

3. Sales to Foreign Customers

Nine Months Ended December 31, 2007

(Millions of Yen)

	Sales to foreign customers (A)	Consolidated sales (B)	(A) / (B)
North America	¥ 12,551		4.4 %
Others	28,320		10.0
Total	¥ 40,872	¥ 283,455	14.4 %

Notes: 1. The method of geographic segmentation and the principal countries or areas in each region:

(1) Method of segmentation: Geographic proximity

(2) The principal countries or areas in each region: North America: United States and Canada

Others: United Kingdom, Germany, France and Asia excluding Japan

2. Sales by the parent company and its consolidated subsidiaries in countries and regions outside Japan are classified as overseas sales.

Precaution in the Event of Dramatic Fluctuations in Shareholders' Equity

(1) Acquisition of treasury stock

During the nine months ended December 31, 2008, the Company acquired 3,108,700 shares of its own stock for ¥13,252 million, in accordance with a resolution of the Board of Directors. As of December 31 2008, total treasury stock amounted to 7,510,959 shares at a cost of ¥25,678 million.

(2) Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

From April 1, 2008, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan (ASBJ), Practical Issues Task Force (PITF) No. 18, May 17, 2006). Accordingly, the Company has made the necessary adjustments to the consolidated financial statements.

From January 1, 2002, Benesse's US consolidated subsidiary Berlitz International, Inc. adopted FASB Statement No. 142, "Goodwill and Other Intangible Assets" to goodwill on its books. As a result, Berlitz International, Inc. has not amortized goodwill, but instead tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount. However, following application of ASBJ PITF No. 18 described above, this goodwill is to be amortized primarily on a straight-line basis over 20 years.

As a result, the goodwill was retrospectively amortized in the amount of ¥19,418 million for prior-years' goodwill amortization and was deducted from retained earnings directly. Consequently, retained earnings at December 31, 2008 amounted to ¥154,988 million.