror will issue an electronic public notice and publish a statement to that effect in the *Nihon Keizai Shimbun*. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement pursuant to Article 20 of the Cabinet Ordinance and then immediately issue a public notice. If the Tender Offer Price is reduced, the Offeror will purchase shares tendered on or before the day of the public notice at such reduced Tender Offer Price.

(iv) Matters regarding tendering shareholders’ right to cancel agreement

A tendering shareholder may cancel an agreement for the Tender Offer at any time during the Tender Offer Period. To cancel an agreement, tendering shareholders must deliver or send a document specifying that they intend to cancel their agreement for the Tender Offer (the “Cancellation Document”), with a tender receipt attached, to the head office or domestic branch office of the agent designated below where they applied for

the Tender Offer, by 3:30 p.m. on the last day of the Tender Offer Period. The Cancellation Document that is sent must arrive at the head office or domestic branch office of the agent by 3:30 p.m. of the last day of the Tender Offer Period. To cancel an agreement made through Nomura Net & Call, the tendering shareholder must complete the cancellation procedures via Nomura Net & Call's website (<https://nc.nomura.co.jp/>) or by sending the Cancellation Document. To cancel the agreement via Nomura Net & Call's website, the tendering shareholder must complete the cancellation procedures in the manner described on that website by 3:30 p.m. on the last day of the Tender Offer Period. To cancel the agreement by sending the Cancellation Document, the tendering shareholder must request the form of the Cancellation Document in advance from Nomura Net & Call's customer support and then send the filled out format to Nomura Net & Call. (If a tender receipt had been delivered by the Tender Offer Agent upon tendering shares in the Tender Offer, the tendering shareholder is required to attach such tender receipt to the Cancellation Document.) The Cancellation Document that is sent must arrive at Nomura Net & Call by 3:30 p.m. of the last day of the Tender Offer Period.

The Offeror will not claim any damages or penalty associated with the cancellation of the agreement by the tendering shareholders from the tendering shareholders.

Agent with Authority to Receive Cancellation Document
Nomura Securities Co., Ltd. 1-9-1 Nihonbashi, Chuo-ku, Tokyo
(and any other branch offices of Nomura Securities Co., Ltd. in Japan)

(v) Procedures for disclosing amendments to Tender Offer terms and conditions

The Offeror may revise the conditions of the purchase during the Tender Offer Period, except in cases prohibited under Article 27-6 of the Act and Article 13 of the Enforcement Order. When amending any of the Tender Offer terms or conditions, the Offeror will issue an electronic public notice on the details of the amendment and publish a statement to that effect in the *Nihon Keizai Shimbun*. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement pursuant to Article 20 of the Cabinet Ordinance and then immediately issue a public notice. If any of the Tender Offer terms or conditions is amended, the Offeror will purchase shares tendered on or before the day of the public notice on such amended terms and conditions.

(vi) Procedures for disclosing filing of amendment registration statement

If the Offeror files an amendment registration statement with the director of the Kanto Local Finance Bureau, the Offeror will immediately announce amendments relating to the matters listed in the public notice of the commencement of the Tender Offer included in the matters listed in the amendment registration statement, pursuant to Article 20 of the Cabinet Ordinance. The Offeror will immediately amend the tender offer explanatory statement and deliver an amended tender offer explanatory statement to any tendering shareholder who has already received a tender offer explanatory statement. However, if amendments have only been made to a limited extent, the Offeror may prepare a document stating the reason for, and the details of, the amendment (both before and after the amendment), and deliver that document to the tendering shareholder.

(vii) Procedure for disclosing result of Tender Offer

The Offeror will issue a public notice regarding the result of the Tender Offer on the day immediately following the last day of the Tender Offer Period, pursuant to Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(viii) Others

The Tender Offer will not be conducted in or target the United States, either directly or indirectly, and will not be conducted by way of using the United States postal system nor by use of any other interstate or international commercial manner or method (including, but not limited to, telephone, telex, facsimile, email or internet communication), and will not be conducted through any stock exchange in the United States. An offer for sale of shares in the Tender Offer by means of the above-mentioned manners or methods, through the above-mentioned facilities, or from the United States is not permitted.

In addition, this document or related documents regarding the Tender Offer will not, and cannot, be sent or distributed in or target the United States, or be sent or distributed from the United States by way of post or other manners. Any offer for sale of shares in the Tender Offer violating, either directly or indirectly, the above-mentioned restrictions will not be accepted.

When applying for the Tender Offer, each tendering shareholder (or standing proxy for foreign shareholders) may be required to represent and warrant the following to the tender offer agent:

The tendering shareholder is not residing in the United States at either the time of tendering shares or the time of sending the tender offer acceptance form; the tendering shareholder is not directly or indirectly obtaining or sending any information regarding the Tender Offer and any document regarding the Tender Offer (including copies thereof) in, to or from the United States; in signing or executing the application for the purchase or the tender offer acceptance form, the tendering shareholder is not using, directly or indirectly, the United States postal system or any another interstate or international commercial manner or method (including, but not limited to, telephone, telex, facsimile, email or internet communication), or any stock exchange in the United States; and the tendering shareholder is not acting as an agent, a trustee or a mandatory of another person, without the right to act at his own discretion (except in the case where the other person is giving all instructions about the purchase outside the United States).

(10) Date of public notice of commencement of Tender Offer
February 1, 2012 (Wednesday)

(11) Tender Offer Agent
Nomura Securities Co., Ltd. 1-9-1 Nihonbashi, Chuo-ku, Tokyo

3. Policy after Tender Offer and future outlook

(1) Policy after Tender Offer

Please refer to “1. Purpose of Tender Offer” above for the policy after the Tender Offer.

(2) Outlook of impact on future performance

The Offeror is currently investigating the effects of the Tender Offer on the performance of this fiscal year. The Offeror will promptly disclose amendments to prospects for the future performance and any other matters to be announced (if any).

4. Other information

(1) Agreements between Offeror and Target Company or its directors

(i) Agreements between Offeror and directors of Target Company

Please refer to “(7) Matters relating to material agreements for acceptance of Tender Offer between the Offeror and the shareholders of the Target Company” above under the section entitled “1. Purpose of Tender Offer” for the agreements between the Offeror and directors of the Target Company.

(ii) Agreements between Offeror and Target Company

According to the Target Company’s Press Release, the Target Company has, at the Target Company’s board of directors meeting held on January 31, 2012, carefully considered the conditions of the Tender Offer based on such matters as the valuation report on the value of the shares of the Target Company obtained from Daiwa Securities, which is a third-party valuation institution independent from the Company, Maruyu and the Target Company, and the legal advice from Doujima Sougou Law Office, which is a legal adviser independent from the Company, Maruyu and the Target Company, and concluded that the conditions of the Tender Offer Price and other conditions are appropriate, the protection of the interests of minority shareholders has been sufficiently considered, and all shareholders of the Target Company have been offered a reasonable opportunity to sell their shares. It states that an opinion to agree to the Tender Offer was expressed, and a resolution to recommend all shareholders of the Target Company to tender their shares to the Tender Offer was made.

According to the Target Company’s Press Release, regarding such board of directors meeting above, all directors except Mr. Kinoshita, who serves as the chairman of the Target Company’s board of directors and as an adviser to the Benesse Corporation, which is a wholly owned subsidiary of the Company, and two outside directors (Eiji Aketa and Shinsuke Tsuboi), who are dispatched from the Company and Benesse Corporation attended that board of directors meeting which was duly held with a quorum, and with unanimous approval by all attending directors, an opinion to agree to the Tender Offer was expressed and a resolution to recommend all shareholders of the Target Company to tender their shares to the Tender Offer was made. All statutory auditors of the Target Company including the outside statutory auditors who are independent officers also took part in that board of directors meeting, and each statutory auditor stated an opinion that the statutory auditor had no objection against the Target Company’s board of directors expressing an opinion to agree to the Tender Offer and to recommend all shareholders of the Target Company to tender their shares in the Tender Offer.

(2) Other information necessary for investors’ decision on Tender

(i) Release of “Summary of financial results for third quarter of fiscal year ending March 2012 (Japanese accounting standards) (unconsolidated)”

The Target Company released the “Summary of financial results for third quarter of fiscal year ending March 2012 (Japanese accounting standards) (unconsolidated)” on January 31, 2012 at the Tokyo Stock Exchange. The details of profit and loss of the Target Company for the third quarter based on that summary are as follows. The

numerical information below is an extract from the Target Company's summary of financial results. The Company is not in a position to verify the accuracy or validity of the information, and nor has it made such verification. Please refer to announcement concerned for further details.

(a) Profit and loss

Accounting period	Fiscal year ending in March 2012 (Third quarter)
Revenues	6,397,400 thousand yen
Cost of sales	4,819,963 thousand yen
Selling, general and administrative Expenses	676,852 thousand yen
Non-operating income	12,179 thousand yen
Non-operating expenses	8,255 thousand yen
Quarterly net income	490,790 thousand yen

(b) Amount per share

Accounting period	Fiscal year ending in March 2012 (Third quarter)
Quarterly net income per share	47.61 yen
Dividend per share	0.00 yen

(ii) Release of "Notice on Revision and Cessation of Dividends for fiscal year ending March 2012"

The Target Company has made an announcement on January 31, 2012, in the "Notice on Revision and Cessation of Dividends for fiscal year ending March 2012" to the Tokyo Stock Exchange. Thereby, the Target Company has announced its resolution at the board of directors meeting held on January 31, 2012 not to pay dividends for the fiscal year ending March 2012, on the condition that the Tender Offer is successful. For details, please refer to the content of the release.

End of Document

Insider Trading Regulation

Please note that a person who had access to information included in this press release might be prohibited from purchasing shares in UP Inc. until after the expiry of 12 hours from the publication of this document (the time of announcement on the Tokyo Stock Exchange's Company Announcements Disclosure Service in the afternoon on January 31, 2012) as a primary recipient of the information regarding the restrictions on insider trading under Article 167, Paragraph 3, of the Act and Article 30 of the Enforcement Order. The Offeror shall not be liable for any criminal, civil or administrative liability resulting from any such purchase by such a recipient.

Restrictions on Solicitation

This press release is prepared for the purpose of announcing the Tender Offer to the public, not for the purpose of solicitation of sale. If shareholders apply for sale, shareholders are requested to do so at their own discretion after reading the explanatory statement about the Tender Offer. This press release shall neither be, nor constitute a part of, an offer or a solicitation for the sale of, or a solicitation for an offer for the purchase of the securities. This press release (or any part of this press release) or the distribution of it shall not be interpreted to be the basis for any agreement on the Tender Offer and shall not be relied on at the time of execution of such agreement.

Future Prospects

This press release contains expressions regarding the future business prospects of the Company and other companies, indicated by such words as "anticipate," "expect," "intend," "plan," "believe," and "estimate." Please note that these expressions are based on the Company's current business outlooks and there may be considerable deviations from such descriptions due to future circumstances.

Restrictions on Tender Offer in United States

The Tender Offer will not be conducted in or target the United States, either directly or indirectly, and will not be conducted by way of using the United States postal system nor by use of any other interstate or international commercial manner or method (including, but not limited to, telephone, telex, facsimile, email or internet communication), and will not be conducted through any stock exchange in the United States. An offer for sale of shares in the Tender Offer by means of the above-mentioned manners and methods, through the above-mentioned facilities, or from the United States is not permitted. In addition, the press releases or related documents regarding the Tender Offer will not, and cannot, be sent or distributed in or target the United States, or be sent or distributed from the United States by way of post or other manners. Any offer for sale of shares in the Tender Offer violating, either directly or indirectly, the above-mentioned restrictions will not be accepted.

Any solicitation to purchase the securities or any equivalent in residents of the United States will not be conducted and any such solicitation will not be conducted in the United States; and securities or any equivalent sent by residents of the United States, or sent from the United States, will not be accepted.

Other Countries

Some countries and regions may impose legal restrictions on the release, issue or distribution of this press release. In such case, please take note of, and comply with, such restrictions. The release, issue or distribution of this press release shall not constitute an offer for the purchase of the shares regarding the Tender Offer or solicitation of the offer for the sales of the same, and shall rather be deemed as the distribution of information for reference purposes only.