

Notice and Apology Regarding Leakage of Customers' Personal Information

Benesse Holdings, Inc.
Benesse Corporation

Benesse Holdings, Inc. and its consolidated subsidiary Benesse Corporation (the Company) have recently confirmed an external leak of 7.6 million items of customers' personal information from the Company. We hereby make a report of the matter. Based on the information that was stored in the database from which the customers' personal information is thought to have been leaked, we estimate that up to 20.7 million items of customers' personal information may have been leaked. We tender our deepest apologies to our customers and all others affected for the concern and inconvenience this has caused.

Confirmed Leaked Items of Information

We have confirmed that the following items of information were leaked.

- Zip code
- Customer names (child and parent; Japanese characters and phonetic reading)
- Address
- Telephone number (home phone and/or mobile phone)
- Child's birthday and gender

There has been no confirmed leak of information other than the above, such as credit card number and expiry date, bank account number, or performance records.

Damage Confirmed to Date

We have received notice from our customers that they have received sales approaches by direct mail and telephone from companies in the education sector and others despite not having provided personal information to these companies.

We have not received reports of monetary damage.

Investigation of Cause

We conducted an investigation of the possibility of unauthorized external access extending back into the past. However, we did not find any abnormalities caused by a malicious attack that could have been related to the leak of customers' personal information.

The Company's system is monitored for unauthorized access 24 hours a day by a major

IT security specialist company. After rechecking past records for unauthorized access, it was confirmed that no abnormalities had occurred.

From our internal investigation we believe that an insider who was not an employee of the Benesse Group, (someone with authority to access the database), was involved in the cause of the leak; however, we are currently refraining from disclosing details in order to avoid interference with an ongoing police investigation.

We have a strong expectation that the police investigation will uncover all details of the leak and the route through which the information was dispersed.

Response to Customers

We are now working to identify which customers have had their information leaked. Once we have confirmed the customers whose information has been leaked through our internal investigation and a police investigation, we will contact these customers regarding our response. (In this case we will also contact customers who have opted not to receive information from the Company in their registration for services).

The Company will put top priority on uncovering the cause of the leak and on preventing any secondary damage to customers due to malicious use of the leaked information. The Company has already taken measures to prevent any further leaks by halting the operation of the data base from which the leak occurred.

The Company will continue to provide services and support to customers who are currently using them. However, we will stop sales promotions to new customers for correspondence courses and related services until we have a confirmation of safety from an audit by an IT security specialist company.

Ongoing Information Disclosure

We will make further appropriate disclosure regarding the progress of the investigation as the situation requires.

Impact on Business Results

The impact of the information leak on consolidated business results is currently being examined.